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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 4, 1995.

UNITED AIR LINES, INC.

(Exact name of registrant as specified in its charter)

Delaware	33-21220*	36-2675206
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. employer identification no.)

Mailing Address: 1200 East Algonquin Road
Elk Grove Township, Illinois
P.O. Box 66100, Chicago, Illinois 60666
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, include area code: (708) 952-4000

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* Registrant is the wholly-owned subsidiary of UAL Corporation (File 1-6033).
Registrant became subject to filing periodic reports under the Securities
Exchange Act of 1934 as a result of a public offering of securities which became
effective June 3, 1988 (Registration Nos. 33-21220 and 22-18246).

Page 1 of 6 pages
Exhibit Index at sequentially numbered page 5.

Item 7. Financial Statements and Exhibits.

The following documents are being filed in connection with, and incorporated by reference into, United Air Lines, Inc.'s Registration Statement on Form S-3 (Registration No. 33-46033) as declared effective on April 27, 1992, relating to Pass Through Certificates, Series 1995-A. Capitalized terms not otherwise defined shall have the same meanings ascribed thereto in the related Prospectus Supplement dated May 2, 1995 and filed with the Commission pursuant to Rule 424(b).

Exhibits

- Exhibit 1(e) - Form of Underwriting Agreement relating to the issuance of Pass Through Certificates, Series 1995-A.
- Exhibit 4(a)(1)(A) - Form of Amended and Restated Pass Through Trust Agreement between United and State Street Bank and Trust Company of Connecticut, National Association.
- Exhibit 4(a)(7) - Forms of Pass Through Trust Supplement Nos. 1995-A1 and 1995-A2 between United and the First Security Bank of Utah, National Association relating to Pass Through Certificates, Series 1995-A1 and 1995-A2, respectively.
- Exhibit 4(a)(8) - Forms of Pass Through Certificates, Series 1995-A1 and 1995-A2, respectively (included in Exhibit 4(a)(7)).
- Exhibit 4(b)(36) - Forms of Trust Indenture and Mortgage between the Owner Trustee and the Loan Trustee relating to the Equipment Notes for Aircraft No. 1, Aircraft No. 2 and Aircraft No. 3, respectively.
- Exhibit 4(b)(37) - Forms of Equipment Notes (included in Exhibit 4(b)(36)).

Exhibits

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- Exhibit 4(b)(38) - Forms of Participation Agreement among United, the Owner Participant, the Loan Trustee, the Owner Trustee and the Trustee, relating to the Equipment Notes for Aircraft No. 1, Aircraft No. 2 and Aircraft No. 3, respectively.

- Exhibit 4(b)(39) - Forms of Lease Agreement between United and the Owner Trustee relating to the Equipment Notes for Aircraft No. 1, Aircraft No. 2 and Aircraft No. 3, respectively.

- Exhibit 4(b)(40) - Forms of Trust Agreement between the Owner Participant and the Owner Trustee relating to the Equipment Notes for Aircraft No. 1, Aircraft No. 2 and Aircraft No. 3, respectively.

- Exhibit 4(b)(41) - Form of Redemption and Refinancing Agreement among United, the Trustee, the Owner Participant, the Owner Trustee, the Loan Trustee and the Original Loan Participant relating to the Equipment Notes for Aircraft No. 3.

- Exhibit 5(c) - Opinion of Ray, Quinney & Nebeker, counsel for First Security Bank of Utah, National Association as Trustee and Loan Trustees.

- Exhibit 23(d) - Consent of Ray, Quinney & Nebeker (included in Exhibit 5(c)).

- Exhibit 25(a) - Statement of Eligibility of Trustee on Form T-1 for First Security Bank of Utah, National Association.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED AIR LINES, INC.

May 4, 1995

By: /s/DOUGLAS A. HACKER

Douglas A. Hacker
Senior Vice President-
Finance

INDEX TO EXHIBITS

Exhibits		Page
- - - - -		-----
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Page
- - - -

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UNITED AIR LINES, INC.

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Pass Through Certificates, Series 1995-A1 and 1995-A2

PURCHASE AGREEMENT

Dated: May 2, 1995

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UNITED AIR LINES, INC.

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Pass Through Certificates, Series 1995-A1 and 1995-A2

Purchase Agreement

New York, New York

May 2, 1995

To the Underwriters named in Schedule I:

Dear Sirs:

United Air Lines, Inc., a Delaware corporation (the "Company"), in connection with the financing of two leveraged lease transactions and the refinancing of one leveraged lease transaction in which the Company, as lessee, proposes that First Security Bank of Utah, National Association ("First Security"), as trustee (the "Trustee"), will issue and sell to the underwriters named in Schedule I hereto its pass through certificates in the aggregate principal amounts and with the interest rates and final distribution dates set forth on Schedule A hereto (the "Offered Certificates") on the terms and conditions stated herein and in Schedule II. The aggregate principal amount of Offered Certificates due on each such final distribution date is referred to as a "Pass Through Certificate Designation". As used herein, unless the context otherwise requires, the term "Underwriters" shall mean the firms named as Underwriters in Schedule I and the term "you" shall mean the Underwriters as indicated in Schedule I.

The Offered Certificates will be issued under a Pass Through Trust Agreement dated as of February 1, 1992, as amended and restated as of May 1, 1995 (the "Basic Agreement"), among the Company, State Street Bank and Trust Company of Connecticut, National Association, as original trustee ("State Street") and First Security as successor trustee, as supplemented with respect to each of the Pass Through Certificate Designations by a Trust Supplement, dated as of the date hereof (each a "Trust Supplement"), between the Company and the Trustee (the Basic Agreement as it is to be supplemented to by either such Trust Supplement being referred to herein as a "Designated Agreement"; collectively the

"Designated Agreements"). The Offered Certificates and each Designated Agreement are more fully described in the Prospectus referred to below.

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") (i) a registration statement (No. 33-46033) on Form S-3 ("Registration Statement 33-46033") relating to certain securities, including the Offered Securities, and (ii) a registration statement (No. 33-57192) on Form S-3 ("Registration Statement 33-57192") relating to certain securities, and, in each case, the offering thereof from time to time in accordance with Rule 415 under the Securities Act of 1933, as amended (the "1933 Act"). Each such registration statement, as amended, has been declared effective by the Commission. As provided in Section 3(a), a final prospectus supplement reflecting the terms of the Offered Certificates, the terms of the offering thereof and the other matters set forth therein has been prepared and will be filed pursuant to Rule 424 under the 1933 Act. Such prospectus supplement, in the form first filed on or after the date hereof pursuant to Rule 424, is herein referred to as the "Prospectus Supplement" and any such prospectus supplement in the form or forms filed prior to the Prospectus Supplement is herein referred to as a "Preliminary Prospectus Supplement". Registration Statement 33-46033, including the exhibits thereto and the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, as amended at the date hereof, is herein called the "Registration Statement", and the basic prospectus included in Registration Statement 33-57192 relating to offerings of pass through certificates under Registration Statement 33-46033 and Registration Statement 33-57192, as supplemented by the Prospectus Supplement, and including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, is herein called the "Prospectus", except that, if such basic prospectus is amended or supplemented on or prior to the date on which the Prospectus Supplement is first filed pursuant to Rule 424, the term "Prospectus" shall refer to the basic prospectus as so amended or supplemented and as supplemented by the Prospectus Supplement, in either case including the documents filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), that are incorporated by reference therein.

Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Designated Agreements or in the Indentures (as defined in the Designated Agreements) referred to in the Designated Agreements, provided that, as used in this Agreement, the term "Operative Documents" shall - - - - - include the Designated Agreements and the term "Financing Agreements" shall mean any of the Note Purchase Agreements as defined in the Designated Agreements.

The Company understands that you propose to make a public offering of the Certificates as soon as you deem advisable after this Agreement has been executed and delivered.

Section 1. Representations and Warranties. (a) The Company

represents and warrants to and agrees with each of the Underwriters that:

(i) The Company meets the requirements for use of Form S-3 under the 1933 Act; the Registration Statement has become effective; (A) on the original

effective date of the Registration Statement, on the effective date of the most recent post-effective amendment thereto, if any, and on the date of the filing by the Company of any annual report on Form 10-K after the original effective date of the Registration Statement, the Registration Statement and any amendments and supplements thereto complied in all material respects with the requirements of the 1933 Act and the rules and regulations of the Commission thereunder (the "1933 Act Regulations") and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (B) on the date hereof and at all times subsequent thereto up to the Closing Time (as defined below), (I) neither the Registration Statement nor any amendment or supplement thereto contains or will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (II) neither the Prospectus nor any amendment or supplement thereto includes or will include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the Company makes no representation or warranty as to statements or omissions made in reliance upon and in conformity with information furnished or confirmed in writing to the Company by or on behalf of you expressly for use in the Registration Statement or the Prospectus or to statements or omissions in that part of the Registration Statement which constitutes a Statement of Eligibility under the Trust Indenture Act of 1939, as amended (the "1939 Act") (Form T-1).

(ii) The documents incorporated by reference in the Prospectus pursuant to Item 12 of Form S-3 under the 1933 Act, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations").

(iii) Arthur Andersen LLP, who have reported upon the audited consolidated financial statements and the financial statement schedules, if any, included or incorporated by reference in the Registration Statement, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iv) This Agreement has been duly authorized, executed and delivered by the Company.

(v) The consolidated financial statements included or incorporated by reference in the Registration Statement present fairly the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the consolidated results of operations and changes in financial position of the Company and its consolidated subsidiaries for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles

applied on a consistent basis throughout the periods involved, except as may be indicated therein. The financial statement schedules, if any, included or incorporated by reference in the Registration Statement present fairly the information required to be stated therein. The selected consolidated financial data included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited consolidated financial statements incorporated by reference in the Registration Statement.

(vi) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus and to perform its obligations under this Agreement, the Designated Agreements and the other Operative Documents to which the Company is or is to be a party; and the Company is duly qualified to transact business as a foreign corporation and is in good standing in each other jurisdiction in which it owns or leases property of a nature, or transacts business of a type, that would make such qualification necessary, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and its subsidiaries, considered as one enterprise.

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

(viii) Each of the Designated Agreements and the other Operative Documents to which the Company is or is to be a party has been duly authorized by the Company, is or will be substantially in the form heretofore supplied to you and, constitutes or, when duly executed and delivered by the Company and the other parties thereto, will constitute, a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and except that the enforceability of the Leases and the Indentures may also be limited by applicable laws which may affect the remedies provided therein but which do not affect the validity of the Leases or the Indentures or make such remedies inadequate for the practical

realization of the benefits intended to be provided thereby. The Basic Agreement as executed is substantially in the amended form to be filed as an exhibit to the Registration Statement and has been duly qualified under the 1939 Act. At the Closing Time, the Leases and other Operative Documents to which the Company is or is to be a party will constitute the valid and binding obligations of the Company. The Equipment Notes, the Indentures, the Designated Agreements and the Leases and the other Operative Documents to which the Company is or is to be a party will conform in all material respects to the descriptions thereof in the Prospectus.

(ix) The Offered Certificates have been duly authorized by the Trustee. When executed, authenticated, issued and delivered in the manner provided for in the Designated Agreements and sold and paid for as provided in this Agreement, the Offered Certificates will constitute valid and binding obligations of the Trustee entitled to the benefits of the relevant Designated Agreement, enforceable against the Trustee in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); and the Offered Certificates will conform in all material respects to the description thereof contained in the Prospectus.

(x) The Equipment Notes to be issued under each Indenture have been duly authorized by the related Owner Trustee and, when duly executed and delivered by the related Owner Trustee and duly authenticated by the Indenture Trustee in accordance with the terms of such Indenture, will be duly issued under such Indenture and will constitute the valid and binding obligations of such Owner Trustee and the holders thereof will be entitled to the benefits of such Indenture.

(xi) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein or contemplated thereby, there has not been (A) any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, or (B) any transaction entered into by the Company or any subsidiary, other than in the ordinary course of business, that is material to the Company and its subsidiaries, considered as one enterprise.

(xii) The Company is not in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it may be bound or to which any of its properties may be subject, except for such defaults that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and its

subsidiaries, considered as one enterprise. The execution and delivery by the Company of this Agreement, the Designated Agreements and the other Operative Documents to which the Company is or is to be a party, the consummation by the Company of the transactions contemplated in this Agreement, in the Prospectus, in the Designated Agreements and in the other Operative Documents to which the Company is or is to be a party, and compliance by the Company with the terms of this Agreement, the Designated Agreements and the other Operative Documents to which the Company is or is to be a party, do not and will not result in any violation of the charter or by-laws of the Company, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (other than Permitted Liens) upon any property or assets of the Company under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument to which the Company is a party or by which it may be bound or to which any of its properties may be subject or (B) any existing applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its properties other than the securities or Blue Sky laws of the various states (except in the case of either clause (A) or (B) above for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and its subsidiaries, considered as one enterprise).

(xiii) No authorization, approval, consent, order or license of or filing with or notice to any government, governmental instrumentality or court, domestic or foreign, is required for the valid authorization, issuance, sale and delivery of the Offered Certificates, the valid authorization, execution, delivery and performance by the Company of this Agreement, the Designated Agreements, the Leases and the other Operative Documents to which the Company is or is to be a party or the consummation by the Company of the transactions contemplated by this Agreement, the Designated Agreements, the Leases and the other Operative Documents to which the Company is or is to be a party, except such as are required under (x) the 1933 Act, the 1939 Act and the securities or Blue Sky laws of the various states or similar laws of foreign jurisdictions, (y) the Sections of Title 49 of the United States Code relating to aviation, as amended (the "Aviation Act") and filings or recordings with the Federal Aviation Administration (the "FAA") and (z) the Uniform Commercial Code as is in effect in Massachusetts and Illinois and filings thereunder, which filings listed in the preceding clauses (y) and (z) shall have been made or obtained on or prior to the Closing Time.

(xiv) Except as disclosed in the Prospectus, there is no action, suit or proceeding before or by any government, governmental instrumentality or court, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company that is required to be disclosed in the Prospectus or

that could reasonably be expected to result in any material adverse change in the condition (financial or otherwise), earnings or business affairs of the Company and its subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the properties or assets of the Company and its subsidiaries, considered as one enterprise, or that could reasonably be expected to materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Financing Agreements; the aggregate of all pending legal or governmental proceedings to which the Company is a party or which affect any of its properties that are not described in the Prospectus, including ordinary routine litigation incidental to its business, are not reasonably expected to have a material adverse effect on the condition (financial or otherwise), earnings or business affairs of the Company and its subsidiaries, considered as one enterprise.

(xv) There are no contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described and filed as required.

(xvi) Each of the Company and its subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Prospectus, except to the extent that the failure to so obtain or file would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(b) Any certificate signed by any officer of the Company and delivered to an Underwriter or to counsel for the Underwriters in connection with this Agreement or the offering of the Certificates shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

Section 2. Sale and Delivery to the Underwriters; Closing. (a) On

 the basis of the representations and warranties herein contained, and subject to the terms and conditions set forth herein and in Schedule II, if any, the Company agrees to cause the Trustee to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Trustee, at the purchase price specified in Schedule A hereto, the aggregate principal amount of Offered Certificates of each Pass Through Certificate Designation set forth opposite the name of such Underwriter in Schedule I.

(b) Payment of the purchase price for, and delivery of, the Offered Certificates shall be made at the date, time and location specified in Schedule II, or at such other date, time or location as shall be agreed upon by the Company and you, or as shall otherwise be provided in Section 10 (such date and time of payment and delivery being herein called the "Closing Time"). Unless otherwise specified in Schedule II, delivery of the

Offered Certificates shall be made to The Depository Trust Company for the respective accounts of the several Underwriters against payment by the Underwriters of the purchase price thereof to or upon the order of the Trustee by Federal funds check or other immediately available funds as designated by the Trustee three business days in advance of the Closing Time. The Offered Certificates shall be registered in the name of Cede & Co. or in such other names, and in such denominations as you may request in writing at least two full business days in advance of the Closing Time.

(c) As compensation to the Underwriters for their respective commitments and obligations hereunder in respect of the Offered Certificates, including their respective undertakings to distribute Offered Certificates, the Owner Trustees will pay to each Underwriter an amount equal to that percentage of the aggregate principal amount of each Pass Through Certificate Designation purchased by it as set forth in Schedule A; provided that if the Owner Trustees do not pay such amounts when due, the Company will pay such amounts. Such payment shall be made simultaneously with the payment by the Underwriters to the Trustee of the purchase price of the Offered Certificates as specified in Section 2(b) hereof. Payment of such compensation shall be made by Federal funds check or other immediately available funds.

Section 3. Certain Covenants of the Company. The Company covenants

with each Underwriter as follows:

(a) If reasonably requested by you in connection with the offering of the Offered Certificates, the Company will prepare a preliminary prospectus supplement containing such information as you and the Company deem appropriate, and, immediately following the execution of this Agreement, the Company will prepare a Prospectus Supplement that complies with the 1933 Act and the 1933 Act Regulations and that sets forth the principal amount of the Offered Certificates and their terms not otherwise specified in the Indenture, the name of each Underwriter participating in the offering and the principal amount of the Offered Certificates that each severally has agreed to purchase, the name of each Underwriter, if any, acting as representative of the Underwriters in connection with the offering, the price at which the Offered Certificates are to be purchased by the Underwriters from the Company, any initial public offering price, any selling concession and reallowance and any delayed delivery arrangements, and such other information as you and the Company deem appropriate in connection with the offering of the Offered Certificates. The Company will promptly transmit copies of the Prospectus Supplement to the Commission for filing pursuant to Rule 424 under the 1933 Act and will furnish to the Underwriters as many copies of any preliminary prospectus supplement and the Prospectus as you shall reasonably request.

(b) If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Certificates any event shall occur or condition exist as a result of which it is necessary, in the reasonable opinion of

counsel for the Underwriters or counsel for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the reasonable opinion of either such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(d), such amendment or supplement as may be necessary to correct such untrue statement or omission or to make the Registration Statement or the Prospectus comply with such requirements.

(c) During the period when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Certificates, the Company will, subject to Section 3(d), file promptly all documents required to be filed with the Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

(d) During the period when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Certificates, the Company will inform you of its intention to file any amendment to the Registration Statement, any supplement to the Prospectus or any document that would as a result thereof be incorporated by reference in the Prospectus; will furnish you with copies of any such amendment, supplement or other document a reasonable time in advance of filing; and will not file any such amendment, supplement or other document to which you or your counsel shall reasonably object.

(e) The Company will comply to the best of its ability with the 1933 Act and the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations and the 1939 Act and the rules and regulations of the Commission thereunder (the "1939 Act Regulations") so as to permit the completion of the distribution of the Offered Certificates as contemplated in this Agreement and in the Prospectus.

(f) During the period when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Certificates, the Company will notify you immediately, (i) of the effectiveness of any amendment to the Registration Statement, (ii) of the transmittal to the Commission for filing of any supplement to the Prospectus or any document that would as a result thereof be incorporated by reference in the Prospectus, (iii) of the receipt of any comments from the Commission with respect to the Registration Statement, the Prospectus or the Prospectus Supplement, (iv) of any request by the Commission for any amendment to the Registration Statement or any supplement to the Prospectus or for additional information relating thereto or to any document incorporated by reference in the Prospectus and (v) of the issuance by the Commission of any stop order suspending

the effectiveness of the Registration Statement, of the suspension of the qualification of the Offered Certificates for offering or sale in any jurisdiction, or of the institution or threatening of any proceeding for any of such purposes. The Company will use every reasonable effort to prevent the issuance of any such stop order or of any order suspending such qualification and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(g) The Company has furnished or will furnish to you one signed and as many conformed copies of the Registration Statement (as originally filed) and of all amendments thereto, whether filed before or after the Registration Statement became effective, as many copies of all exhibits and documents filed therewith or incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act (through the end of the period when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Offered Certificates) and one signed and as many conformed copies of all consents and certificates of experts as you may reasonably request, and if requested by you, has furnished or will furnish to you, for each of the Underwriters, one conformed copy of the Registration Statement (as originally filed) and of each amendment thereto (including documents incorporated by reference into the Prospectus but without exhibits).

(h) The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Offered Certificates for offering and sale under the applicable securities laws of such states and other jurisdictions as the Underwriters may reasonably designate and to maintain such qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however,

 that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Company will use its reasonable efforts to file such statements and reports as may be required by the laws of each jurisdiction in which the Offered Certificates have been qualified as above provided. The Company will also supply you with such information as is necessary for the determination of the legality of the Offered Certificates for investment under the laws of such jurisdictions as you may reasonably request.

(i) The Company will make generally available to its security holders as soon as practicable, but not later than 45 days after the close of the period covered thereby, an earnings statement of the Company (in form complying with the provisions of Rule 158 of the 1933 Act Regulations), covering (i) a period of 12 months beginning after the effective date of the Registration Statement and any post-effective amendment thereof but not later than the first day of the Company's fiscal quarter next following such effective date and (ii) a period of 12 months

beginning after the date of this Agreement but not later than the first day of the Company's fiscal quarter next following the date of this Agreement.

(j) For a period of five years after the Closing Time, the Company will make available upon request to the Underwriters, copies of all annual reports, quarterly reports and current reports filed with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company to the holders of Offered Certificates or by UAL to its security holders generally.

(k) Between the date of this Agreement and the Closing Time or such other date or time as may be specified in Schedule II, the Company will not without your prior written consent directly or indirectly offer, sell, or enter into any agreement to sell, any public debt securities registered under the 1933 Act other than the Offered Certificates, except that the Company may offer, sell or enter into agreements to sell, in other than an underwritten offering, any securities registered or to be registered pursuant to the Company's registration statement on Form S-3, File No. 33-57192, provided that, prior to any such sale or sales of notes having ----- maturities of more than five years and aggregating more than \$75 million, the Company has provided you at least three business days' notice thereof.

(l) The Company will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) under the 1933 Act Regulations was received for filing by the Commission and, in the event it was not, it will promptly file such prospectus.

Section 4. Payment of Expenses. The Company will pay or cause to be -----

paid all costs and expenses incident to the performance of its obligations under this Agreement, including, without limitation, (a) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the preliminary prospectuses and the Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereof to the Underwriters, (b) the printing or processing and distribution of this Agreement, the Designated Agreements, the Offered Certificates, the other Operative Documents, the Blue Sky Survey and any Legal Investment Survey, (c) the delivery of the Certificates, (d) the fees and disbursements of the Company's counsel and accountants, (e) the qualification of the Offered Certificates under the applicable securities laws in accordance with Section 3(h), including filing fees and fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the Blue Sky Survey, (f) any fees charged by rating agencies for rating the Offered Certificates (including annual surveillance fees related to the Offered Certificates as long as they are outstanding), (g) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee, in connection with the Designated Agreements, the Offered Certificates and the Financing Agreements and (h) certain fees and disbursements of counsel for the Underwriters, as heretofore agreed. The Company will also cause to be paid all expenses

incident to the performance of its obligations under the Leases and the Indentures and each of the other agreements and instruments referred to in the Indentures and the Financing Agreements.

If this Agreement is terminated by the Underwriters in accordance with the provisions of Section 5 or 9(a)(i), the Company shall reimburse the Underwriters for all their reasonable out-of-pocket expenses, including the fees and disbursements of counsel for the Underwriters.

Section 5. Conditions of Underwriters' Obligations. Except as

 otherwise provided in Schedule II, the obligations of the Underwriters to purchase and pay for the Offered Certificates they have respectively agreed to purchase pursuant to this Agreement are subject to the accuracy of the representations and warranties of the Company contained herein or in certificates of any officer of the Company delivered pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to the following further conditions:

(a) At the Closing Time, no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of counsel for the Underwriters.

(b) At the Closing Time, the Underwriters shall have received the following signed opinions of counsel, each dated as of the Closing Time, in form and substance reasonably satisfactory to the Underwriters and counsel for the Underwriters:

(1) An opinion of Vedder, Price, Kaufman & Kammholz as counsel for the Company, substantially to the effect set forth on Exhibit A attached hereto; and

(2) An opinion of Francesca M. Maher, Vice President-Law, Deputy General Counsel and Corporate Secretary of the Company, substantially to the effect set forth on Exhibit B attached hereto.

(c) A favorable opinion of Shearman & Sterling, counsel for the Underwriters, to the effect that the opinions delivered pursuant to Sections 5(b)(1) and (2) appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you and with respect to the incorporation and legal existence of the Company, the Offered Certificates, this Agreement, the Registration Statement, the Prospectus and such other related matters as you may require. In giving such opinion such counsel may rely, as to all matters

governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States (excluding the Aviation Act) and the General Corporation Law of the State of Delaware, upon the opinions of counsel satisfactory to you. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and certificates of public officials.

(d) (1) At the Closing Time, (i) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, (ii) the Company shall have complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time and (iii) the other representations and warranties of the Company set forth in Section 1(a) shall be accurate as though expressly made at and as of the Closing Time. At the Closing Time, you shall have received a certificate of the President or a Senior or Executive Vice President or Treasurer, and the Senior Vice President and Chief Financial Officer, or other senior officer approved by you, of the Company, dated as of the Closing Time, to such effect.

(2) Subsequent to the execution and delivery of this Agreement and prior to the Closing Time, there shall not have been any downgrading, nor any notice given of any intended or potential downgrading or of a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities, including the Offered Certificates, by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the 1933 Act.

(e) You shall have received on the date of this Agreement and at the Closing Time the letters specified in Schedule III.

(f) The Company shall have furnished to the Underwriters and counsel for the Underwriters, in form and substance satisfactory to them, such other documents, certificates and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the matters referred to in Section 5(c) and in order to evidence the accuracy and completeness of any of the representations, warranties or statements, the performance of any covenant by the Company theretofore to be performed, or the compliance with any of the conditions in this Agreement.

(g) At the Closing Time, all conditions precedent specified in each of the Financing Agreements with respect to the Trustee's purchase of the Equipment Notes shall have been satisfied; the representations and warranties of the Company contained in each of the Financing Agreements shall be accurate as of the Closing Time (except

to the extent that they relate solely to an earlier date in which case they shall be accurate as of such earlier date) and the Underwriters shall have received a certificate of a Vice President or Treasurer of the Company, dated as of the Closing Time, to such effect; and the Underwriters shall have received a copy of each opinion required to be delivered under each of the Financing Agreements, dated as of the Closing Time, and addressed to the Underwriters, and of such other documents furnished in connection with the fulfillment of such conditions as the Underwriters or counsel for the Underwriters may reasonably request.

If any of the conditions specified in this Section 5 shall not have been fulfilled when and as required by this Agreement to be fulfilled, this Agreement may be terminated by you on notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party, except as provided in Section 4. Notwithstanding any such termination, the provisions of Sections 6, 7 and 8 shall remain in effect.

Section 6. Indemnification. (a) The Company agrees to indemnify and

hold harmless each Underwriter and each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred (including fees and disbursements of counsel chosen by you except as otherwise specifically provided in Section 6(c)), arising out of an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) and all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus supplement or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred (including fees and disbursements of counsel chosen by you except as otherwise specifically provided in Section 6(c)), to the extent of the aggregate amount paid in settlement of any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including fees and disbursements of counsel chosen by you except as otherwise specifically provided in

Section 6(c)), reasonably incurred in investigating, preparing or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity does not apply to any loss, liability,

 claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission (A) made in reliance upon and in conformity with written information furnished to the Company by an Underwriter expressly for use in the Registration Statement (or any amendment thereto) or any preliminary prospectus supplement or the Prospectus (or any amendment or supplement thereto) or (B) made or omitted from a Statement of Eligibility on Form T-1, other than any such untrue statement or omission made therein or omitted therefrom in reliance upon information furnished in writing by the Company for use therein.

The foregoing indemnity with respect to any untrue statement contained in or omission from a preliminary prospectus supplement shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) from whom the person asserting any such loss, liability, claim, damage or expense purchased any of the Offered Certificates that are the subject thereof if the Company shall sustain the burden of proving that such person was not sent or given a copy of the Prospectus (or the Prospectus as amended or supplemented) (in each case exclusive of the documents from which information is incorporated by reference) at or prior to the written confirmation of the sale of such Offered Certificates to such person and the untrue statement contained in or omission from such preliminary prospectus supplement was corrected in the Prospectus (or the Prospectus as amended or supplemented).

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 6(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any preliminary prospectus supplement or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus supplement or the Prospectus (or any amendment or supplement thereto).

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying

party may participate at its own expense in the defense of such action. If it so elects within a reasonable time after receipt of such notice, an indemnifying party, jointly with any other indemnifying parties receiving such notice, may assume the defense of such action with counsel chosen by it and approved by the indemnified parties defendant in such action, provided that, if such indemnified party or parties reasonably determine that there may be legal defenses available to them which are different from or in addition to those available to such indemnifying party or parties and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, then such indemnifying party or parties shall not be entitled to assume such defense. If the indemnifying party or parties are not entitled to assume the defense of such action as a result of the proviso to the preceding sentence, counsel for the indemnifying party or parties shall be entitled to conduct the defense of such indemnifying party or parties and counsel for the indemnified party or parties shall be entitled to conduct the defense of such indemnified party or parties. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

Section 7. Contribution. In order to provide for just and equitable

 contribution in circumstances under which the indemnity provided for in Section 6 is for any reason held to be unenforceable by the indemnified parties although applicable in accordance with its terms, the Company and the Underwriters shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnity incurred by the Company and one or more of the Underwriters, as incurred, in such proportions that the Underwriters are responsible for that portion represented by the percentage that the underwriting commission appearing in Schedule II herein bears to the initial public offering price appearing on the cover page of the Prospectus and the Company is responsible for the balance; provided, however, that no person guilty

 of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Company.

Section 8. Representations, Warranties and Agreements to Survive

 Delivery. The representations, warranties, indemnities, agreements and other

statements of the Company or its officers set forth in or made pursuant to this Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company or an Underwriter or controlling person and will survive delivery of and payment for the Offered Certificates.

Section 9. Termination of Agreement. (a) The Underwriters may

 terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement and in the Prospectus, any material adverse change in the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets, or any outbreak of hostilities or escalation thereof or other calamity or crisis the effect of which is such as to make it, in your reasonable judgment, impracticable to market the Offered Certificates or enforce contracts for the sale of the Offered Certificates or (iii) if trading in any securities of the Company or UAL has been suspended by the Commission, by the National Association of Securities Dealers, Inc., or on any exchange or generally in the over-the-counter market, or if trading generally on the New York Stock Exchange or in the over-the-counter market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by such exchange or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority or (iv) if a banking moratorium has been declared by federal, New York or Illinois authorities.

(b) If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party, except to the extent provided in Section 4. Notwithstanding any such termination, the provisions of Sections 6, 7 and 8 shall remain in effect.

(c) This Agreement may also terminate pursuant to the provisions of Section 2 or Section 5, with the effect stated in such Section.

Section 10. Default by One of the Underwriters. If either

 Underwriter shall fail at the Closing Time to purchase the Offered Certificates which it is obligated to purchase hereunder (the "Defaulted Certificates"), you shall have the right, but not the obligation, within 24 hours thereafter, to make arrangements for the non-defaulting Underwriter or any other underwriters (the "Non-Defaulting Underwriter"), to purchase all, but not less than all, of the Defaulted Certificates upon the terms herein set forth; if, however, the Non-Defaulting Underwriter shall have not completed such arrangements within such 24-hour period, then this Agreement shall terminate without liability on the part of the Non-Defaulting Underwriter.

No action pursuant to this Section shall relieve a defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, either the Non-Defaulting Underwriter or the Company shall have the right to postpone the Closing Time for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used in this Section, the term "Underwriter" includes any person substituted for an Underwriter under this Section.

Section 11. Notices. All notices and other communications hereunder

shall be in writing and shall be deemed to have been duly given if delivered, mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed as set forth in Schedule I. Notices to the Company shall be directed to it by mail at United Air Lines, Inc., P.O. Box 66100, Chicago, Illinois 60666, attention of Senior Vice President-Finance, or at United Air Lines, Inc., 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, attention of Senior Vice President-Finance.

Section 12. Parties. This Agreement is made solely for the benefit

of the Underwriters, the Company and, to the extent expressed, any person controlling the Company or an Underwriter, and the directors of the Company, its officers who have signed the Registration Statement, and their respective executors, administrators, successors and assigns and, subject to the provisions of Section 10, no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser, as such purchaser, from the Underwriters of the Offered Certificates. If there are two or more Underwriters, all of their obligations hereunder are several and not joint.

Section 13. Governing Law and Time. This Agreement shall be governed

by the internal laws of the State of New York. Specified times of the day refer to New York City time.

Section 14. Counterparts. This Agreement may be executed in one or

more counterparts and when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement. A party may submit its signed counterpart of this Agreement by telecopier and such counterpart so received by telecopier shall for all purposes constitute an original.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon it will become a binding agreement between the Company and the Underwriters in accordance with its terms.

Very truly yours,

UNITED AIR LINES, INC.

By: _____
Name:
Title:

Confirmed and Accepted as of
the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

LEHMAN BROTHERS INC.
By: MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated

By: _____
Name:
Title:

SCHEDULE A

(1995 Pass Through Certificates, Series 1995-A1 and 1995-A2)

UNITED AIR LINES

Pass Through Certificate Designation	Aggregate Principal Amount	Interest Rate	Final Distribution Date	Underwriting Discounts and Commissions**	Purchase Price
-----	-----	-----	-----	-----	-----
1995-A1		9.02%			
1995-A2		9.56%			

** Expressed as percentage of Aggregate Principal Amount

SCHEDULE I
to
Purchase
Agreement

Dated: _____, 1995

UNITED AIR LINES, INC.

Principal Amount
Being Purchased

1995-A1 1995-A2

MERRILL LYNCH & CO. \$ \$
Merrill Lynch, Pierce,
Fenner & Smith Incorporated
World Financial Center
250 Vesey Street
New York, New York 10281
Notice to: _____

LEHMAN BROTHERS INC. \$ \$
American Express Tower
World Financial Center
New York, New York 10285
Notice to: Kirk L. Meighan

SCHEDULE II
to
Purchase
Agreement

Dated: _____, 1995

UNITED AIR LINES, INC.

Underwriting fees,
discounts, commissions
or other compensation:

\$ _____

Closing date, time and location: May 15, 1995
9:00 A.M.,
Chicago Time;
Vedder, Price, Kaufman
& Kammholz
222 North LaSalle Street
Chicago, Illinois 60601-1003

SCHEDULE III
to
Purchase
Agreement

Dated: _____, 1995

UNITED AIR LINES, INC.

Matters to be covered by Letter or Letters of
Independent Auditors

Arthur Andersen LLP shall have furnished to you the following letter, dated as of the date hereof and as of the Closing Time, in form and substance satisfactory to you, to the extent that:

(i) They are independent auditors with respect to the Company within the meaning of the 1933 Act and the 1933 Act Regulations, and the answer to Item 10 of the Registration Statement insofar as it relates to them is none;

(ii) In their opinion, the audited consolidated financial statements and schedules incorporated by reference in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the 1934 Act and the published rules and regulations thereunder with respect to registration statements on Form S-3;

(iii) On the basis of a reading of the unaudited consolidated financial statements of the Company contained in the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 1995 incorporated by reference in the Registration Statement, a reading of the latest unaudited consolidated financial statements made available by the Company, a reading of the minutes of the Board of Directors of the Company and any committees thereof and of the consent of the sole stockholder of the Company, and a reading of the minutes of the Board of Directors of UAL Corporation and any committees thereof and of the stockholders of UAL Corporation, since the date of the latest audited consolidated financial statements incorporated by reference in the Registration Statement, inquiries of officials of the Company responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, which do not constitute an audit in accordance with generally accepted auditing standards and which would not necessarily reveal matters of significance with respect to the comments set forth in such letter, nothing came to their attention that caused them to believe that:

(A) the unaudited consolidated financial statements incorporated by reference in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the 1933 Act and the 1934 Act and the 1933 Act Regulations and the 1934 Act Regulations as they apply to Form 10-Q or are not presented in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements of the Company incorporated by reference in the Registration Statement;

(B) the unaudited consolidated balance sheet of the Company at March 31, 1995 is not stated on a basis substantially consistent with that of the audited consolidated financial statements of the Company incorporated by reference in the Registration Statement;

(C) as of a specified date not more than five days prior to the date of delivery of such letter, there has been any change in the consolidated long-term debt of the Company, or any decrease in consolidated net current assets of the Company or other items specified by you, in each case as compared with amounts shown in the latest unaudited consolidated balance sheet incorporated by reference in the Registration Statement, except in each case for changes or decreases which the Registration Statement discloses have occurred or may occur or which are described in such letter; and

(iv) They have performed certain procedures specified in their letter for the purpose of determining whether certain financial information with respect to the Company and its consolidated subsidiaries appearing or incorporated by reference in the Registration Statement and specified in said letter agrees with indicated amounts in the applicable financial statements or accounting records of the Company and its subsidiaries.

(Pass Through Certificates, Series 1995-A1 and 1995-A2)

[Provisions of Opinion of
Vedder, Price, Kaufman & Kammholz]

United Air Lines, Inc.
Pass Through Certificates, Series 1995-A1 and 1995-A2

- (1) The Offered Certificates have been duly authorized, executed, delivered and authenticated by the Trustee pursuant to the Designated Agreements and constitute valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their terms; and the holders of Offered Certificates are entitled to the benefits of the relevant Designated Agreement.
- (2) The Offered Certificates, the Designated Agreements and the other Operative Documents conform in all material respects as to legal matters to the descriptions thereof, if any, contained in the Prospectus, and the description of the Offered Certificates conforms in all material respects to the rights set forth in the instruments defining the same.
- (3) The Purchase Agreement has been duly authorized, executed and delivered by the Company.
- (4) No authorization, approval, consent, order or license of or filing with or notice to any government, governmental instrumentality or court, domestic or foreign (other than under the 1933 Act, the 1939 Act and the securities or Blue Sky laws of the various states) on the part of the Company, is required for the valid authorization, issuance, sale and delivery of the Offered Certificates, the valid authorization, execution, delivery and performance by the Company of the Purchase Agreement, the Designated Agreements and the other Operative Documents to which the Company is or is to be a party or the consummation by the Company of the transactions contemplated by the Purchase Agreement, the Designated Agreements and the other Operative Documents to which the Company is or is to be a party, or, if so required, all such authorizations, approvals, consents and licenses, including filings under the Uniform Commercial Code as is in effect in Massachusetts and Illinois, have been made

or obtained and are in full force and effect, except for any filings that may be required under the Aviation Act, as to which we express no opinion.

- (5) The statements made in the Prospectus under the headings "Federal Income Tax Consequences" and "ERISA Considerations", to the extent that they constitute matters of law or legal conclusions with respect thereto, have been reviewed by us and fairly present the information disclosed therein in all material respects.
- (6) The Registration Statement has been declared effective under the 1933 Act; any required filing of the Prospectus or any supplement thereto pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); the Basic Agreement has been duly qualified under the 1939 Act; and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or are contemplated under the 1933 Act.
- (7) The Registration Statement, the Prospectus and each amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom and the documents incorporated by reference in the Prospectus, as to which we express no opinion), as of their respective effective or issue dates, complied as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations, and the Designated Agreements and the Statement of Eligibility on Form T-1 filed with the Commission as part of the Registration Statement complied as to form in all material respects with the requirements of the 1939 Act and the 1939 Act Regulations.
- (8) The Financing Agreements and the Designated Agreements have each been duly authorized, executed and delivered by the Company and each is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity.
- (9) The Leases and other Operative Documents to which the Company is, or is to be, a party have been duly authorized and, at the Closing Time, the related Leases and other Operative Documents to which the Company is, or is to be, a party, upon due execution and delivery by the Company, will each be a valid and binding obligation of the Company enforceable against the Company in accordance with its respective terms, except as may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws affecting

enforcement of creditors' rights generally and by general principles of equity and, except, in the case of each Lease, as limited by applicable laws which may affect the remedies provided in such Lease, which laws, however, do not in such counsel's opinion make the remedies provided in such Lease inadequate for the practical realization of the rights and benefits provided thereby.

- (10) The Trust created by each of the Designated Agreements would not be classified as an association taxable as a corporation for federal income tax purposes, but rather, would be classified as a grantor trust under subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended, and each Certificate Owner should be treated as the owner of a pro rata undivided interest in each of the Equipment Notes or any other property held in such Trust.
- (11) Upon consummation of the transactions contemplated by the Financing Agreements, each Owner Trustee, as lessor under the related Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under such Lease pursuant to the Indenture corresponding to such Lease, is or will be entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft initially delivered under such Lease and subjected to the related Indenture; and Section 1110 of the Bankruptcy Code conforms in all material respects to the description thereof contained in "Description of the Equipment Notes" in the Prospectus.
- (12) None of the Trusts is required to be registered under the Investment Company Act of 1940, as amended.
- (13) Upon consummation of the transactions contemplated by the Financing Agreements, assuming due authorization, execution and delivery by the related Owner Trustee and due authentication by the Indenture Trustee, the Equipment Notes will constitute valid and binding obligations of such Owner Trustee, enforceable against such Owner Trustee in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity; and the holders of the Equipment Notes will be entitled to the benefits of the respective Indentures.
- (14) Assuming due authorization, execution and delivery of the Designated Agreements by the Trustee, each such Designated Agreement constitutes the valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity.

In connection with the preparation of the Registration Statement and the Prospectus, such counsel has examined various documents and other papers, including the documents incorporated by reference in the Registration Statement and the Prospectus, and participated in conferences with representatives of the Company and its independent accountants and with your representatives and your counsel, at which conferences the contents of the Registration Statement and the Prospectus and related matters were discussed. Such counsel has not participated in the preparation of the documents incorporated by reference in the Registration Statement or the Prospectus; such counsel has not verified, are not passing upon and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, or the documents incorporated by reference therein; and such counsel has not made an independent investigation of facts for the purpose of rendering this opinion. Such counsel confirms, however, that in the course of our examination and during the above-mentioned conferences, no facts came to such counsel's attention that cause such counsel to believe (A) that the Registration Statement or any amendment thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom and the Statement of Eligibility on Form T-1, as to which such counsel expresses no opinion), at the time the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which we express no opinion), at the time the Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (C) that the documents incorporated by reference in the Prospectus (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel expresses no opinion), as of the dates they were filed with the Commission, included an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Such counsel notes that the "governing law" provisions of certain of the documents as to which such counsel expresses an opinion provide that the laws of the State of New York are to govern them. In such counsel's opinion, a court applying Illinois conflict of laws rules should give effect to such choice of New York law.

For purposes of its opinion set forth above, such counsel has (i) assumed that a court would apply the substantive laws of New York with regard to the documents referred to in the preceding paragraph and (ii) assumed that the substantive laws of New York governing the interpretation and enforcement of each provision of such documents do not differ in any material respect from the substantive laws of Illinois.

In rendering the opinion set forth above, such counsel has assumed that each of the parties to each of the applicable documents, other than the Company, has full power, authority and legal right to enter into such documents and that each such document has been duly authorized, executed and delivered by each of such parties. In addition, such counsel has relied, to the extent such counsel has deemed necessary for purposes of rendering the opinion set forth in paragraph 1 above, upon the opinions of counsel for the Trustee. In addition, such counsel has relied upon the opinion of Crowe & Dunlevy, special counsel for Aviation Act matters, as to all matters dealing with the Aviation Act.

(Pass Through Certificates, Series 1995-A1 and 1995-A2)

[Provisions of Opinion of General Counsel
of United Air Lines, Inc.]

United Air Lines, Inc.
Pass Through Certificates, Series 1995-A1 and 1995-A2

- (1) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with corporate power and authority under such laws to own, lease and operate its properties and conduct its business as described in the Prospectus and to perform its obligations under the Purchase Agreement, the Designated Agreements and the other Operative Documents to which the Company is or is to be a party and the Financing Agreements.
- (2) The Company is duly qualified to transact business as a foreign corporation and is in good standing in Illinois, except to the extent that the failure to so qualify or be in good standing would not have a material adverse effect on the Company and its subsidiaries, considered as one enterprise.
- (3) The Company is a "citizen of the United States" within the meaning of Section 40102(a)(15) of Title 49 of the United States Code, as amended, holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code, as amended, for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more cargo. All of the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable and are owned by UAL, directly, free and clear of any pledge, lien, security interest, charge, claim, equity or encumbrance of any kind.
- (4) To the best of such counsel's knowledge, there are no statutes or regulations, or any pending or threatened legal or governmental proceedings, required under the 1933 Act to be described in the Prospectus that are not described as required, nor any contracts or documents of a character required to be described or referred to in the Registration Statement or the Prospectus or to

be filed as exhibits to the Registration Statement that are not described, referred to or filed as required.

- (5) The descriptions in the Prospectus of the statutes, regulations, legal or governmental proceedings therein described are accurate in all material respects and fairly summarize the information required to be shown.
- (6) To such counsel's knowledge, no event of default or event which with the passage of time or the giving of notice or both would become such an event of default has occurred under any agreement or instrument under which indebtedness of the Company is outstanding or by which it may be bound or any of its properties may be subject, and no default exists in the performance or observance of any material obligation, agreement, covenant or condition contained in any material contract, agreement or instrument that is described or referred to in the Registration Statement or the Prospectus or filed as an exhibit to the Registration Statement.
- (7) The execution and delivery by the Company of the Purchase Agreement, the Designated Agreements, and the other Operative Documents to which the Company is or is to be a party and the Financing Agreements, the issuance and sale of the Offered Certificates, the consummation by the Company of the transactions contemplated in the Purchase Agreement, in the Registration Statement, in the Designated Agreements, and in the other Operative Documents to which the Company is or is to be a party and in the Financing Agreements and compliance by the Company with the terms of the Purchase Agreement, the Designated Agreements, and the other Operative Documents to which the Company is or is to be a party do not and will not result in any violation of the charter or by-laws of the Company, and do not and will not conflict with, or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance (except for Permitted Liens) upon any property or assets of the Company under (A) any indenture, mortgage, loan agreement, note, lease or other agreement or instrument known to such counsel, to which the Company is a party or by which it may be bound or to which any of its properties may be subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a material adverse effect on the condition (financial or otherwise), earnings, business affairs or business prospects of the Company and its subsidiaries, considered as one enterprise), (B) any existing law, rule or regulation applicable to the Company (other than the securities or Blue Sky laws of the various states, as to which such counsel expresses no opinion), or (C) any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, known to such counsel having jurisdiction over the Company or any of its properties.

- (8) The documents incorporated by reference in the Prospectus (except for the financial statements and other financial or statistical data included or incorporated by reference therein or omitted therefrom, as to which such counsel expresses no opinion), as of the dates they were filed with the Commission, complied as to form in all material respects with the requirements of the 1934 Act and the 1934 Act Regulations.

Such counsel or lawyers under such counsel's supervision have participated in the preparation of the Registration Statement, the Prospectus and the documents incorporated by reference therein and no facts have come to such counsel's attention to lead such counsel to believe (A) that the Registration Statement or any amendment thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom and the Statement of Eligibility on Form T-1, as to which such counsel expresses no opinion), at the time the Registration Statement or any such amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) that the Prospectus or any amendment or supplement thereto (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel expresses no opinion), at the time the Prospectus was issued, at the time any such amended or supplemented prospectus was issued or at the Closing Time, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (C) that the documents incorporated by reference in the Prospectus (except for the financial statements and other financial or statistical data included therein or omitted therefrom, as to which such counsel expresses no opinion), as of the dates they were filed with the Commission, included an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

UNITED AIR LINES, INC.

and

STATE STREET BANK AND TRUST COMPANY
OF CONNECTICUT, National Association,
as Trustee

PASS THROUGH TRUST AGREEMENT

Dated as of February 1, 1992,
As Amended And Restated
as of May 1, 1995

TABLE OF CONTENTS

Section -----	Page -----
ARTICLE I	
DEFINITIONS	
1.01. Definitions.....	2
1.02. Compliance Certificates and Opinions.....	11
1.03. Form of Documents Delivered to Trustee.....	11
1.04. Acts of Certificateholders.....	12
ARTICLE II	
ORIGINAL ISSUANCE OF CERTIFICATES; ACQUISITION OF EQUIPMENT NOTES	
2.01. Amount Unlimited; Issuable in Series.....	14
2.02. Acquisition of Equipment Notes.....	16
2.03. Acceptance by Trustee.....	17
2.04. Limitation of Powers.....	18
ARTICLE III	
THE CERTIFICATES	
3.01. Form, Denomination and Execution of Certificates.....	18
3.02. Authentication of Certificates.....	19
3.03. Temporary Certificates.....	19
3.04. Registration of Transfer and Exchange of Certificates.	20
3.05. Mutilated, Destroyed, Lost or Stolen Certificates.....	20
3.06. Persons Deemed Owners.....	21
3.07. Cancellation.....	21
3.08. Limitation of Liability for Payments.....	21
3.09. Book-Entry and Definitive Certificates.....	21

ARTICLE IV

DISTRIBUTIONS; STATEMENTS TO
CERTIFICATEHOLDERS

4.01. Certificate Account and Special Payments Account..... 24
4.02. Distributions from Certificate Account and Special
Payments Account..... 24
4.03. Statements to Certificateholders..... 26
4.04. Investment of Special Payment Moneys..... 26

ARTICLE V

THE COMPANY

5.01. Maintenance of Corporate Existence..... 27
5.02. Consolidation, Merger, etc..... 27

ARTICLE VI

DEFAULT

6.01. Events of Default..... 28
6.02. Incidents of Sale of Equipment Notes..... 29
6.03. Judicial Proceedings Instituted by Trustee;
Trustee May Bring Suit..... 29
6.04. Control by Certificateholders..... 30
6.05. Waiver of Past Defaults..... 30
6.06. Right of Certificateholders to Receive Payments
Not to Be Impaired..... 31
6.07. Certificateholders May Not Bring Suit Except Under
Certain Conditions..... 31
6.08. Remedies Cumulative..... 32

ARTICLE VII

THE TRUSTEE

7.01. Notice of Defaults..... 32
7.02. Certain Rights of Trustee..... 33
7.03. Not Responsible for Recitals or Issuance of
Certificates..... 34
7.04. May Hold Certificates..... 34
7.05. Money Held in Trust..... 34
7.06. Compensation and Reimbursement..... 34
7.07. Corporate Trustee Required; Eligibility..... 35
7.08. Resignation and Removal; Appointment of Successor..... 36

7.09.	Acceptance of Appointment by Successor.....	38
7.10.	Merger, Conversion, Consolidation or Succession to Business.....	38
7.11.	Maintenance of Agencies.....	39
7.12.	Money for Certificate Payments to Be Held in Trust....	40
7.13.	Registration of Equipment Notes in Trustee's Name....	40
7.14.	Representations and Warranties of Trustee.....	41
7.15.	Withholding Taxes; Information Reporting.....	41
7.16.	Trustee's Liens.....	42

ARTICLE VIII

CERTIFICATEHOLDERS' LISTS AND REPORTS BY TRUSTEE

8.01.	The Company to Furnish Trustee with Names and Addresses of Certificateholders.....	42
8.02.	Preservation of Information; Communications to Certificateholders.....	43
8.03.	Reports by Trustee.....	43
8.04.	Reports by the Company.....	43

ARTICLE IX

SUPPLEMENTAL AGREEMENTS

9.01.	Supplemental Agreements Without Consent of Certificateholders.....	44
9.02.	Supplemental Agreements with Consent of Certificateholders.....	45
9.03.	Documents Affecting Immunity or Indemnity.....	46
9.04.	Execution of Supplemental Agreements.....	46
9.05.	Effect of Supplemental Agreements.....	46
9.06.	Conformity with Trust Indenture Act.....	46
9.07.	Reference in Certificates to Supplemental Agreements..	47

ARTICLE X

AMENDMENTS TO INDENTURE AND NOTE DOCUMENTS

10.01.	Amendments and Supplements to Indenture and Other Note Documents.....	47
--------	--	----

ARTICLE XI

TERMINATION OF TRUSTS

11.01. Termination of the Trusts..... 47

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.01. Limitation on Rights of Certificateholders..... 49
12.02. Certificates Nonassessable and Fully Paid..... 49
12.03. Notices..... 49
12.04. Governing Law..... 50
12.05. Severability of Provisions..... 51
12.06. Trust Indenture Act Controls..... 51
12.07. Effect of Headings and Table of Contents..... 51
12.08. Successors and Assigns..... 51
12.09. Benefits of Agreement..... 51
12.10. Legal Holidays..... 51
12.11. Counterparts..... 51

Exhibit A - Form of Certificate

This PASS THROUGH TRUST AGREEMENT, dated as of February 1, 1992, as amended and restated as of May 1, 1995, between United Air Lines, Inc., a Delaware corporation, and State Street Bank and Trust Company of Connecticut, National Association, a national banking association, as Trustee, is made with respect to the formation from time to time of separate United Air Lines Pass Through Trusts, and the issuance from time to time of separate series of Pass Through Certificates representing fractional undivided interests in the respective Trusts.

WITNESSETH:

WHEREAS, from time to time the Company (this and certain other defined terms used herein are defined in Section 1.01) may enter into a Trust Supplement with the Trustee named therein pursuant to which such Trustee shall declare the creation of a separate Trust for the benefit of the Holders of the series of Certificates to be issued in respect of such Trust, and the initial Holders of the Certificates of such series, as the grantors of such Trust, by their respective acceptances of the Certificates of such series, shall join in the creation of such Trust with the Trustee;

WHEREAS, all Certificates to be issued in respect of each separate Trust will be issued as a separate series pursuant to this Agreement, will evidence fractional undivided interests in such Trust and will have no rights, benefits or interests in respect of any other separate Trust or the property held therein;

WHEREAS, from time to time, pursuant to the terms and conditions of this Agreement with respect to each separate Trust formed hereunder, the Trustee on behalf of such Trust shall purchase one or more issues of Equipment Notes having the same interest rate as, and final maturity dates not later than the final Regular Distribution Date of, the series of Certificates issued in respect of such Trust and shall hold such Equipment Notes in trust for the benefit of the Certificateholders of such Trust;

WHEREAS, to facilitate the sale of Equipment Notes to, and the purchase of Equipment Notes by, the Trustee on behalf of each Trust created from time to time pursuant to this Agreement, the Company has duly authorized the execution and delivery of this Basic Agreement and each Trust Supplement as the "issuer", as such term is defined in and solely for purposes of the Securities Act of 1933, as amended, of the Certificates to be issued in respect of each Trust and as the "obligor", as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to all such Certificates and is undertaking to perform certain administrative and ministerial duties hereunder and is also undertaking to pay the fees and expenses of the Trustee;

WHEREAS, this Basic Agreement, as amended or supplemented from time to time, is subject to the provisions of the Trust Indenture Act of 1939, as amended, and shall, to the extent applicable, be governed by such provisions;

WHEREAS, State Street Bank and Trust Company of Connecticut, National Association ("State Street"), as Trustee, and United Air Lines, Inc. wish to effect certain corrections and supplements, none of which are material or adversely affect the interests of the Certificateholders of any series, to this Basic Agreement as originally executed and delivered;

NOW THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree (and agree that this Basic Agreement is hereby amended and restated to read) as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. For all purposes of this Basic Agreement,

 except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms used herein that are defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all references in this Basic Agreement to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Basic Agreement;

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Basic Agreement as a whole and not to any particular Article, Section or other subdivision; and

(5) the term "this Agreement" (as distinguished from "this Basic Agreement") refers, unless the context otherwise requires, to this Basic Agreement as supplemented by the Trust Supplement creating a particular Trust and establishing the series of Certificates issued or to be issued in respect thereof, with reference to such Trust and each series of Certificates, as this Basic Agreement as so supplemented may be further supplemented with respect to such Trust and such series of Certificates.

Act: With respect to any Certificateholder has the meaning specified

 in Section 1.04.

Affiliate: With respect to any specified Person, means any other

 Person directly or indirectly controlling or controlled by or under direct
 of indirect common control with such Person. For the purposes of this
 definition, "control", when used with respect to any specified Person,
 means the power to direct the management and policies of such Person,
 directly or indirectly, whether through the ownership of voting securities,
 by contract or otherwise, and the terms "controlling" and "controlled" have
 meanings correlative to the foregoing.

Aircraft: Means an aircraft, including engines therefor, owned by or

 leased to the Company and securing one or more Equipment Notes.

Authorized Agent: With respect to the Certificates of any series,

 means any Paying Agent or Registrar for the Certificates of such series.

Basic Agreement: Means this Pass Through Trust Agreement, as the same

 may from time to time be supplemented, amended or modified, but does not
 include any Trust Supplement.

Book-Entry Certificates: With respect to the Certificates of any

 series, means a beneficial interest in the Certificates of such series,
 ownership and transfers of which shall be made through book entries by a
 Clearing Agency as described in Section 3.09.

Business Day: With respect to the Certificates of any series, means

 any day other than a Saturday, a Sunday or a day on which commercial banks
 are required or authorized to close in Chicago, Illinois, New York, New
 York; and, so long as any such Certificate is outstanding, a city and state
 in which the Trustee or any related Loan Trustee maintains its Corporate
 Trust Office or receives and disburses funds.

Certificate: Means any one of the certificates executed and

 authenticated by the Trustee, substantially in the form of Exhibit A
 hereto.

Certificate Account: With respect to the Certificates or any series,

 means the account or accounts created and maintained for such series
 pursuant to Section 4.01(a) and the related Trust Supplement.

Certificateholder or Holder: With respect to the Certificates of any

 series, means the Person in whose name a Certificate of such series is
 registered in the Register for Certificates of such series.

Certificate Owner: With respect to the Certificates of any series,

 means, for purposes of Section 3.09, the Person who owns a Book Entry Certificate of such series.

Clearing Agency: Means an organization registered as a "clearing

 agency" pursuant to Section 17A of the Securities Exchange Act of 1934, as amended.

Clearing Agency Participant: Means a broker, dealer, bank, other

 financial institution or other Person for whom from time to time a Clearing Agency effects, directly or indirectly, book-entry transfers and pledges of securities deposited with the Clearing Agency.

Company: Means United Air Lines, Inc., a Delaware corporation, or its

 successor in interest pursuant to Section 5.02, or any other obligor with respect to the Certificates (within the meaning of the Trust Indenture Act).

Corporate Trust Office: With respect to the Trustee or any Loan

 Trustee, means the office of such trustee in the city at which at any particular time its corporate trust business shall be principally administered.

Cut-off Date: With respect to the Certificates of any series, means

 the date designated as such in this Agreement.

Definitive Certificates: With respect to the Certificate of any

 series, has the meaning specified in Section 3.09.

Direction: Has the meaning specified in Section 1.04(c).

Equipment Note: With respect to the Certificates of any series, has

 the meaning given to "Certificate" in the related Indenture.

ERISA: Means the Employee Retirement Income Security Act of 1974, as

 amended from time to time, or any successor federal statute.

Escrow Account: With respect to the Certificates of any series, has

 the meaning specified in Section 2.02(b).

Escrowed Funds: With respect to any Trust, has the meaning specified

 in Section 2.02(b).

Event of Default: Means, in respect of any Trust, the occurrence of

 an Indenture Default under any Indenture pursuant to which Equipment Notes held by such Trust were issued.

Fractional Undivided Interest: Means the fractional undivided

 interest in a Trust that is evidenced by a Certificate relating to such Trust.

Indenture: With respect to any Trust, means each of the one or more

 separate trust indenture and security agreements or trust indentures and mortgages or similar agreements described in, or on a schedule attached to, this Agreement which relates to an issue of Equipment Notes to be held in such Trust and an indenture having substantially the same terms and conditions as such trust indenture and security agreement and which relates to a Substitute Aircraft; as each such agreement may be amended or supplemented in accordance with its respective terms; and Indentures means

 all of such agreements.

Indenture Default: With respect to any Indenture, means any Indenture

 Event of Default (as such term is defined in such Indenture).

Initial Regular Distribution Date: With respect to the Certificates

 of any series, means the first Regular Distribution Date on which a Scheduled Payment is to be made.

Issuance Date: With respect to the Certificates of any series, means

 the date of the issuance of such Certificates.

Lease: Means any lease between an Owner Trustee, as the lessor, and

 the Company, as the lessee, referred to in the related Indenture, as each such lease may be amended or supplemented in accordance with its respective terms; and Leases means all such Leases.

Letter of Representations: With respect to the Certificates of any

 series, means the agreement among the Company, the Trustee and the initial Clearing Agency substantially in the form attached as an Exhibit to the related Trust Supplement.

Loan Trustee: With respect to any Equipment Note or the Indenture

 applicable thereto, means the bank or trust company designated as loan trustee under such Indenture; and any successor to such Loan Trustee as such trustee; and Loan Trustees means all of the Loan Trustees under the

 Indentures.

Note Documents: With respect to any Equipment Note, means the related

 Indenture, Note Purchase Agreement, and if the related Aircraft is leased
 to the Company, the related Lease and the related Owner Trustee's Purchase
 Agreement.

Note Purchase Agreement: With respect to the Certificates of any

 series, means any note purchase, participation or similar agreement
 providing for, among other things, the purchase of Equipment Notes by the
 Trustee on behalf of the relevant Trust; and Note Purchase Agreements means

 all such agreements.

Officer's Certificate: Means a certificate signed, (a) in the case of

 the Company, by (i) the Chairman of the Board of Directors, the President
 or any Senior Vice President of the Company, signing alone or (ii) any Vice
 President of the Company signing together with the Secretary, the Assistant
 Secretary, the Treasurer or any Assistant Treasurer of the Company or, (b)
 in the case of an Owner Trustee or a Loan Trustee, a Responsible Officer of
 such Owner Trustee or such Loan Trustee, as the case may be.

Opinion of Counsel: Means a written opinion of legal counsel who (a)

 in the case of counsel for the Company may be (i) a senior attorney in rank
 of the officers of the Company a principal duty of which is furnishing
 advice as to legal matters, (ii) Vedder, Price, Kaufman & Kammholz or (iii)
 such other counsel designated by the Company and reasonably acceptable to
 the Trustee and (b) in the case of any Owner Trustee or any Loan Trustee
 may be such counsel as may be designated by any of them whether or not such
 counsel is an employee of any of them, and who shall be reasonably
 acceptable to the Trustee.

Outstanding: With respect to Certificates of any series, means, as of

 the date of determination, all Certificates of such series theretofore
 authenticated and delivered under this Agreement, except:

(i) Certificates of such series theretofore cancelled by the
 Registrar or delivered to the Trustee or the Registrar for
 cancellation;

(ii) All of the Certificates of such series if money in the full
 amount required to make the final distribution with respect to such
 series pursuant to Section 11.01 hereof has been theretofore deposited
 with the Trustee in trust for the Holders of the Certificates of such
 series as provided in Section 4.01 pending distribution of such money
 to such Certificateholders pursuant to such final distribution
 payment; and

(iii) Certificates of such series in exchange for or in lieu of which other Certificates of such series have been authenticated and delivered pursuant to this Basic Agreement.

Owner Participant: With respect to any Equipment Note, means the

 "Owner Participant", if any, as referred to in the Indenture pursuant to which such Equipment Note is issued and any permitted successor or assign of such Owner Participant; and Owner Participants at any time of

 determination means all of the Owner Participants thus referred to in the Indentures.

Owner Trustee: With respect to any Equipment Note, means the "Owner

 Trustee", if any, as referred to in the Indenture pursuant to which such Equipment Note is issued, not in its individual capacity but solely as trustee; and Owner Trustees means all of the Owner Trustees party to any of

 the respective Indentures.

Owner Trustee's Purchase Agreement: With respect to the certificates

 of any series, if the related Aircraft is leased to the Company, has the meaning specified therefor in the related Lease.

Paying Agent: With respect to the Certificates of any series, means

 the paying agent maintained and appointed for the Certificates of such series pursuant to Section 7.11.

Permitted Investments: Means obligations of the United States of

 America or agencies or instrumentalities thereof for the payment of which the full faith and credit of the United States of America is pledged, maturing in not more than 60 days or such lesser time as is necessary for payment of any Special Payments on a Special Distribution Date.

Person: Means an person, including any individual, corporation,

 partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

Pool Balance: With respect to any Trust, means as of any date the

 aggregate unpaid principal amount of the Equipment Notes held in such Trust on such date plus the amount of the principal payments on such Equipment Notes held by the Trustee and not yet distributed plus the amount of any moneys held in the related Escrow Account (other than earnings thereon). The Pool Balance as of any Regular Distribution Date or Special Distribution Date with respect to such Trust shall be computed after giving effect to the payment of principal, if any, on such Equipment Notes and distribution thereof to are made on that date.

Pool Factor: With respect to any Trust, means as of any date the

 quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance as at such date by (ii) the aggregate original principal amount of the Certificates of such Trust. The Pool Factor as of any Regular Distribution Date or Special Distribution Date with respect to such Trust shall be computed after giving effect to the payment of principal, if any, on such Equipment Notes and distribution thereof to be made on that date.

Postponed Notes: With respect to any Trust or the related series of

 Certificates, means the Equipment Notes to be held in such Trust as to which a Postponement Notice shall have been delivered pursuant to Section 2.02(b).

Postponement Notice: With respect to any Trust or the related series

 of Certificates, means an Officer's Certificate of the Company signed by an officer of the Company (1) requesting that the Trustee temporarily postpone purchase of the related Equipment Notes to a date later than the Issuance Date of such series of Certificates, (2) identifying the amount of the purchase price of each such Equipment Note and the aggregate purchase price for all such Equipment Notes, (3) setting forth the reasons for such postponement and (4) with respect to each such Equipment Note, either (a) setting or resetting a new Transfer Date (which shall be on or prior to the applicable Cut-off Date) for payment by the Trustee of such purchase price and issuance of the related Equipment Note, or (b) indicating that such new Transfer Date (which shall be on or prior to the applicable Cut-off Date) will be set by subsequent written notice not less than one Business Day prior to such new Transfer Date.

Record Date: With respect to any Trust or the related series of

 Certificates, means (i) for Scheduled Payments to be distributed on any Regular Distribution Date, other than the final distribution, with respect to such series, the 15th day (whether or not a Business Day) preceding such Regular Distribution Date, and (ii) for Special Payments to be distributed on any Special Distribution Date, other than the final distribution, with respect to such series, the 15th day (whether or not a Business Day) preceding such Special Distribution Date.

Register and Registrar: With respect to the Certificates of any

 series, mean the register maintained and the registrar appointed for such series pursuant to Sections 3.04 and 7.11.

Regular Distribution Date: With respect to distributions of Scheduled

 Payments in respect of any series of Certificates, means each date designated as such in this Agreement, until payment of all the Scheduled Payments to be made under the Equipment Notes held in such Trust has been made.

Request: Means a request by the Company setting forth the subject

 matter of the request accompanied by an Officer's Certificate and an
 opinion of Counsel as provided in Section 1.02 of this Basic Agreement.

Responsible Officer: With respect to any Trustee, any Loan Trustee

 and any Owner Trustee, means any officer in the Corporate Trust ?
 Department of the Trustee, Loan Trustee or Owner Trustee or any other
 officer customarily performing functions similar to those performed by the
 persons who at the time shall be such officers, respectively, or to whom
 any corporate trust matter is referred because of his knowledge of and
 familiarity with a particular subject.

Scheduled Payment: With respect to any Equipment Note, means any

 payment (other than a Special Payment) of interest on or principal of and
 interest on an Equipment Note due from the obligor thereon which
 installment represents the installment of principal at the stated maturity
 of such installment of principal on such Equipment Note or the payment of
 regularly scheduled interest accrued on the unpaid principal amount of such
 Equipment Note, or both.

SEC: Means the Securities and Exchange Commission, as from time to

 time constituted or created under the Securities Exchange Act of 1934, or,
 if at any time after the execution of this instrument such Commission is
 not existing and performing the duties now assigned to it under the Trust
 Indenture Act, then the body performing such duties on such date.

Special Distribution Date: With respect to the Certificates of any

 series, means each date on which a Special Payment is to be distributed as
 specified in this Agreement.

Special Payment: With respect to a Special Distribution Date in

 respect of the Certificates of any series, means (i) any payment of
 principal of, premium, if any, and interest resulting from the redemption
 or purchase of an Equipment Note held in the applicable Trust, (ii) any
 payment of principal of and interest (including any interest accruing upon
 default) on, or any other amount in respect of, any such Equipment Note
 upon an Indenture Default in respect thereof or upon an acceleration under
 the Indenture relating thereto, (iii) the amounts required to be
 distributed in respect thereof pursuant to the last paragraph of Section
 2.02(b), (iv) the amounts required to be distributed in respect thereof
 pursuant to the penultimate paragraph of Section 2.02(b), (v) any Scheduled
 Payment or any payment which is not in fact paid within five days of the
 Regular Distribution Date applicable thereto or (vi) any proceeds from the
 sale of any such Equipment Note by the Trustee pursuant to Article VI
 hereof; and Special Payments means all of such Special Payments.

Special Payments Account: With respect to the Certificates of any series, means the account or accounts created and maintained for such series pursuant to Section 4.01(b) and the related Trust Supplement.

Specified Investments: With respect to any Trust, means, unless otherwise specified in the related Trust Supplement, (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors Service, Inc. or Standard & Poor's Corporation; provided, however, that the aggregate amount at an one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (i) through (iv) as collateral; provided further that if all of the above investments are unavailable, the entire amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above; and provided further that no investment shall be eligible as a "Specified Investment" unless the final maturity or date of return of such investment is on or before the Special Distribution Date next following the Cut-off Date for such Trust by more than 20 days.

Substitute Aircraft: With respect to any Trust, means any Aircraft of the type specified in this Agreement and, at the election of the Company, substituted prior to the applicable Cut-off Date, pursuant to the terms of this Agreement.

Transfer Date: Has the meaning assigned to that term or any of the terms "Delivery Date", "Funding Date" or "Closing Date" in a Note Purchase Agreement.

Trust: With respect to the Certificates of any series, means the trust under this Agreement.

Trustee: Means the institution executing this Basic Agreement as Trustee, or its successor in interest, and any successor or other trustee appointed as provided herein; provided that if the same institution is not acting as the Trustee in respect of all series of Certificates, the phrase "the Trustee" shall, unless the context otherwise

requires, mean, as to any series of Certificates, the institution acting as the Trustee in respect of such series.

Trust Indenture Act: Except as otherwise provided in Section 9.06,

means the Trust Indenture Act of 1939 as in force at the date as of which this Basic Agreement was executed.

Trust Property: With respect to any Trust, means the Equipment Notes

held as the property of such Trust and all monies at any time paid thereon and all monies due and to become due thereunder, funds from time to time deposited in the related Escrow Account, the related Certificate Account and the related Special Payments Account and any proceeds from the sale by the Trustee pursuant to Article VI hereof of any such Equipment Note.

Trust Supplement: Means an agreement supplemental hereto pursuant to

which (i) a separate Trust is created for the benefit of the Holders of the Certificates of a series, (ii) the issuance of the Certificates of such series representing fractional undivided interests in such Trust is authorized and (iii) the terms of the Certificates of such series are established.

Section 1.02. Compliance Certificates and Opinions. Upon any

application or request by the Company, any Owner Trustee or any Loan Trustee to the Trustee to take any action under any provision of this Basic Agreement or, in respect of the Certificates of any series, this Agreement, the Company, such Owner Trustee or such Loan Trustee, as the case may be, shall furnish to the Trustee an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Basic Agreement or this Agreement relating to the proposed action have been complied with and an opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Basic Agreement or this Agreement relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Basic Agreement or, in respect of the Certificates of any series, this Agreement (other than a certificate provided pursuant to Section 8.04(d)) or any Trust Supplement shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions in this Basic Agreement or this Agreement relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

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

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.03. Form of Documents Delivered to Trustee. In any case

where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters and any such Person may certify or give an opinion as to such matters in one or several documents.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Basic Agreement or, in respect of the Certificates of any series, this Agreement, they may, but need not, be consolidated and form one instrument.

Section 1.04. Acts of Certificateholders. (a) Any direction,

consent, waiver or other action provided by this Agreement in respect of the Certificates of any series to be given or taken by Certificateholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Certificateholders in person or by an agent or proxy duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required pursuant to this Agreement, to the Company or any Loan Trustee. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Certificateholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of such Trust Supplement and conclusive in favor of the Trustee, the Company and the related Loan Trustee, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the

Person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or such other officer and where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) In determining whether the Certificateholders of the requisite Fractional Undivided Interests of Certificates of any series Outstanding have given any direction, consent or waiver (a "Direction"), under this Agreement, Certificates owned by the Company, any related Owner Trustee, any related Owner Participant or any Affiliate of any such Person shall be disregarded and deemed not to be Outstanding for purposes of any such determination. In determining whether the Trustee shall be protected in relying upon any such Direction, only Certificates which the Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, (i) if any such Person owns 100% of the Certificates of any series Outstanding, such Certificates shall not be so disregarded as aforesaid, and (ii) if any amount of Certificates of such series so owned by any such Person have been pledged in good faith, such Certificates shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not the Company, any related Owner Trustee, any related Owner Participant or any Affiliate of any such Person.

(d) The Company may at its option by delivery of an Officers' Certificate to the Trustee set a record date to determine the Certificateholders in respect of the Certificates of any series entitled to give any consent request, demand, authorization, direction, notice, waiver or other Act. Notwithstanding Section 316(c) of the Trust Indenture Act, such record date shall be the record date specified in such Officers' Certificate which shall be a date not more than 30 days prior to the first solicitation of Certificateholders in connection therewith. If such a record date is fixed, such consent, request, demand, authorization, direction, notice, waiver or other Act may be given before or after such record date, but only the Certificateholders of record of the applicable series at the close of business on such record date shall be deemed to be Certificateholders for the purposes of determining whether Certificateholders of the requisite proportion of Outstanding Certificates of such series have authorized or agreed or consented to such consent, request, demand, authorization, direction, notice, waiver or other Act, and for that purpose the Outstanding Certificates of such series shall be computed as of such record date; provided that no such consent,

request, demand, authorization, direction, notice, waiver or other act by the Certificateholders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Basic Agreement not later than one year after the record date.

(e) Any direction, consent, waiver or other action by the Holder of any Certificate shall bind the Holder of every Certificate issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such action is made upon such Certificate.

(f) Except as otherwise provided in Section 1.04(c), Certificates of any series owned by or pledged to any Person shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority, or distinction as among all of the Certificates of such series.

ARTICLE II

ORIGINAL ISSUANCE OF CERTIFICATES;
ACQUISITION OF EQUIPMENT NOTES

Section 2.01. Amount Unlimited; Issuable in Series. (a) The aggregate

principal amount of Certificates which may be authenticated and delivered under this Basic Agreement is unlimited. The Certificates may be issued from time to time in one or more series and shall be designated generally as the "Pass Through Certificates", with such further designations added or incorporated in such title for the Certificates of each series as specified in the related Trust Supplement. Each Certificate shall bear upon its face the designation so selected for the series to which it belongs. All Certificates of the same series shall be substantially identical except that the Certificates of a series may differ as to denomination and as may otherwise be provided in the Trust Supplement establishing the Certificates of such series. Each series of Certificates issued pursuant to this Agreement will evidence fractional undivided interests in the related Trust and will have no rights, benefits or interests in respect of any other Trust or the Trust Property held therein. All Certificates of the same series shall be in all respects equally and ratably entitled to the benefits of this Agreement without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Agreement.

(b) The following matters shall be established with respect to the Certificates of each series issued hereunder by a Trust Supplement executed and delivered by and between the Company and the Trustee:

(1) the formation of the Trust as to which the Certificates of such series represent fractional undivided interests and its designation (which designation shall distinguish such Trust from each other Trust created under this Basic Agreement and a Trust Supplement);

(2) the specific title of the Certificates of such series (which title shall distinguish the Certificates of such series from each other series of Certificates created under this Basic Agreement and a Trust Supplement);

(3) any limit upon the aggregate principal amount of the Certificates of such series which may be authenticated and delivered (which limit shall not pertain to Certificates authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Certificates of the series pursuant to Sections 3.03, 3.04 and 3.05);

(4) the Cut-off Date with respect to the Certificates of such series;

(5) the Regular Distribution Dates applicable to the Certificates of such series;

(6) the Special Distribution Dates applicable to the Certificates of such series and the related Trust;

(7) if other than as provided in Section 7.11(b), the Registrar or the Paying Agent for the Certificates of such series, including any Co-Registrar or additional Paying Agent;

(8) if other than as provided in Section 3.01, the denominations in which the Certificates of such series shall be issuable;

(9) the specific form of the Certificates of such series (including the interest rate applicable thereto) and whether or not Certificates of such series are to be issued as Book-Entry Certificates and, if such Certificates are to be Book-Entry Certificates, the Form of Letter of Representations, if any;

(10) a description of the Equipment Notes to be acquired and held in the related Trust and of the related Aircraft and Note Documents;

(11) provisions with respect to the terms for which the definitions set forth in Article I hereof or the terms of Section 11.01 hereof permit or require further specification in the related Trust Supplement;

(12) any restrictions (including legends) in respect of ERISA; and

(13) any other terms of the Certificates of such series (which of such terms shall not be inconsistent with the provisions of the Trust Indenture Act), including any terms which may be required or advisable under United States laws or regulations or advisable in connection with the marketing of Certificates of the series.

(c) At any time and from time to time after the execution and delivery of this Basic Agreement and a Trust Supplement forming a Trust and establishing the terms of Certificates of a series, Certificates of such series shall be executed, authenticated and delivered by the Trustee to the Person or Persons specified by the Company upon request of the Company and upon satisfaction of any conditions precedent set forth in such Trust Supplement or in any other document to which a Trustee is a party relating to the issuance of the Certificates of such series.

Section 2.02 Acquisition of Equipment Notes. (a) Unless otherwise

 specified in the related Trust Supplement, on or prior to the Issuance Date of the Certificates of a series, the Trustee shall execute and deliver the related Note Purchase Agreements in the form delivered to the Trustee by the Company. The Trustee shall issue and sell such Certificates, in authorized denominations and in such Fractional Undivided Interests, so as to result in the receipt of consideration in an amount equal to the aggregate principal amount of such Equipment Notes and, concurrently therewith, the Trustee shall purchase, pursuant to the terms and conditions of the Note Purchase Agreements, the Equipment Notes at a purchase price equal to the amount of such consideration so received. Except as provided in Sections 3.03, 3.04 and 3.05 hereof, the Trustee shall not execute, authenticate or deliver Certificates of such series in excess of the aggregate amount specified in this paragraph. The provisions of this Subsection (a) are subject to the provisions of Subsection (b) below.

(b) If on or prior to the Issuance Date with respect to a series of Certificates the Company shall deliver to the Trustee a Postponement Notice relating to one or more Postponed Notes, the Trustee shall postpone the purchase of such Postponed Notes and shall deposit into an escrow account (as to such Trust, the "Escrow Account") to be maintained as a part of the related Trust an amount equal to the purchase price of such Postponed Notes (the "Escrowed Funds"). The Escrowed Funds so deposited shall be invested by the Trustee at the direction and risk of, and for the benefit of, the Company in Specified Investments (i) maturing no later than any scheduled Transfer Date relating to such series of Certificates or (ii) if no such Transfer Date has been scheduled, maturing on the next Business Day, or (iii) if the Company has given notice to the Trustee that any Postponed Notes will not be issued, with respect to the portion of the Escrowed Funds relating to such Postponed Notes, maturing on the next applicable Special Distribution Date, if such investments are reasonably available for purchase. The Trustee shall make withdrawals from the Escrow Account only as provided in this Agreement. Upon request of the Company on one or more occasions and the satisfaction of the closing conditions specified in the applicable Note Purchase Agreements on or prior to the related Cut-off Date, the Trustee

shall purchase the applicable Postponed Notes with the Escrowed Funds withdrawn from the Escrow Account. The purchase price shall equal the principal amount of such Postponed Notes.

The Trustee shall hold all Specified Investments until the maturity thereof and will not sell or otherwise transfer Specified Investments. If Specified Investments held in an Escrow Account mature prior to any applicable Transfer Date, any proceeds received on the maturity of such Specified Investments (other than any earnings thereon) shall be reinvested by the Trustee at the direction and risk of, and for the benefit of, the Company in Specified Investments maturing as provided in the preceding paragraph.

Any earnings on Specified Investments received from time to time by the Trustee shall be promptly distributed to the Company. The Company shall pay to the Trustee for deposit to the relevant Escrow Account an amount equal to any losses on such Specified Investments as incurred. On the Initial Regular Distribution Date in respect of the Certificates of any series, the Company will pay (in immediately available funds) to the Trustee an amount equal to the interest that would have accrued on any Postponed Notes, if any, purchased after the Issuance Date if such Postponed Notes had been purchased on the Issuance Date, from the Issuance Date to, but not including, the date of the purchase of such Postponed Notes by the Trustee.

If, in respect of the Certificates of any series, the Company notifies the Trustee prior to the Cut-off Date that any Postponed Notes will not be issued on or prior to the Cut-off Date for any reason, on the next Special Distribution Date for such Certificates occurring more than 20 days following the date of such notice (i) the Company shall pay to the Trustee for deposit in the related Special Payments Account, in immediately available funds, an amount equal to the interest that would have accrued on the Postponed Notes designated in such notice at a rate equal to the interest rate applicable to such Certificates from the Issuance Date to, but not including, such Special Distribution Date and (ii) the Trustee shall transfer an amount equal to that amount of Escrowed Funds that would have been used to purchase the Postponed Notes designated in such notice and the amount paid by the Company pursuant to the immediately preceding clause (i) to the related Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

If, on such Cut-off Date, an amount equal to less than all of the Escrowed Funds (other than Escrowed Funds referred to in the immediately preceding paragraph) has been used to purchase Postponed Notes, on the next Special Distribution Date occurring more than 20 days following such Cut-off Date (i) the Company shall pay to the Trustee for deposit in such Special Payments Account, in immediately available funds, an amount equal to the interest that would have accrued on such Postponed Notes contemplated to be purchased with such unused Escrowed Funds (other than Escrowed Funds referred to in the

immediately preceding paragraph) but not so purchased at a rate equal to the interest rate applicable to such Certificates from the Issuance Date to, but not including, such Special Distribution Date and (ii) the Trustee shall transfer such unused Escrowed Funds and the amount paid by the Company pursuant to the immediately preceding clause (i) to such Special Payments Account for distribution as a Special Payment in accordance with the provisions hereof.

Section 2.03. Acceptance by Trustee. The Trustee, upon the execution

and delivery of a Trust Supplement creating a Trust and establishing a series of Certificates, shall acknowledge its acceptance of all right, title and interest in and to the Equipment Notes to be acquired pursuant to Section 2.02 hereof and the Note Purchase Agreements and shall declare that the Trustee holds and will hold such right, title and interest, together with all other property constituting the Trust Property of such Trust, for the benefit of all then present and future Certificateholders of such series, upon the trusts herein and in such Trust Supplement set forth. By its payment for and acceptance of each Certificate of such series issued to it under this Agreement, each initial Certificateholder of such series as grantor of such Trust shall thereby join in the creation and declaration of such Trust.

Section 2.04. Limitation of Powers. Each Trust shall be constituted

solely for the purpose of making the investment in the Equipment Notes provided for in the related Trust Supplement, and, except as set forth herein or in this Agreement, the Trustee shall not be authorized or empowered to acquire any other investments or engage in any other activities and, in particular, the Trustee shall not be authorized or empowered to do anything that would cause such Trust to fail to qualify as a "grantor trust" for federal income tax purposes (including as subject to this restriction, acquiring the Aircraft (as defined in the respective related Indentures) by bidding such Equipment Notes or otherwise, or taking any action with respect to any such Aircraft once acquired).

ARTICLE III

THE CERTIFICATES

Section 3.01. Form, Denomination and Execution of Certificates. The

Certificates shall be issued in registered form without coupons and shall be substantially in the form attached hereto as Exhibit A, with such omissions, variations and insertions as are permitted by this Agreement, and may have such letters, numbers or other marks of identification and such legends or endorsements printed, lithographed or engraved thereon, as may be required to comply with the rules of any securities exchange on which such Certificates may be listed or to conform to any usage in respect thereof, or as may, consistently herewith, be prescribed by the Trustee or by the officer executing such

Certificates, such determination by said officer to be evidenced by his signing the Certificates.

Except as provided in Section 3.09, the definitive Certificates of such series shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner permitted by the rules of any securities exchange on which the Certificates may be listed, all as determined by the officer executing such Certificates, as evidenced by his execution of such Certificates.

Except as otherwise provided in the related Trust Supplement, the Certificates of each series shall be issued in minimum denominations of \$1,000 or integral multiples thereof except that one Certificate of such series may be issued in a denomination of less than \$1,000.

The Certificates of such series shall be executed on behalf of the Trustee by manual or facsimile signature of a Responsible Officer of the Trustee. Certificates of any series bearing the manual or facsimile signature of an individual who was, at the time when such signature was affixed, authorized to sign on behalf of the Trustee shall be valid and binding obligations of the Trustee, notwithstanding that such individual has ceased to be so authorized prior to the authentication and delivery of such Certificates or did not hold such office at the date of such Certificates. No Certificate of any series shall be entitled to any benefit under this Agreement, or be valid for any purpose unless there appears on such Certificate a certificate of authentication substantially in the form set forth in Exhibit B hereto executed by the Trustee by manual signature, and such certificate of authentication upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly authenticated and delivered hereunder. All Certificates of any series shall be dated on the date of their authentication.

Section 3.02. Authentication of Certificates. The Trustee shall duly

authenticate and deliver Certificates of each series in authorized denominations equalling in the aggregate the aggregate principal amount of the Equipment Notes to be purchased by the Trustee pursuant to the related Note Purchase Agreements and evidencing the entire ownership of the related Trust.

Section 3.03. Temporary Certificates. Pending the preparation of

definitive Certificates of any series, the Trustee may execute, authenticate and deliver temporary Certificates of such series which are printed, lithographed, typewritten, or otherwise produced, in any denomination, containing substantially the same terms and provisions as set forth in Exhibit A hereto, except for such appropriate insertions, omissions, substitutions and other variations relating to their temporary nature as the officer executing such temporary Certificates may determine, as evidenced by its execution of such temporary Certificates.

If temporary Certificates of any series are issued, the Company will cause definitive Certificates of such series to be prepared without unreasonable delay. After the preparation of definitive Certificates of such series, the temporary Certificates shall be exchangeable for definitive Certificates upon surrender of such temporary Certificates at the Corporate Trust Office of the Trustee, or at the office or agency of the Trustee maintained in accordance with Section 7.11, without charge to the holder. Upon surrender for cancellation of any one or more temporary Certificates, the Trustee shall execute, authenticate and deliver in exchange therefor definitive Certificates of like series, in authorized denominations and of a like aggregate Fractional Undivided Interest. Until so exchanged, such temporary Certificates shall in all respects be entitled to the same benefits under this Agreement as definitive Certificates.

Section 3.04. Registration of Transfer and Exchange of Certificates.

The Trustee shall cause to be kept at the office or agency to be maintained by it in accordance with the provisions of Section 7.11 a register (the "Register") for each series of Certificates in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration of Certificates of such series and of transfers and exchanges of such Certificates as herein provided. The Trustee shall initially be the registrar (the "Registrar") for the purpose of registering Certificates of each series and transfers and exchanges of such Certificates as herein provided.

Upon surrender for registration of transfer of any Certificate at the Corporate Trust Office or such other office or agency, the Trustee shall execute, authenticate and deliver, in the name of the designated transferee or transferees, one or more new Certificates of like series, in authorized denominations of a like aggregate Fractional Undivided Interest.

At the option of a Certificateholder, Certificates may be exchanged for other Certificates of like series, in authorized denominations and of a like aggregate Fractional Undivided Interest, upon surrender of the Certificates to be exchanged at any such office or agency. Whenever any Certificates are so surrendered for exchange, the Trustee shall execute, authenticate and deliver the Certificates that the Certificateholder making the exchange is entitled to receive. Every Certificate presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder thereof or its attorney duly authorized in writing.

No service charge shall be made to a Certificateholder for any registration of transfer or exchange of Certificates, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Certificates.

All Certificates surrendered for registration of transfer and exchange shall be cancelled and subsequently destroyed by the Trustee.

Section 3.05. Mutilated, Destroyed, Lost or Stolen Certificates. If

 (a) any mutilated Certificate is surrendered to the Registrar or the Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Certificate and (b) there is delivered to the Registrar and the Trustee such security, indemnity or bond, as may be required by them to save each of them harmless, then, in the absence of notice to the Registrar or the Trustee that such destroyed, lost or stolen Certificate has been acquired by a bona fide purchaser, the Trustee shall execute, authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate or Certificates of like series, in authorized denominations and of like Fractional Undivided Interest. In connection with the issuance of any new Certificate under this Section 3.05, the Trustee shall require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee and the Registrar) connected therewith. Any duplicate Certificate issued pursuant to this Section 3.05 shall constitute conclusive evidence of the appropriate Fractional Undivided Interest in the related Trust, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

Section 3.06. Persons Deemed Owners. Prior to due presentation of a

 Certificate for registration of transfer, the Trustee, the Registrar and any Paying Agent of the Trustee may treat the person in whose name any Certificate is registered as the owner of such Certificate for the purpose of receiving distributions pursuant to Section 4.02 and for all other purposes whatsoever, and none of the Trustee, the Registrar or any Paying Agent of the Trustee shall be affected by any notice to the contrary.

Section 3.07. Cancellation. All Certificates surrendered for payment

 or transfer or exchange, if surrendered to any Person party hereto other than the Registrar, shall be delivered to the Registrar for cancellation. No Certificates shall be authenticated in lieu of or in exchange for any Certificates cancelled as provided in this Section, except as expressly permitted by this Agreement. All cancelled Certificates held by the Registrar shall be destroyed and a certification of their destruction delivered to the Trustee.

Section 3.08. Limitation of Liability for Payments. All payments

 distributions made to Certificateholders of any series under the related Trust Supplement shall be made only from the Trust Property of the related Trust and only to the extent that the Trustee shall have sufficient income or proceeds from such Trust Property to make such payments in accordance with the terms of Article IV of this Agreement. Each Certificateholder, by its acceptance of a Certificate, agrees that it will look solely to the income and proceeds from the Trust Property of the related Trust to the extent available for distribution to such Certificateholder as provided in this Agreement.

Section 3.09. Book-Entry and Definitive Certificates. (a) Except

 for one Certificate of each series that may be issued in a denomination of less than \$1,000, the Certificates of any series may be issued in the form of one or more typewritten Certificates representing the Book-Entry Certificates of such series, to be delivered to The Depository Trust Company, as the initial Clearing Agency, by, or on behalf of, the Company. In such case, the Certificates of such series delivered to The Depository Trust Company shall initially be registered on the Register in the name of CEDE & Co., the nominee of the initial Clearing Agency, and no Certificate Owner will receive a definitive certificate representing such Certificate Owner's interest in the Certificates of such series, except as provided above and in Subsection (d) below. As to the Certificates of any series, except with respect to the one Certificate of such series that may be issued in a denomination of less than \$1,000, unless and until definitive, fully registered Certificates (the "Definitive Certificates") have been issued pursuant to Subsection (d) below:

(i) the provisions of this Section 3.09 shall be in full force and effect;

(ii) the Company, the Paying Agent, the Registrar and the Trustee may deal with the Clearing Agency for all purposes (including the making of distributions on the Certificates) as the authorized representative of the Certificate Owners;

(iii) to the extent that the provisions of this Section 3.09 conflict with any other provisions of this Agreement (other than the provisions of any Trust Supplement amending this Section 3.09 as permitted by this Basic Agreement), the provisions of this Section 3.09 shall control;

(iv) the rights of Certificate Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Certificate Owners and the Clearing Agency Participants; and until Definitive Certificates are issued pursuant to Subsection (d) below, the Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest and premium, if any, on the Certificates to such Clearing Agency Participants; and

(v) whenever this Agreement requires or permits actions to be taken based upon instructions or directions of Certificateholders of such series holding Certificates of such series evidencing a specified percentage of the Fractional Undivided Interests in the related Trust, the Clearing Agency shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Certificate Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in Certificates of such series and has delivered such instructions to the Trustee. The Trustee shall have no

obligation to determine whether the Clearing Agency has in fact received any such instructions.

(b) Except with respect to the one Certificate of each series that may be issued in a denomination of less than \$1,000, whenever notice or other communication to the Certificateholders of such series is required under this Agreement, unless and until Definitive Certificates shall have been issued pursuant to Subsection (d) below, the Trustee shall give all such notices and communications specified herein to be given to Certificateholders of such series to the Clearing Agency and/or the Clearing Agency Participants, and shall make available additional copies as requested by such Clearing Agency Participants.

(c) Unless and until Definitive Certificates of a series are issued pursuant to Subsection (d) below, on the Record Date prior to each applicable Regular Distribution Date and Special Distribution Date, the Trustee will request from the Clearing Agency a Securities Position Listing setting forth the names of all Clearing Agency Participants reflected on the Clearing Agency's books as holding interests in the Certificates on such Record Date. The Trustee shall mail to each such Clearing Agency Participant the statements described in Section 4.03 hereof.

(d) If with respect to the Certificates of any series (i) the Company advises the Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities and the Trustee or the Company is unable to locate a qualified successor, (ii) the Company at its option, advises the Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency or (iii) after the occurrence of an Event of Default, Certificate Owners of Book-Entry Certificates of such series evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the related Trust, by Act of said Certificate Owners delivered to the Company and the Trustee, advise the Company, the Trustee and the Clearing Agency through the Clearing Agency Participants in writing that the continuation of a book-entry system through the Clearing Agency is no longer in the best interests of the Certificate Owners of such series, then the Trustee shall notify all Certificate Owners of such series, through the Clearing Agency, of the occurrence of any such event and of the availability of Definitive Certificates. Upon surrender to the Trustee of all the Certificates of such series held by the Clearing Agency, accompanied by registration instructions from the Clearing Agency for registration of Definitive Certificates in the names of Certificate Owners of such series, the Trustee shall issue and deliver the Definitive Certificates of such series in accordance with the instructions of the Clearing Agency. None of the Company, the Registrar, the Paying Agent or the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such registration instructions. Upon the issuance of Definitive Certificates of such series, the Trustee shall recognize the Person in whose name the

Definitive Certificates are registered in the Register as Certificateholders hereunder. Neither the Company nor the Trustee shall be liable if the Trustee or the Company is unable to locate a qualified successor Clearing Agency.

(e) Except as otherwise provided in the related Trust Supplement, the Trustee shall enter into the applicable Letter of Representations with respect to such series of Certificates and fulfill its responsibilities thereunder.

(f) The provisions of this Section 3.09 may be made inapplicable to any series or may be amended with respect to any series in the related Trust Supplement.

ARTICLE IV

DISTRIBUTIONS; STATEMENTS TO CERTIFICATEHOLDERS

Section 4.01. Certificate Account and Special Payments Account. (a)

The Trustee shall establish and maintain on behalf of the Certificateholders of each series a Certificate Account as one or more non-interest-bearing accounts. The Trustee shall hold the Certificate Account in trust for the benefit of the Certificateholders of such series, and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when a Scheduled Payment is made under the Indenture to the Trustee, as holder of the Equipment Notes issued under such Indenture, the Trustee upon receipt shall immediately deposit the aggregate amount of such Scheduled Payment in the applicable Certificate Account.

(b) The Trustee shall establish and maintain on behalf of the Certificateholders of each series a Special Payments Account as one or more accounts, which shall be non-interest bearing except as provided in Section 4.04. The Trustee shall hold the Special Payments Account in trust for the benefit of the Certificateholders of such series and shall make or permit withdrawals therefrom only as provided in this Agreement. On each day when one or more Special Payments (other than a Special Payment that represents the proceeds of any sale pursuant to Article VI hereof by the Trustee of an Equipment Note) are made under the Indenture to the Trustee, as holder of the Equipment Notes issued under such Indenture or pursuant to the last two paragraphs of Section 2.02(b), the Trustee upon receipt shall immediately deposit the aggregate amounts of such Special Payments in such Special Payments Account. Upon the sale of the Equipment Notes by the Trustee pursuant to Article VI hereof and the realization of any proceeds thereof, the Trustee shall deposit the aggregate amount of such proceeds as a Special Payment in the applicable Special Payments Account.

(c) The Trustee shall present to the Loan Trustee to which an Equipment Note relates such Equipment Note on the date of its stated final maturity or, in the case of any Equipment Note which is to be redeemed in whole pursuant to the relevant Indenture, on the applicable redemption date under such Indenture.

Section 4.02. Distributions from Certificate Account and Special

Payments Account. (a) On each Regular Distribution Date with respect to a

series of Certificates or as soon thereafter as the Trustee has confirmed receipt of the payment of the Scheduled Payments due on the Equipment Notes held in the related Trust on such date, the Trustee shall distribute out of the applicable Certificate Account the entire amount deposited therein pursuant to Section 4.01(a). There shall be so distributed to each Certificateholder of record of such series on the Record Date with respect to such Regular Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the aggregate Fractional Undivided Interest in the related Trust held by such Certificateholder) of the aggregate amount in the applicable Certificate Amount.

(b) On each Special Distribution Date with respect to any Special Payment with respect to a series of Certificates or as soon thereafter as the Trustee has confirmed receipt of the Special Payments due on the Equipment Notes held in the related Trust or realized upon the sale of such Equipment Note, the Trustee shall distribute out of the applicable Special Payments Account the entire amount deposited therein pursuant to Section 4.01(b) of such Special Payment. There shall be so distributed to each Certificateholder of record of such series on the Record Date with respect to such Special Distribution Date (other than as provided in Section 11.01 concerning the final distribution) by check mailed to such Certificateholder, at the address appearing in the Register, such Certificateholder's pro rata share (based on the aggregate Fractional Undivided Interest in the related Trust held by such Certificateholder) of the aggregate amount in the applicable Special Payments Account on account of such Special Payment.

(c) The Trustee shall, at the expense of the Company, cause notice of each Special Payment with respect to a series of Certificates to be mailed to each Certificateholder of such series at his address as it appears in the Register. In the event of redemption or purchase of Equipment Notes held in the related Trust, such notice shall be mailed not less than 20 days prior to the date any such Special Payment is scheduled to be distributed. In the case of any other Special Payments, such notice shall be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment. Notices mailed by the Trustee shall set forth:

(i) the Special Distribution Date and the Record Date therefor (except as otherwise provided in Section 11.01),

(ii) the amount of the Special Payment for each \$1,000 face amount Certificate (taking into account any payment to be made by the Company pursuant to Section 2.02(b)) and the amount thereof constituting principal, premium, if any, and interest,

(iii) the reason for the Special Payment, and

(iv) if the Special Distribution Date is the same date as a Regular Distribution Date for the Certificates of such series, the total amount to be received on such date for each \$1,000 face amount Certificate.

If the amount of premium, if any, payable upon the redemption or purchase of an Equipment Note has not been calculated at the time that the Trustee mails notice of a Special Payment, it shall be sufficient if the notice sets forth the other amounts to be distributed and states that any premium received will also be distributed.

If any redemption of the Equipment Notes held in any Trust is cancelled, the Trustee, as soon as possible after learning thereof, shall cause notice thereof to be mailed to each Certificateholder of the related series at its address as it appears on the Register.

Section 4.03. Statements to Certificateholders. (a) On each Regular

Distribution Date and Special Distribution Date with respect to a series of Certificates, the Trustee will include with each distribution to Certificateholders of the related series a statement, giving effect to such distribution to be made on such Regular Distribution Date or Special Distribution Date, as the case may be, setting forth the following information (per a \$1,000 face amount Certificate as to (i) and (ii) below):

(i) The amount of such distribution allocable to principal and the amount allocable to premium, if any;

(ii) The amount of such distribution allocable to interest; and

(iii) The Pool Balance and the Pool Factor of the related Trust.

(b) Within a reasonable period of time after the end of each calendar year but not later than the latest date permitted by law, the Trustee shall furnish to each Person who at any time during such calendar year was a Certificateholder of record a statement containing the sum of the amounts determined pursuant to clauses (a)(i) and (a)(ii) with respect to the related Trust for such calendar year or, in the event such Person was a Certificateholder of record during a portion of such calendar year, for the applicable portion of such year, and such other items as are readily available to the Trustee and which a

Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its Federal income tax returns.

Section 4.04. Investment of Special Payment Moneys. Any money

received by the Trustee pursuant to Section 4.01(b) representing a Special Payment which is not to be promptly distributed shall, to the extent practicable, be invested in Permitted Investments by the Trustee pending distribution of such Special Payment pursuant to Section 4.02. Any investment made pursuant to this Section 4.04 shall be in such Permitted Investments having maturities not later than the date that such moneys are required to be used to make the payment required under Section 4.02 on the applicable Special Distribution Date and the Trustee shall hold any such Permitted Investments until maturity. The Trustee shall have no liability with respect to any investment made pursuant to this Section 4.04, other than by reason of the willful misconduct or negligence of the Trustee. All income and earnings from such investments shall be distributed on such Special Distribution Date as part of such Special Payment.

ARTICLE V

THE COMPANY

Section 5.01. Maintenance of Corporate Existence. The Company, at

its own cost and expense, will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as otherwise specifically permitted in Section 5.02;

provided, however, that the Company shall not be required to preserve any right

or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company.

Section 5.02. Consolidation, Merger, etc. The Company shall not

consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets as an entirety to any Person unless:

(a) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall (i) be a citizen of the United States as defined in Section 40102(a)(15) of Title 49 of the United States Code, as amended, and (ii) hold an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code, as amended, for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo;

(b) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall execute and deliver to the Trustee applicable to the Certificates of each series a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Trustee containing an assumption by such successor corporation or Person of the due and punctual performance and observance of each covenant and condition of the Note Documents and of this Agreement applicable to the Certificates of each series to be performed or observed by the Company;

(c) immediately after giving effect to such transaction, no Event of Default applicable to the Certificates of each series or event which is, or after notice or passage of time, or both, would be, such an Event of Default shall have occurred and be continuing; and

(d) the Company shall have delivered to the Trustee an Officers' Certificate of the Company and an Opinion of Counsel of the Company reasonably satisfactory to the Trustee, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (b) above comply with this Section 5.02 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this Section 5.02, the successor corporation or Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement applicable to the Certificates of each series with the same effect as if such successor corporation or Person had been named as the Company herein. No such conveyance, transfer or lease of substantially all of the assets of the Company as an entirety shall have the effect of releasing the Company or any successor corporation or Person which shall theretofore have become such in the manner prescribed in this Section 5.02 from its liability in respect of any Note Document and of this Agreement applicable to the Certificates of such series to which it is a party.

ARTICLE VI

DEFAULT

Section 6.01. Events of Default. If, in respect of any Trust, any

 Indenture Default under any related Indenture shall occur and be continuing, then, in each and every case, so long as such Event of Default shall be continuing, the Trustee may (a) vote all

Equipment Notes issued under the relevant Indenture held in such Trust, and upon the direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests in such Trust aggregating not less than a majority in interest in such Trust, the Trustee shall vote not less than a corresponding majority of such Equipment Notes in favor of directing the Loan Trustee under such Indenture to declare the unpaid principal amount of the Equipment Notes then outstanding to which such Event of Default relates and accrued interest thereon to be due and payable under, and in accordance with the provisions of, such Indenture, and (b) may in accordance with the provisions of the relevant Indenture vote such Equipment Notes held in such Trust to direct the Loan Trustee regarding the exercise of remedies provided in such Indenture.

In addition, after an Indenture Default shall have occurred and be continuing with respect to any Equipment Note held in a Trust, the Trustee therein may in its discretion, and upon the direction of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in such Trust shall, by such officer or agent as it may appoint, sell, convey, transfer and deliver such Equipment Note, without recourse to or warranty by the Trustee or any Certificateholder, to any Person. In any such case, the Trustee shall sell, assign, contract to sell or otherwise dispose of and deliver such Equipment Note or Equipment Notes in one or more parcels at public or private sale or sales, at any location or locations at the option of the Trustee, all upon such terms and conditions as it may reasonably deem advisable and at such prices as it may reasonably deem advisable, for cash. If the Trustee so decides or is required to sell or otherwise dispose of any Equipment Note pursuant to this Section, the Trustee shall take such of the actions described above as it may reasonably deem most effectual to complete the sale or other disposition of such Equipment Note, so as to provide for the payment in full of all amounts due on the related series of Certificates. Notwithstanding the foregoing, any action taken by the Trustee under this Section shall not, in the reasonable judgment of the Trustee, be adverse to the best interests of the Certificateholders of such series.

Section 6.02. Incidents of Sale of Equipment Notes. Upon any sale of

all or any part of the Equipment Notes made either under the power of sale given under this Agreement or otherwise for the enforcement of this Agreement, the following shall be applicable:

(1) Certificateholders and Trustee May Purchase Equipment Notes. Any

Certificateholder, the Trustee in its individual or any other capacity or any other Person may bid for and purchase any of the Equipment Notes, and upon compliance with the terms of sale, may hold, retain, possess and dispose of such Equipment Notes in its own absolute right without further accountability.

(2) Receipt of Trustee Shall Discharge Purchaser. The receipt of the

Trustee or of the officer making such sale shall be a sufficient discharge to any

purchaser for his purchase money, and, after paying such purchase money and receiving such receipt, such purchaser or its personal representative or assigns shall not be obliged to see to the application of such purchase money, or be in any way answerable for any loss, misapplication or non-application thereof.

(3) Application of Moneys Received upon Sale. Any moneys collected by -----
the Trustee upon any sale made either under the power of sale given by this Agreement or otherwise for the enforcement of this Agreement shall be applied as provided in Section 4.02.

Section 6.03. Judicial Proceedings Instituted by Trustee; Trustee May -----

Bring Suit. If there shall be a failure to make payment of the principal of, -----
premium, if any, or interest on any Equipment Note, or if there shall be any failure to pay Rent (as defined in the relevant Lease) under any Lease when due and payable, then the Trustee, in its own name, and as trustee of an express trust, as holder of such Equipment Notes, to the extent permitted by and in accordance with the terms of the Note Documents, shall be entitled and empowered to institute any suits, actions or proceedings at law, in equity or otherwise, for the collection of the sums so due and unpaid on such Equipment Notes or under such Lease and may prosecute any such claim or proceeding to judgment or final decree with respect to the whole amount of any such sums so due and unpaid.

Section 6.04. Control by Certificateholders. Subject to Section -----

6.03, the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the related Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to such Trust, or exercising any trust or power conferred on the Trustee under this Agreement, including any right of the Trustee as holder of the Equipment Notes, provided that -----

(1) such direction shall not be in conflict with any rule of law or with this Agreement and would not involve the Trustee in personal liability or expense,

(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Certificateholders of such series not taking part in such direction,

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(4) if an Indenture Default under a related Indenture shall have occurred and be continuing, such direction shall not obligate the Trustee to vote more than a corresponding majority of the related Equipment Notes held by the Trust in favor of

directing any action by the related Loan Trustee with respect to such Indenture Default.

Section 6.05. Waiver of Past Defaults. The Certificateholders

 holding Certificates of a Series evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the related Trust may on behalf of all of the Certificateholders of such series waive any past Event of Default hereunder or under the related Trust Supplement with respect to such series and its consequences or may instruct the Trustee to waive any past default under the related Indenture or this Agreement or the related Trust Supplement with respect to such series and its consequences, except a default:

(1) in the deposit of any Scheduled Payment or Special Payment under Section 4.01 or in the distribution of any payment under Section 4.02 on the Certificates of such series, or

(2) in the payment of the principal of (premium, if any) or interest on the Equipment Notes, or

(3) in respect of a covenant or provision hereof which under Article IX hereof cannot be modified or amended without the consent of each Certificateholder holding an Outstanding Certificate of such series affected.

Upon any such waiver, such default shall cease to exist with respect to the Certificates of such series and any Event of Default arising therefrom shall be deemed to have been cured for every purpose in respect of such series and any direction given by the Trustee on behalf of the Certificateholders of such series to the relevant Loan Trustee shall be annulled with respect thereto; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Upon any such waiver, the Trustee shall vote the Equipment Notes issued under the relevant Indenture to waive the corresponding Indenture Default.

Section 6.06. Right of Certificateholders to Receive Payments Not to

 Be Impaired. Anything in this Agreement to the contrary notwithstanding,

 including, without limitation, Section 6.07 hereof, the right of any Certificateholder to receive distributions of payments required pursuant to Section 4.02 hereof on the applicable Certificates when due, or to institute suit for the enforcement of any such payment on or after the applicable Regular Distribution Date or Special Distribution Date, shall not be impaired or affected without the consent of such Certificateholder.

Section 6.07. Certificateholders May Not Bring Suit Except Under

 Certain Conditions. A Certificateholder of any series shall not have the right

 to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Agreement, for the

appointment of a receiver or for the enforcement of any other remedy under this Agreement, unless:

(1) such Certificateholder previously shall have given written notice to the Trustee of a continuing Event of Default;

(2) the Certificateholders holding Certificates of such series evidencing Fractional Undivided Interests aggregating not less than 25% of the related Trust shall have requested the Trustee in writing to institute such action, suit or proceeding and shall have offered to the Trustee indemnity as provided in Section 7.02(e);

(3) the Trustee shall have refused or neglected to institute an such action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and

(4) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Certificateholders holding Certificates of such series evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the related Trust.

It is understood and intended that no one or more of the Certificateholders of any series shall have any right in any manner whatsoever hereunder or under the related Trust Supplement or under the Certificates of such series to (i) surrender, impair, waive, affect, disturb or prejudice any property in the Trust Property of the related Trust or the lien of any related Indenture on any property subject thereto, or the rights of the Certificateholders of such series or the holders of the related Equipment Notes, (ii) obtain or seek to obtain priority over or preference with respect to any other such Certificateholder of such series or (iii) enforce any right under this Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Certificateholders of such series subject to the provisions of this Agreement.

Section 6.08. Remedies Cumulative. Every remedy given hereunder to

the Trustee or to any of the Certificateholders of any series shall not be exclusive of any other remedy or remedies, and every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter given by statute, law, equity or otherwise.

ARTICLE VII

THE TRUSTEE

Section 7.01. Notice of Defaults. As promptly as practicable after,

 and in any event within 90 days after, the occurrence of any default (as such term is defined below) hereunder, the Trustee shall transmit by mail to the Company, any related Owner Trustees, the related Loan Trustees and the Certificateholders holding Certificates of the related series in accordance with Section 313(c) of the Trust Indenture Act, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default on the payment of the

 principal of (premium, if any) or interest on any Equipment Note, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Certificateholders of the related series. For the purpose of this Section in respect of any Trust, the term "default" means any event that is, or after notice or lapse of time or both would become, an Event of Default in respect of that Trust.

Section 7.02. Certain Rights of Trustee. Subject to the provisions

 of Section 315 of the Trust Indenture Act:

(a) the Trustee may rely and shall be protected in acting or refraining from acting in reliance upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Request;

(c) whenever in the administration of this Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate of the Company, any related Owner Trustee or any related Loan Trustee;

(d) the Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in

respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Certificateholders pursuant to this Agreement, unless such Certificateholders shall have offered to the Trustee reasonable security or indemnity against the cost, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document;

(g) the Trustee may execute any of the trusts or powers under this Agreement or perform any duties under this Agreement either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it under this Agreement;

(h) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Certificateholders holding Certificates of any series evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the related Trust relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement; and

(i) the Trustee shall not be required to expend or risk its own funds in the performance of any of its duties under this Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk is not reasonably assured to it.

Section 7.03. Not Responsible for Recitals or Issuance of

Certificates. The recitals contained herein and in the Certificates of each

series, except the certificates of authentication, shall not be taken as the statements of the Trustee, and the Trustee assumes no responsibility for their correctness. Subject to Section 7.14, the Trustee makes no representations as to the validity or sufficiency of this Basic Agreement or any Trust Supplement, any Note Documents, any Note Purchase Agreement, any Equipment Notes or the Certificates of any series, except that the Trustee hereby represents and warrants that this Basic Agreement has been, and each Trust Supplement and each Certificate of each series to

which such Trustee is a party will be, executed and delivered by one of its officers who is duly authorized to execute and deliver such document on its behalf.

Section 7.04. May Hold Certificates. The Trustee, any Paying Agent,

 Registrar or any of their Affiliates or any other agent in their respective individual or any other capacity, may become the owner or pledgee of Certificates and, subject to Sections 310(b) and 311 of the Trust Indenture Act, may otherwise deal with the Company, any Owner Trustees or the Loan Trustees with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 7.05. Money Held in Trust. Money held by the Trustee or the

 Paying Agent in trust hereunder or under any Trust Supplement need not be segregated from other funds except to the extent required herein or by law and neither the Trustee nor the Paying Agent shall have any liability for interest upon any such moneys except as provided for herein.

Section 7.06. Compensation and Reimbursement. The Company agrees:

 (1) to pay, or cause to be paid, to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(2) except as otherwise expressly provided herein or in any Trust Supplement, to reimburse, or cause to be reimbursed, the Trustee upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Basic Agreement or any Trust Supplement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence, willful misconduct or bad faith or as may be incurred due to the Trustee's breach of its representations and warranties set forth in Section 7.14.

The Trustee shall be entitled to reimbursement from, and shall have a lien prior to the Certificates of each series upon, all property and funds held or collected by the Trustee in its capacity as Trustee with respect to such series or the related Trust for any tax incurred without negligence, bad faith or willful misconduct, on its part, arising out of or in connection with the acceptance or administration of such Trust (other than any tax attributable to the Trustee's compensation for serving as such), including any costs and expenses incurred in contesting the imposition of any such tax. If the Trustee reimburses itself from the Trust Property of such Trust for any such tax it, will within 30 days mail a

brief report setting forth the circumstances thereof to all Certificateholders of such series as their names and addresses appear in the Register.

As security for the performance of the obligations of the Company under this Section with respect to each Trust the Trustee shall have a lien prior to the Certificates of the related series upon all property and funds held or collected by the Trustee in its capacity as Trustee with respect to such Certificates and the related Trust.

Section 7.07. Corporate Trustee Required; Eligibility. Each Trust

shall at all times have a Trustee which shall be eligible to act as a trustee under Section 310(a) of the Trust Indenture Act and shall have a combined capital and surplus of at least \$75,000,000 (or having a combined capital and surplus in excess of \$5,000,000 (or, in respect of State Street Bank and Trust Company of Connecticut, National Association as Trustee, \$3,000,000) and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any State or Territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000). If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of Federal, State, Territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 7.07, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.07 to act as Trustee of any Trust, the Trustee shall resign immediately as Trustee of such Trust in the manner and with the effect specified in Section 7.08.

Section 7.08. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee of any Trust pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 7.09.

(b) The Trustee may resign at any time as trustee of any or all Trusts by giving written notice thereof to the Company, the Authorized Agents, the related Owner Trustees and the related Loan Trustees. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Company, the related Owner Trustees and the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time as trustee of any Trust by Act of the Certificateholders of the related series holding Certificates of such series evidencing

Fractional Undivided Interests aggregating not less than a majority in interest in such Trust delivered to the Trustee and to the Company, the related Owner Trustees and the related Loan Trustees.

(d) If at any time in respect of any Trust:

(1) the Trustee shall fail to comply with Section 310 of the Trust Indenture Act after written request therefor by the Company or by any Certificateholder of the related series who has been a bona fide Certificateholder for at least six months; or

(2) the Trustee shall cease to be eligible under Section 7.07 and shall fail to resign after written request therefor by the Company or by any such Certificateholder; or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any case, (i) the Company may remove the Trustee or (ii) any Certificateholder of the related series who has been a bona fide Certificateholder for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee of such Trust.

(e) If a Responsible Officer of the Trustee shall obtain actual knowledge of an Avoidable Tax (as hereinafter defined) in respect of any Trust which has been or is likely to be asserted, the Trustee shall promptly notify the Company and shall, within 30 days of such notification, resign as Trustee of such Trust hereunder unless within such 30-day period the Trustee shall have received notice that the Company has agreed to pay such tax. The Company shall promptly appoint a successor Trustee of such Trust in a jurisdiction where there are no Avoidable Taxes. As used herein, an "Avoidable Tax" in respect of such Trust means a state or local tax: (i) upon (w) such Trust, (x) such Trust Property, (y) Certificateholders of such Trust or (z) the Trustee for which the Trustee is entitled to seek reimbursement from the Trust Property of such Trust, and (ii) which would be avoided if the Trustee were located in another state, or jurisdiction within a state, within the United States. A tax shall not be an Avoidable Tax in respect of any Trust if the Company or any Owner Trustee shall agree to pay, and shall pay, such tax.

(f) If the Trustee shall resign, be removed or become incapable of acting as trustee of any Trust, or if a vacancy shall occur in the office of the Trustee of any Trust for any cause, the Company shall promptly appoint a successor Trustee of such Trust. If, within one year after such resignation, removal or incapability, or other occurrence of such

vacancy, a successor Trustee of such Trust shall be appointed by Act of the Certificateholders of the related series holding Certificates of such series evidencing Fractional Undivided Interests aggregating not less than a majority in interest in such Trust delivered to the Company, the related owner Trustees, the related Loan Trustee and the retiring Trustee, then the successor Trustee so appointed shall, with the approval of the Company, which approval shall not be unreasonably withheld, forthwith upon its acceptance of such appointment, become the successor Trustee of such Trust and supersede the successor Trustee of such Trust appointed as provided above. If no successor Trustee shall have been so appointed as provided above and accepted appointment in the manner hereinafter provided, any Certificateholder who has been a bona fide Certificateholder of the related series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee of such Trust.

(g) The successor Trustee of a Trust shall give notice of the resignation and removal of the Trustee and appointment of the successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Certificateholders of the related series as their names and addresses appear in the Register. Each notice shall include the name of such successor Trustee and the address of its Corporate Trust Office.

Section 7.09. Acceptance of Appointment by Successor. Every

 successor Trustee appointed hereunder shall execute and deliver to the Company and to the retiring Trustee with respect to any or all Trusts an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee with respect to such Trusts shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all such rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee in respect of such Trusts hereunder, subject nevertheless to its lien, if any, provided for in Section 7.06. Upon request of any such successor Trustee, the Company, the retiring Trustee and such successor Trustee shall execute and deliver any and all instruments containing such provisions as shall be necessary or desirable to transfer and confirm to, and for more fully and certainly vesting in, such successor Trustee all such rights, powers and trusts.

If a successor Trustee is appointed with respect to one or more (but not all) Trusts, the Company, the predecessor Trustee and each successor Trustee with respect to any Trust shall execute and deliver a supplemental agreement hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Trusts as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and

shall add to or change any of the provisions of this Basic Agreement and the applicable Trust Supplements as shall be necessary to provide for or facilitate the administration of the Trusts hereunder by more than one Trustee.

It is understood that nothing herein or in any supplemental agreement or Trust Supplement shall constitute any Trustee a co-Trustee of the same Trust and that each Trustee shall be the Trustee of one or more separate Trusts.

No institution shall accept its appointment as a Trustee hereunder unless at the time of such acceptance such institution shall be qualified and eligible under this Article.

Section 7.10. Merger, Conversion, Consolidation or Succession to

 Business. Any corporation into which the Trustee may be merged or converted or

 with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this

 Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Certificates shall have been executed or authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such execution or authentication and deliver the Certificates so executed or authenticated with the same effect as if such successor Trustee had itself executed or authenticated such Certificates.

Section 7.11. Maintenance of Agencies. (a) With respect to each

 series of Certificates, there shall at all times be maintained an office or agency in the location set forth in Section 12.03 hereof; (provided that such office or agency shall, as to State Street Bank and Trust Company of Connecticut, National Association, be at State Street Bank and Trust Company, National Association, 61 Broadway, New York, New York 10006) where Certificates of such series may be presented or surrendered for registration of transfer or for exchange, and for payment thereof and where notices and demands to or upon the Trustee in respect of such certificates or of the related Trust Supplement may be served; provided, however, that, if it shall be necessary that the

 Trustee maintain an office or agency in another location (e.g., the Certificates shall be represented by definitive certificates and shall be listed on a national securities exchange), the Trustee will make all reasonable efforts to establish such an office. Written notice of the location of each such other office or agency and of any change of location thereof shall be given by the Trustee to the Company, any Owner Trustees, the Loan Trustees and the Certificateholders of such series. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office of the Trustee.

(b) There shall at all times be a Registrar and a Paying Agent hereunder with respect to the Certificates of each series. Each such Authorized Agent shall be a bank or trust company, shall be a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000, or, if the Trustee shall be acting as the Registrar or Paying Agent hereunder, a corporation the obligations of which are guaranteed by a corporation organized and doing business under the laws of the United States or any state, with a combined capital and surplus of at least \$75,000,000 (or having a combined capital and surplus in excess of \$5,000,000 (or, in respect of State Street Bank and Trust Company of Connecticut, National Association as Trustee, \$3,000,000)), and shall be authorized under such laws to exercise corporate trust powers, subject to supervision by Federal or state authorities. The Trustee shall initially be the Paying Agent and, as provided in Section 3.04, Registrar hereunder with respect to the Certificates of each series. Each Registrar shall furnish to the Trustee, at stated intervals of not more than six months, and at such other times as the Trustee may request in writing, a copy of the Register maintained by such Registrar.

(c) Any corporation into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authorized Agent, shall be the successor of such Authorized Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor corporation.

(d) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee, the Company, any related Owner Trustees and the related Loan Trustees. The Company may, and at the request of the Trustee shall, at any time terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or in case at any time any such Authorized Agent shall cease to be eligible under this Section (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed), the Company shall promptly appoint one or more Qualified successor Authorized Agents, reasonably satisfactory to the Trustee, to perform the functions of the Authorized Agent which has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section. The Company shall give written notice of any such appointment made by it to the Trustee, any related Owner Trustees and the related Loan Trustees; and in each case the Trustee shall mail notice of such appointment to all Certificateholders of the related series as their names and addresses appear on the Register for such series.

(e) The Company agrees to pay, or cause to be paid, from time to time to each Authorized Agent reasonable compensation for its services and to reimburse it for its reasonable expenses.

Section 7.12. Money for Certificate Payments to Be Held in Trust.

All moneys deposited with any Paying Agent for the purpose of any payment on Certificates shall be deposited and held in trust for the benefit of the Certificateholders entitled to such payment, subject to the provisions of this Section. Moneys so deposited and held in trust shall constitute a separate trust fund for the benefit of the Certificateholders with respect to which such money was deposited.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Agreement or for any other purpose, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 7.13. Registration of Equipment Notes in Trustee's Name. The

Trustee agrees that all Equipment Notes, and Permitted Investments, if any, shall be issued in the name of the Trustee as trustee for the applicable Trust or its nominee and held by the Trustee, or, if not so held, the Trustee or its nominee shall be reflected as the owner of such Equipment Notes or Permitted Investments as the case may be, in the register of the issuer of such Equipment Notes or Permitted Investments. In no event shall the Trustee invest in, or hold, Equipment Notes or Permitted Investments in a manner that would cause the Trustee not to have the ownership interest in such Equipment Notes or Permitted Investments under the applicable provisions of the Uniform Commercial Code in effect where the Trustee holds such Equipment Notes or Permitted Investments or other applicable law then in effect.

Section 7.14. Representations and Warranties of Trustee. The Trustee

hereby represents and warrants that:

(i) the Trustee is a national banking association or a bank or trust company organized or chartered under the law of a state of the United States and duly organized, validly existing and in good standing under the laws of the United States or such state, as the case may be;

(ii) the Trustee has full power, authority and legal right to execute, deliver, and perform this Basic Agreement and has taken all necessary action to authorize the execution, delivery, and performance by it of this Basic Agreement;

(iii) the execution delivery and performance by the Trustee of this Basic Agreement (a) will not violate any provision of United States federal law or the law of the state of the United States where it is located governing the banking and trust powers of the Trustee or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Trustee or any of its assets, (b) will not violate any provision of the articles of association or by-laws of the Trustee, or (c) will not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any lien on any properties included in the Trust Property of any Trust pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or lien could reasonably be expected to have an adverse effect on the Trustee's performance or ability to perform its duties hereunder or thereunder or on the transactions contemplated herein or therein;

(iv) the execution, delivery and performance by the Trustee of this Basic Agreement will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency of the United States or the State of the United States where it is located regulating the banking and corporate trust activities of the Trustee; and

(v) this Basic Agreement has been duly executed and delivered by the Trustee and constitutes the legal, valid, and binding agreement of the Trustee, enforceable against it in accordance with its terms, provided that enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) general principles of equity.

Section 7.15. Withholding Taxes; Information Reporting. As to the

 Certificates of any series, the Trustee, as trustee of the related grantor trust created by this Agreement, shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due under this Agreement or under the Certificates of such series any and all withholding taxes applicable thereto as required by law. The Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect of the Certificates of such series, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Certificateholders of such series, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each such Certificateholder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Certificateholders of such series may reasonably

request from time to time. The Trustee agrees to file any other information reports as it may be required to file under United States law.

Section 7.16. Trustee's Liens. The Trustee in its individual

 capacity agrees that it will, in respect of each Trust created by this Agreement at its own cost and expense promptly take any action as may be necessary to duly discharge and satisfy in full any mortgage, pledge, lien, charge, encumbrance, security interest or claim ("Trustee's Liens") on or with respect to the Trust Property of such Trust which is attributable to the Trustee either (i) in its individual capacity and which is unrelated to the transactions contemplated by this Agreement, the related Note Purchase Agreements or the related Note Documents, or (ii) as Trustee hereunder or in its individual capacity and which arises out of acts or omissions which are not contemplated by this Agreement.

ARTICLE VIII

CERTIFICATEHOLDERS' LISTS AND REPORTS BY TRUSTEE

Section 8.01. The Company to Furnish Trustee with Names and Addresses

 of Certificateholders. The Company will furnish to the Trustee within 15 days

 after each Record Date with respect to a Scheduled Payment, and at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, of all information in the possession or control of the Company as to the names and addresses of the Certificateholders of such series, in each case as of a date not more than 15 days prior to the time such list is furnished; provided, however, that so long as the Trustee is the sole Registrar for such

 series, no such list need be furnished; and provided further, however, that no

 such list need be furnished for so long as a copy of the Register is being furnished to the Trustee pursuant to Section 7.11.

Section 8.02. Preservation of Information; Communications to

 Certificateholders. The Trustee shall preserve, in as current a form as is

 reasonably practicable, the names and addresses of Certificateholders of each series contained in the most recent list furnished to the Trustee as provided in Section 7.11 or Section 8.01, as the case may be, and the names and addresses of Certificateholders of each series received by the Trustee in its capacity as Registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 7.11 or Section 8.01, as the case may be, upon receipt of a new list so furnished.

Section 8.03. Reports by Trustee. Within 60 days after May 15 of

 each year commencing with the first full year following the issuance of any series of Certificates, the Trustee shall transmit to the Certificateholders of each series, as provided in Section 313(c)

of the Trust Indenture Act, a brief report dated as of such May 15, if required by Section 313(a) of the Trust Indenture Act.

Section 8.04. Reports by the Company. The Company shall:

(a) file with the Trustee, within 30 days after the Company is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed in such rules and regulations;

(b) file with the Trustee and the SEC, in accordance with the rules and regulations prescribed by the SEC, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants provided for in this Agreement, as may be required by such rules and regulations, including, in the case of annual reports, if required by such rules and regulations, certificates or opinions of independent public accountants;

(c) transmit to all Certificateholders, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act such summaries of any information, documents and reports required to be filed by the Company pursuant to subsections (a) and (b) of this Section 8.04 as may be required by rules and regulations prescribed by the SEC; and

(d) furnish to the Trustee, not less often than annually, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Agreement (it being understood that for purposes of this paragraph (d), such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Agreement).

ARTICLE IX

SUPPLEMENTAL AGREEMENTS

Section 9.01. Supplemental Agreements Without Consent of

 Certificateholders. Without the consent of the Certificateholders of any

 series, the Company may, and the Trustee (subject to Section 9.03) shall,
 at any time and from time to time, enter into one or more agreements
 supplemental hereto, in form satisfactory to the Trustee, for any of the
 following purposes:

(1) to provide for the formation of a Trust, the issuance of a series
 of Certificates and the other matters contemplated by Section 2.01(b); or

(2) to evidence the succession of another corporation to the Company
 and the assumption by any such successor of the covenants of the Company
 herein contained; or

(3) to add to the covenants of the Company for the benefit of the
 Certificateholders of any series, or to surrender any right or power in
 this Agreement conferred upon the Company; or

(4) to correct or supplement any provision in this Agreement which may
 be defective or inconsistent with any other provision herein or in any
 Trust Supplement or to modify any other provision with respect to matters
 or questions arising under this Agreement, provided that any such action

 shall not adversely affect the interests of the Certificateholders of any
 series; or to cure any ambiguity or correct any mistake; or

(5) to modify, eliminate or add to the provisions of this Agreement to
 such extent as shall be necessary to continue the qualification of this
 Agreement (including any supplemental agreement) under the Trust Indenture
 Act or under any similar Federal statute hereafter enacted, and to add to
 this Agreement such other provisions as may be expressly permitted by the
 Trust Indenture Act, excluding, however, the provisions referred to in
 Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of
 which this instrument was executed or any corresponding provision in any
 similar Federal statute hereafter enacted; or

(6) to evidence and provide for the acceptance of appointment under
 this Agreement by the Trustee or a successor Trustee with respect to one or
 more Trusts and to add to or change any of the provisions of this Agreement
 as shall be necessary to provide for or facilitate the administration of
 the Trusts hereunder and thereunder by more than one Trustee, pursuant to
 the requirements of Section 7.09; or

(7) to provide the information required under Section 7.11 and Section
 12.03 as to the Trustee; or

(8) to make any other amendments or modifications hereto, provided

 such amendments or modifications shall only apply to Certificates of one or more series to be thereafter issued.

Section 9.02. Supplemental Agreements with Consent of

 Certificateholders. With respect to each separate Trust and the series of

 Certificates relating thereto, with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in such Trust, by Act of said Certificateholders delivered to the Company and the Trustee, the Company may (with the consent of the Owner Trustee, if any, relating to such Certificates, which consent shall not be unreasonably withheld), and the Trustee (subject to Section 9.03) shall, enter into an agreement or agreements supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and obligations of such Certificateholders under this Agreement; provided, however, that no such

 supplemental agreement shall, without the consent of the Certificateholder of each Outstanding Certificate affected thereby:

(1) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee of payments on the Equipment Notes held in such Trust or distributions that are required to be made herein on any Certificate of such series, or change any date of payment on any Certificate of such series, or change the place of payment where, or the coin or currency in which, any Certificate of such series is payable, or impair the right to institute suit for the enforcement of any such payment or distribution on or after the Regular Distribution Date or Special Distribution Date applicable thereto; or

(2) permit the disposition of any Equipment Note in the Trust Property of such Trust except as permitted by this Agreement, or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in such Trust; or

(3) reduce the percentage of the aggregate Fractional Undivided Interests of such Trust which is required for any such supplemental agreement, or reduce such percentage required for any waiver (of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences) provided for in this Agreement; or

(4) modify any of the provisions of this Section or Section 6.05, except to increase any such percentage or to provide that certain other provisions of this Agreement cannot be modified or waived without the consent of the Certificateholder of each Certificate of such series affected thereby.

It shall not be necessary for any Act of such Certificateholders under this Section to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Act shall approve the substance thereof.

Section 9.03. Documents Affecting Immunity or Indemnity. If in the

opinion of the Trustee any document required to be executed by it pursuant to the terms of Section 9.01 or 9.02 affects any interest, right, duty, immunity or indemnity in favor of the Trustee under this Basic Agreement or any Trust Supplement, the Trustee may in its discretion decline to execute such document.

Section 9.04. Execution of Supplemental Agreements. In executing, or

accepting the additional trusts created by, any supplemental agreement permitted by this Article or the modifications thereby of the trusts created by this Agreement, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

Section 9.05. Effect of Supplemental Agreements. Upon the execution

of any supplemental agreement under this Article, this Basic Agreement shall be modified in accordance therewith, and such supplemental agreement shall form a part of this Basic Agreement for all purposes; and every Certificateholder of each series theretofore or thereafter authenticated and delivered hereunder shall be bound thereby to the extent applicable to such series.

Section 9.06. Conformity with Trust Indenture Act. Every

supplemental agreement executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 9.07. Reference in Certificates to Supplemental Agreements.

Certificates of each series authenticated and delivered after the execution of any supplemental agreement applicable to such series pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental agreement; and, in such case, suitable notation may be made upon Outstanding Certificates of such series after proper presentation and demand.

ARTICLE X

AMENDMENTS TO INDENTURE AND NOTE DOCUMENTS

Section 10.01. Amendments and Supplements to Indenture and Other Note

Documents. In the event that the Trustee, as holder of any Equipment Notes in

 trust for the benefit of the Certificateholders of any series, receives a
 request for a consent to any amendment, modification, waiver or supplement under
 any related Indenture or other related Note Document or any related Note
 Purchase Agreement, the Trustee shall forthwith send a notice of such proposed
 amendment, modification, waiver or supplement to each Certificateholder of such
 series registered on the Register as of such date. The Trustee shall request
 from the Certificateholders of such series a direction as to (i) whether or not
 to direct the Trustee to take or refrain from taking any action which a holder
 of such Equipment Note has the option to direct, (ii) whether or not to give or
 execute any waivers, consents, amendments, modifications or supplements as a
 holder of such Equipment Note and (iii) how to vote the Equipment Notes if a
 vote has been called for with respect thereto. Provided such a request for
 Certificateholder Direction shall have been made, in directing any action or
 casting any vote or giving any consent as the holder of any such Equipment
 Notes, the Trustee shall vote or consent with respect to such Equipment Note in
 the same proportion as the Certificates of such series were actually voted by
 Acts of Certificateholders delivered to the Trustee prior to two Business Days
 before the Trustee directs such action or casts such vote or gives such consent.
 Notwithstanding the foregoing, but subject to Section 6.04, in the case that an
 Event of Default hereunder with respect to such series shall have occurred and
 be continuing, the Trustee may, in its own discretion and at its own direction,
 consent and notify the relevant Loan Trustee of such consent to any amendment,
 modification, waiver or supplement under the relevant Indenture or any other
 related Note Document.

ARTICLE XI

TERMINATION OF TRUSTS

Section 11.01. Termination of the Trusts. In respect of each Trust

 created by the Basic Agreement as supplemented by a related Trust Supplement,
 the respective obligations and responsibilities of the Company and the Trustee
 created under this Agreement and the Trust created hereby and such Trust shall
 terminate upon the distribution to all Holders of the Certificates of the series
 of such Trust and the Trustee of all amounts required to be distributed to them
 pursuant to this Agreement and the disposition of all property held as part of
 the Trust Property of the related series of such Trust; provided, however, that

in no event shall such Trust continue beyond the final expiration date
 determined as provided in this Agreement.

Notice of any termination of a Trust, specifying the applicable Regular Distribution Date (or applicable Special Distribution Date, as the case may be) upon which the Certificateholders of any series may surrender their Certificates to the Trustee for payment of the final distribution and cancellation, shall be mailed promptly by the Trustee to Certificateholders of such series not earlier than the minimum number of days and not more than the maximum number of days specified therefor in the related Trust Supplement preceding such final distribution specifying (A) the Regular Distribution Date (or Special Distribution Date, as the case may be) upon which the proposed final payment of the Certificates of such series will be made upon presentation and surrender of Certificates of such series at the office or agency of the Trustee therein specified (B) the amount of any such proposed final payment, and (C) that the Record Date otherwise applicable to such Regular Distribution Date (or Special Distribution Date, as the case may be) is not applicable, payments being made only upon presentation and surrender of the Certificates of such series at the office or agency of the Trustee therein specified. The Trustee shall give such notice to the Registrar at the time such notice is given to Certificateholders of such series. Upon presentation and surrender of the Certificates of such series, the Trustee shall cause to be distributed to Certificateholders of such series amounts distributable on such Regular Distribution Date (or Special Distribution Date, as the case may be) pursuant to Section 4.02.

In the event that all of the Certificateholders of such series shall not surrender their Certificates for cancellation within six months after the date specified in the above-mentioned written notice, the Trustee shall give a second written notice to the remaining Certificateholders of such series to surrender their Certificates for cancellation and receive the final distribution with respect thereto. In the event that any money held by the Trustee for the payment of distributions on the Certificates of such series shall remain unclaimed for two years (or such lesser time as the Trustee shall be satisfied, after sixty days' notice from the Company, is one month prior to the escheat period provided under applicable law) after the final distribution date with respect thereto, the Trustee shall pay to each Loan Trustee the appropriate amount of money relating to such Loan Trustee and shall give written notice thereof to the related Owner Trustees and the Company.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 12.01. Limitation on Rights of Certificateholders. The death

 or incapacity of any Certificateholder of any series shall not operate to terminate this Agreement or the related Trust, nor entitle such Certificateholder's legal representatives or heirs to claim an accounting or to take any action or commence any proceeding in any court for a partition

or winding up of the Trust, nor otherwise affect the rights, obligations, and liabilities of the parties hereto or any of them.

Section 12.02. Certificates Nonassessable and Fully Paid.

Certificateholders of each series shall not be personally liable for obligations of the related Trust, the Fractional Undivided Interests represented by the Certificates of such series shall be nonassessable for any losses or expenses of such Trust or for any reason whatsoever, and Certificates of such series upon authentication thereof by the Trustee pursuant to Section 3.02 are and shall be deemed fully paid. No Certificateholder of such series shall have any right (except as expressly provided herein) to vote or in any manner otherwise control the operation and management of the related Trust Property, the related Trust, or the obligations of the parties hereto, nor shall anything set forth herein, or contained in the terms of the Certificates of such series, be construed so as to constitute the Certificateholders of such series from time to time as partners or members of an association.

Section 12.03. Notices. (a) Unless otherwise specifically provided

herein or the applicable Trust Supplement with respect to any Trust, all notices required under the terms and provisions of this Basic Agreement or such Trust supplement with respect to such Trust shall be in English and in writing, and any such notice may be given by United States mail, courier service or telecopy, and any such notice shall be effective when delivered or received or, if mailed, three days after deposit in the United States mail with proper postage for ordinary mail prepaid,

if to the Company, to:

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666
Attention: Vice President and Treasurer
Facsimile: (708) 952-7117

or if by overnight courier, to:

United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, Illinois 60007
Attention: Vice President and Treasurer

if to State Street Bank and Trust Company of Connecticut, National Association, as Trustee, to:

c/o State Street Bank and Trust Company of Connecticut,
National Association
225 Franklin Street IP-4
Boston, Massachusetts 02110
Attention: Corporate Trust Department
Facsimile: (203) 244-1899
Telephone: (203) 244-1800

as to any series of Certificates, as specified in the Trust Supplement related thereto.

(b) The Company or the Trustee as to any series of Certificates, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Certificateholders of any series shall be mailed by first-class mail to the addresses for Certificateholders of such series shown on the Register kept by the Registrar and to addresses filed with the Trustee for Certificate Owners of such series. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Certificateholders of such series.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Certificateholders of such series, it shall mail a copy to the Trustee and to each Paying Agent for such series at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Trustee shall be deemed to be given only when received by a Responsible Officer of the Trustee.

(g) The Trustee shall promptly furnish the Company with a copy of any demand, notice or written communication received by the Trustee hereunder from any Certificateholder, Owner Trustee or Loan Trustee.

Section 12.04. Governing Law. THIS BASIC AGREEMENT HAS BEEN

DELIVERED IN THE STATE OF NEW YORK AND THE CERTIFICATES SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK

AND THE OBLIGATIONS, RIGHTS, AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.05. Severability of Provisions. If any one or more of the

 covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement or any Trust, or of the Certificates of any series or the rights of the Certificateholders thereof.

Section 12.06. Trust Indenture Act Controls. This Agreement is

 subject to the provisions of the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions.

Section 12.07. Effect of Headings and Table of Contents. The Article

 and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.08. Successors and Assigns. All covenants, agreements,

 representations and warranties in this Agreement by the Trustee and the Company shall bind and, to the extent permitted hereby, shall inure to the benefit of and be enforceable by their respective successors and assigns, whether so expressed or not.

Section 12.09. Benefits of Agreement. Nothing in this Agreement or

 in the Certificates of any series, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Certificateholders of each series, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Section 12.10. Legal Holidays. In any case where any Regular

 Distribution Date or Special Distribution Date relating to any Certificate of any series shall not be a Business Day with respect to such series, then (notwithstanding any other provision of this Agreement) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date, and no interest shall accrue during the intervening period.

Section 12.12. Counterparts. For the purpose of facilitating the

 execution of this Agreement and for other purposes, this Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and all of which counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this amended and restated Basic Agreement to be duly executed by their respective officers.

UNITED AIR LINES, INC.

By _____
Name:
Title:

STATE STREET BANK AND TRUST
COMPANY OF CONNECTICUT,
NATIONAL ASSOCIATION, as
Trustee

By _____
Name:
Title:

FORM OF CERTIFICATE

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC") to Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch the registered owner hereof, Cede & Co., has an est herein.

UNITED AIR LINES _____ PASS THROUGH TRUST

Pass Through
Certificate, Series _____

Final Distribution Date: _____, ____

evidencing a fractional undivided interest in a trust, the property of which includes certain equipment notes each secured by an Aircraft owned by or leased to United Air Lines, Inc.

Certificate
No. _____ \$ _____ Fractional Undivided Interest
representing . _____ % of the Trust per \$1,000 face amount

THIS CERTIFIES THAT _____, for value received, is the registered owner of a \$ _____ (_____ dollars) Fractional Undivided Interest in the United Air Lines _____ Pass Through Trust (the "Trust") created pursuant to a Pass Through Trust Agreement, dated as of February 1, 1992, as amended and restated as of May 1, 1995 (the "Basic Agreement"), as supplemented by Trust Supplement No. _____ thereto, dated _____, 199_ (collectively, the "Agreement"), between _____ (the "Trustee") and United Air Lines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "Pass Through Certificates, Series _____" (herein called the _____).

* This legend to appear on Book-Entry Certificates to be deposited with the Depository Trust Company. One Certificate may be issued in a denomination of less than \$1,000 which shall not have this legend.

"Certificates"). This Certificate is issued under and is subject to the terms, provisions, and conditions of the Agreement, to which Agreement the Certificateholder of this Certificate by virtue of the acceptance hereof assents and by which such Certificateholder is bound. The property of the Trust includes certain Equipment Notes (the "Trust Property"). Each issue of the Equipment Notes is secured by a security interest in an aircraft leased to or owned by the Company.

The Certificates represent fractional undivided interests in the Trust and the Trust Property, and have no rights, benefits or interest in respect of any other separate trust established pursuant to the terms of the Basic Agreement for any other series of certificates issued pursuant thereto.

Subject to and in accordance with the terms of the Agreement, from funds then available to the Trustee, there will be distributed on each _____ and _____ (a "Regular Distribution Date"), commencing on _____, 199_, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments on the Equipment Notes due on such Regular Distribution Date, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Special Distribution Date, shall be the _____ day of the month determined as provided in the Agreement. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

Distributions on this Certificate will be made by the Trustee by check mailed to the Person entitled thereto, without the presentation or surrender of this Certificate or the making of any notation hereon. Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF NEW YORK.

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

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

UNITED AIR LINES
PASS THROUGH TRUST

By: _____, as
Trustee

By: _____
Title:

Dated:

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred
to in the within-mentioned Agreement.

_____, as
Trustee

By: _____
Authorized Officer

[Reverse of Certificate]

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any affiliate thereof. The Certificates are limited in right or payment, all as more specifically set forth on the face hereof and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations therein set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, in the Borough of Manhattan, the City of New York, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of \$1,000 Fractional Undivided Interest and integral multiples thereof except that one Certificate may be in a denomination of less than \$1,000. As

provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

TRUST SUPPLEMENT NO. 1995-A1
DATED AS OF MAY 1, 1995
TO
PASS THROUGH TRUST
AGREEMENT
DATED AS OF FEBRUARY 1, 1992
AS AMENDED AND RESTATED
AS OF MAY 1, 1995

=====

UNITED AIR LINES, INC.
AND
FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
AS TRUSTEE

=====

\$

% UNITED AIRLINES 1995-A1 Pass Through Trust
PASS THROUGH CERTIFICATES, SERIES 1995-A1

TRUST SUPPLEMENT NO. 1995-A1
DATED AS OF MAY 1, 1995

Series 1995-A1 Pass Through Certificates

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Table of Contents
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	Page

ARTICLE I THE CERTIFICATES	
Section 1.01. The Certificates.....	2
ARTICLE II DEFINITIONS	
Section 2.01. Definitions.....	5
ARTICLE III THE TRUSTEE	
Section 3.01. The Trustee.....	6
ARTICLE IV MISCELLANEOUS PROVISIONS	
Section 4.01. Acceptance of Appointment Under and Assumption and Ratification of Basic Agreement.....	6
Section 4.02. Governing Law.....	6
Section 4.03. Execution in Counterparts.....	7

This Trust Supplement No. 1995-A1, dated as of May 1, 1995 (herein called the "Trust Supplement"), between United Air Lines Inc., a Delaware corporation (the "Company"), and First Security Bank of Utah, National Association (the "Trustee"), to the Pass Through Trust Agreement, dated as of February 1, 1992, as amended and restated as of May 1, 1995, between the Company and State Street Bank and Trust Company of Connecticut, National Association (the "Basic Agreement").

W I T N E S S E T H :
- - - - -

WHEREAS, the Basic Agreement, unlimited as to the aggregate principal amount of Certificates (unless otherwise specified herein, capitalized terms used herein without definition having the respective meanings specified heretofore in the Basic Agreement) which may be issued thereunder has heretofore been executed and delivered;

WHEREAS, the Owner Trustee, acting on behalf of an Owner Participant, will issue, on a non-recourse basis, Equipment Notes, among other things, to refinance the outstanding debt portion of the purchase price of the aircraft purchased by such Owner Trustee and leased to the Company pursuant to the related Lease;

WHEREAS, pursuant to the terms and conditions of the Basic Agreement as supplemented by this Trust Supplement (the "Agreement"), the Trustee shall purchase such Equipment Notes issued by such Owner Trustee of the same tenor as the Certificates issued hereunder and shall hold such Equipment Notes in trust for the benefit of the Certificateholders;

WHEREAS, the Trustee hereby declares the creation of this Trust (the "1995-A1 Trust") for the benefit of the Certificateholders, and the initial Certificateholders as the grantors of the 1995-A1 Trust, by their respective acceptances of the Certificates, join in the creation of this 1995-A1 Trust with the Trustee;

WHEREAS, all of the conditions and requirements necessary to make this Trust Supplement, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Trust Supplement in the form and with the terms hereof have been in all respects duly authorized;

WHEREAS, this Trust Supplement is subject to the provisions of the Trust Indenture Act of 1939, as amended, and shall, to the extent applicable, be governed by such provisions;

NOW THEREFORE, in consideration of the premises herein, it is agreed between the Company and the Trustee as follows:

ARTICLE I
THE CERTIFICATES

Section 1.01. The Certificates. There is hereby created a series of

Certificates to be issued under the Agreement to be distinguished and known as "Pass Through Certificates, Series 1995-A1" (hereinafter defined as the "Series 1995-A1 Certificates"). Each Certificate represents a Fractional Undivided Interest in the 1995-A1 Trust created hereby. The terms and conditions applicable to the Series 1995-A1 Certificates are as follows:

1. The aggregate principal amount of the Series 1995-A1 Certificates that shall be authenticated under the Agreement (except for Series 1995-A1 Certificates authenticated and delivered pursuant to Section 3.03, 3.04 and 3.05 of the Basic Agreement) upon their initial issuance is \$.

2. The Cut-off Date is June 30, 1995.

3. The Regular Distribution Dates with respect to any payment of Scheduled Payments means each October 19 and April 19, commencing October 19, 1995 until payment of all of the Scheduled Payments to be made under the Equipment Notes has been made.

4. The Scheduled Payments shall be as set forth in Exhibit C hereto.

5. The Special Distribution Dates are as follows: (i) when used with respect to the redemption or purchase of any Equipment Notes, the day (which shall be a Business Day) on which such redemption or purchase is scheduled to occur pursuant to the terms of the applicable Indenture and (ii) when used with respect to a Special Payment other than as described in clause (i) above, 20 days after the last date on which the Trustee must give notice pursuant to Section 4.02(c) of the Basic Agreement (or the next Business Day after such 20th day if such date is not a Business Day).

6. The Series 1995-A1 Certificates shall be in the form attached hereto as Exhibit A. The Series 1995-A1 Certificates shall be Book-Entry Certificates and shall be subject to the conditions set forth in the Letter of Representations between the Company and the Clearing Agency attached hereto as Exhibit B.

7. The proceeds of the Series 1995-A1 Certificates shall be used to purchase the Equipment Notes in the principal amount specified below:

Equipment Note -----	Principal Amount -----	Maturity -----
Series 1995 777 A-1	\$ _____	_____ / _____
Series 1995 777 B-1	\$ _____	_____ / _____
Series 1993 747 A-1	\$ _____	_____ / _____

8. The Owner Trustee, acting on behalf of an Owner Participant, will issue on a non-recourse basis, the Equipment Notes, the proceeds of which shall be used, among other things, to refinance the outstanding debt portion of the purchase price of the following Aircraft:

Aircraft -----	U.S. Registration Number -----	Manufacturer's Serial Number -----
1 Boeing 777-200	N777UA	26916
1 Boeing 777-200	N766UA	26917
1 Boeing 747-422	N189UA	26878

9. The related Note Documents are as follows:

- (a) Trust Indenture and Mortgage (1995 777 A), dated as of May 1, 1995;
- (b) Lease Agreement (1995 777 A), dated as of May 1, 1995;
- (c) Owner Trustee's Purchase Agreement and Assignment (1995 777 A), dated as of May 1, 1995;
- (d) Participation Agreement (1995 777 A), dated as of May 1, 1995;
- (e) Trust Agreement (1995 777 A), dated as of May 1, 1995;
- (f) Lease Supplement (1995 777 A), dated the relevant Transfer Date;
- (g) Trust Supplement (1995 777 A), dated the relevant Transfer Date;
- (h) Trust Indenture and Mortgage (1995 777 B), dated as of May 1, 1995;
- (i) Lease Agreement (1995 777 B), dated as of May 1, 1995;

- (j) Owner Trustee's Purchase Agreement Assignment (1995 777 B), dated as of May 1, 1995;
- (k) Participation Agreement (1995 777 B), dated as of May 1, 1995;
- (l) Trust Agreement (1995 777 B), dated as of May 1, 1995;
- (m) Lease Supplement (1995 777 B), dated the relevant Transfer Date;
- (n) Trust Supplement (1995 777 B), dated the relevant Transfer Date;
- (o) Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993, as supplemented, and as amended and restated by the First Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993, and as further amended and restated by the Second Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of July 1, 1994, as amended by the First Amendment to Second Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated September 27, 1994 and as further amended and restated by the Third Amended and Restated Trust Indenture and Mortgage (1993 747A), dated as of as of May 1, 1995 and effective as of the Effective Date;
- (p) Lease Agreement (1993 747 A) dated as of April 1, 1993, as supplemented, and as amended and restated by the First Amended and Restated Lease Agreement (1993 747 A) dated as of April 1, 1993, as amended by the First Amendment to First Amended and Restated Lease Agreement (1993 747 A), dated April 19, 1994, Second Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated as of July 1, 1994, and the Third Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated July 22, 1994 and as amended and restated by the Second Amended and Restated Lease Agreement (1993 747 A) dated as of May 1, 1995 and effective as of the Effective Date;
- (q) Owner Trustee's Purchase Agreement and Assignment (1993 747 A), dated as of April 1, 1993;
- (r) Participation Agreement (1993 747 A), dated as of April 1, 1993, as amended by the First Amendment to Participation Agreement (1993 747 A), dated as of December 1, 1993, Second Amendment to Participation Agreement (1993 47 A) dated as of July 1, 1994, and as

amended and restated by the First Amended and Restated Participation Agreement (1993 747 A), dated as of May 1, 1995 and effective as of the Effective Date;

- (s) Trust Agreement (1993 747 A), dated as of April 1, 1993, as amended and restated by the First Amended and Restated Trust Agreement (1993 747 A) dated as of May 1, 1995 and effective as of the Effective Date;
- (t) Lease Supplement (1993 747 A), dated April 20, 1993;
- (u) Trust Supplement (1993 747 A), dated April 20, 1993; and
- (v) Redemption and Refinancing Agreement (1993 747 A), dated as of May 1, 1995 and effective as of the Effective Date.

ARTICLE II DEFINITIONS

Section 2.01. Definitions. For all purposes of the Basic Agreement

as supplemented by this Trust Supplement, the following capitalized term has the following meaning:

Effective Date: shall have the meaning specified therefor in the

lease.

Specified Investments: With respect to any Trust, means (i)

obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 (or P-1, in the case of Escrowed Funds) or its equivalent by Moody's Investors Service, Inc. or at least A-2 (or A-1, in the case of Escrowed Funds) or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investment Service, Inc. or Standard & Poor's Corporation; provided,

however, that the aggregate amount at any one time so invested in

certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (i) through (iv) as collateral; provided further that

if all of the above investments are unavailable, the entire amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above; and provided further that no investment shall be

eligible as a "Specified Investment" unless the final maturity or date of return of such investment is on or before the Special Distribution Date next following the Cut-Off Date for such Trust by more than 20 days.

ARTICLE III
THE TRUSTEE

Section 3.01. The Trustee. The Trustee shall not be responsible in

any manner whatsoever for or in respect of the validity or sufficiency of this Trust Supplement or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed by the Trustee by reason of this Trust Supplement other than as set forth in the Basic Agreement, and this Trust Supplement is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Basic Agreement, upon the effectiveness thereof, as fully to all intents as if the same were herein set forth at length.

ARTICLE IV
MISCELLANEOUS PROVISIONS

Section 4.01. Basic Agreement Ratified. Except and so far as herein

expressly provided, all of the provisions, terms and conditions of the Basic Agreement are in all respects ratified and confirmed; and the Basic Agreement and this Trust Supplement shall be taken, read and construed as one and the same instrument.

Section 4.02. GOVERNING LAW. THIS TRUST SUPPLEMENT AND THE SERIES

1995-A1 CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 4.03. Execution in Counterparts. This Trust Supplement may

be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Trust Supplement to be duly executed by their respective officers thereto duly authorized, as of the day and year first written above.

UNITED AIR LINES, INC.

By:

Name:
Title:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Trustee

By:

Name:
Title:

EXHIBIT A

FORM OF CERTIFICATE

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC") to Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch the registered owner hereof, Cede & Co., has an interest herein.]/*/

UNITED AIRLINES 1995-A1 PASS THROUGH TRUST

Pass Through
Certificate, Series 1995-A1

Issuance Date: _____

Final Distribution Date: _____

Evidencing A Fractional Undivided Interest In the 1995-A1 Trust, The Property Of Which Includes Certain Equipment Notes Each Secured By An Aircraft Leased To United Air Lines, Inc.

Certificate

No. _____ \$ _____ Fractional Undivided Interest representing 0.____% of the Trust per \$1,000 of Reference Principal Amount

THIS CERTIFIES THAT _____, for value received, is the registered owner of a Fractional Undivided Interest in the amount of \$_____ (the "Reference Principal Amount") in the United Airlines 1995-A1 Pass Through Trust (the

*/ Not necessarily applicable in respect of one Certificate in a denomination of less than \$1,000.

"Trust") created by First Security Bank of Utah, National Association, as trustee (the "Trustee"), pursuant to a Pass Through Trust Agreement, dated as of February 1, 1992, as amended and restated as of May 1, 1995, (the "Basic Agreement"), between State Street Bank and Trust Company of Connecticut, National Association and United Air Lines, Inc., as supplemented by Trust Supplement No. 1995-A1 thereto, dated as of May 1, 1995 (collectively, the "Agreement"), between the Trustee and United Air Lines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "Pass Through Certificates, Series 1995-A1" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Certificateholder of this Certificate by virtue of the acceptance hereof assents and by which such Certificateholder is bound. The property of the Trust includes certain Equipment Notes (the "Trust Property"). Each issue of the Equipment Notes is secured by a security interest in an aircraft leased to the Company.

Each of the Certificates represents a Fractional Undivided Interest in the Trust and the Trust Property and has no rights, benefits or interest in respect of any other separate trust established pursuant to the terms of the Basic Agreement for any other series of certificates issued pursuant thereto. The undivided percentage interest in the Trust represented by each of this Certificate (as specified above) and the other Pass Through Certificates, Series 1995-A1, was determined on the basis of (x) the aggregate of the Reference Principal Amount of this Certificate (as specified above) and of the other Pass Through Certificates, Series 1995-A1 and (y) the aggregate original principal amounts of the Equipment Notes constituting the Trust Property.

Subject to and in accordance with the terms of the Agreement, from funds then available to the Trustee, there will be distributed on each October 19 and April 19 (a "Regular Distribution Date"), commencing on October 19, 1995, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments on the Equipment Notes due on such Regular Distribution Date, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount

equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

Distributions on this Certificate will be made by the Trustee by check mailed to the Person entitled thereto, without the presentation or surrender of this Certificate or the making of any notation hereon. Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any affiliate thereof. The Certificates are limited in right or payment, all as more specifically set forth herein and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

The Certificates (except one Certificate having a denomination of less than \$1,000) are issuable only as registered Certificates without coupons in minimum denominations of \$1,000 Fractional Undivided Interests and integral multiples thereof. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF NEW YORK.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be
duly executed.

UNITED AIRLINES
1995-A1 PASS THROUGH TRUST

By: FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Trustee

By: _____
Title:

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred
to in the within-mentioned Agreement.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Trustee

By:

Authorized Officer

EXHIBIT B

[FORM OF LETTER OF REPRESENTATIONS]

[TO COME]

EXHIBIT C

Regular Distribution Date

Scheduled Payment

TRUST SUPPLEMENT NO. 1995-A2
DATED AS OF MAY 1, 1995
TO
PASS THROUGH TRUST
AGREEMENT
DATED AS OF FEBRUARY 1, 1992
AS AMENDED AND RESTATED
AS OF MAY 1, 1995

UNITED AIR LINES, INC.
AND
FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
AS TRUSTEE

\$

% UNITED AIRLINES 1995-A2 Pass Through Trust
PASS THROUGH CERTIFICATES, SERIES 1995-A2

Series 1995-A2 Pass Through Certificates

Table of Contents

	Page

ARTICLE I THE CERTIFICATES	
Section 1.01. The Certificates.....	2
ARTICLE II DEFINITIONS	
Section 2.01. Definitions.....	5
ARTICLE III THE TRUSTEE	
Section 3.01. The Trustee.....	6
ARTICLE IV MISCELLANEOUS PROVISIONS	
Section 4.01. Acceptance of Appointment Under and Assumption and Ratification of Basic Agreement.....	6
Section 4.02. Governing Law.....	6
Section 4.03. Execution in Counterparts.....	7

This Trust Supplement No. 1995-A2, dated as of May 1, 1995 (herein called the "Trust Supplement"), between United Air Lines Inc., a Delaware corporation (the "Company"), and First Security Bank of Utah, National Association (the "Trustee"), to the Pass Through Trust Agreement, dated as of February 1, 1992, as amended and restated as of May 1, 1995, between the Company and State Street Bank and Trust Company of Connecticut, National Association (the "Basic Agreement").

W I T N E S S E T H:
- - - - -

WHEREAS, the Basic Agreement, unlimited as to the aggregate principal amount of Certificates (unless otherwise specified herein, capitalized terms used herein without definition having the respective meanings specified heretofore in the Basic Agreement) which may be issued thereunder has heretofore been executed and delivered;

WHEREAS, the Owner Trustee, acting on behalf of an Owner Participant, will issue, on a non-recourse basis, Equipment Notes, among other things, to refinance the outstanding debt portion of the purchase price of the aircraft purchased by such Owner Trustee and leased to the Company pursuant to the related Lease;

WHEREAS, pursuant to the terms and conditions of the Basic Agreement as supplemented by this Trust Supplement (the "Agreement"), the Trustee shall purchase such Equipment Notes issued by such Owner Trustee of the same tenor as the Certificates issued hereunder and shall hold such Equipment Notes in trust for the benefit of the Certificateholders;

WHEREAS, the Trustee hereby declares the creation of this Trust (the "1995-A2 Trust") for the benefit of the Certificateholders, and the initial Certificateholders as the grantors of the 1995-A2 Trust, by their respective acceptances of the Certificates, join in the creation of this 1995-A2 Trust with the Trustee;

WHEREAS, all of the conditions and requirements necessary to make this Trust Supplement, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed, have been done, performed and fulfilled, and the execution and delivery of this Trust Supplement in the form and with the terms hereof have been in all respects duly authorized;

WHEREAS, this Trust Supplement is subject to the provisions of the Trust Indenture Act of 1939, as amended, and shall, to the extent applicable, be governed by such provisions;

NOW THEREFORE, in consideration of the premises herein, it is agreed between the Company and the Trustee as follows:

ARTICLE I
THE CERTIFICATES

Section 1.01. The Certificates. There is hereby created a series of

Certificates to be issued under the Agreement to be distinguished and known as "Pass Through Certificates, Series 1995-A2" (hereinafter defined as the "Series 1995-A2 Certificates"). Each Certificate represents a Fractional Undivided Interest in the 1995-A2 Trust created hereby. The terms and conditions applicable to the Series 1995-A2 Certificates are as follows:

1. The aggregate principal amount of the Series 1995-A2 Certificates that shall be authenticated under the Agreement (except for Series 1995-A2 Certificates authenticated and delivered pursuant to Section 3.03, 3.04 and 3.05 of the Basic Agreement) upon their initial issuance is \$.

2. The Cut-off Date is June 30, 1995.

3. The Regular Distribution Dates with respect to any payment of Scheduled Payments means each October 19 and April 19, commencing October 19, 1995 until payment of all of the Scheduled Payments to be made under the Equipment Notes has been made.

4. The Scheduled Payments shall be as set forth in Exhibit C hereto.

5. The Special Distribution Dates are as follows: (i) when used with respect to the redemption or purchase of any Equipment Notes, the day (which shall be a Business Day) on which such redemption or purchase is scheduled to occur pursuant to the terms of the applicable Indenture and (ii) when used with respect to a Special Payment other than as described in clause (i) above, 20 days after the last date on which the Trustee must give notice pursuant to Section 4.02(c) of the Basic Agreement (or the next Business Day after such 20th day if such date is not a Business Day).

6. The Series 1995-A2 Certificates shall be in the form attached hereto as Exhibit A. The Series 1995-A2 Certificates shall be Book-Entry Certificates and shall be subject to the conditions set forth in the Letter of Representations between the Company and the Clearing Agency attached hereto as Exhibit B.

7. The proceeds of the Series 1995-A2 Certificates shall be used to purchase the Equipment Notes in the principal amount specified below:

Equipment Note -----	Principal Amount -----	Maturity -----
Series 1995 777 A-1	\$ _____	_____ / _____
Series 1995 777 B-1	\$ _____	_____ / _____
Series 1993 747 A-1	\$ _____	_____ / _____

8. The Owner Trustee, acting on behalf of an Owner Participant, will issue on a non-recourse basis, the Equipment Notes, the proceeds of which shall be used, among other things, to refinance the outstanding debt portion of the purchase price of the following Aircraft:

Aircraft -----	U.S. Registration Number -----	Manufacturer's Serial Number -----
1 Boeing 777-200	N777UA	26916
1 Boeing 777-200	N766UA	26917
1 Boeing 747-422	N189UA	26878

9. The related Note Documents are as follows:

- (a) Trust Indenture and Mortgage (1995 777 A), dated as of May 1, 1995;
- (b) Lease Agreement (1995 777 A), dated as of May 1, 1995;
- (c) Owner Trustee's Purchase Agreement and Assignment (1995 777 A), dated as of May 1, 1995;
- (d) Participation Agreement (1995 777 A), dated as of May 1, 1995;
- (e) Trust Agreement (1995 777 A), dated as of May 1, 1995;
- (f) Lease Supplement (1995 777 A), dated the relevant Transfer Date;
- (g) Trust Supplement (1995 777 A), dated the relevant Transfer Date;
- (h) Trust Indenture and Mortgage (1995 777 B), dated as of May 1, 1995;
- (i) Lease Agreement (1995 777 B), dated as of May 1, 1995;

- (j) Owner Trustee's Purchase Agreement Assignment (1995 777 B), dated as of May 1, 1995;
- (k) Participation Agreement (1995 777 B), dated as of May 1, 1995;
- (l) Trust Agreement (1995 777 B), dated as of May 1, 1995;
- (m) Lease Supplement (1995 777 B), dated the relevant Transfer Date;
- (n) Trust Supplement (1995 777 B), dated the relevant Transfer Date;
- (o) Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993, as supplemented, and as amended and restated by the First Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993, and as further amended and restated by the Second Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of July 1, 1994, as amended by the First Amendment to Second Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated September 27, 1994 and as further amended and restated by the Third Amended and Restated Trust Indenture and Mortgage (1993 747A), dated as of as of May 1, 1995 and effective as of the Effective Date;
- (p) Lease Agreement (1993 747 A) dated as of April 1, 1993, as supplemented, and as amended and restated by the First Amended and Restated Lease Agreement (1993 747 A) dated as of April 1, 1993, as amended by the First Amendment to First Amended and Restated Lease Agreement (1993 747 A), dated April 19, 1994, Second Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated as of July 1, 1994, and the Third Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated July 22, 1994 and as amended and restated by the Second Amended and Restated Lease Agreement (1993 747 A) dated as of May 1, 1995 and effective as of the Effective Date;
- (q) Owner Trustee's Purchase Agreement and Assignment (1993 747 A), dated as of April 1, 1993;
- (r) Participation Agreement (1993 747 A), dated as of April 1, 1993, as amended by the First Amendment to Participation Agreement (1993 747 A), dated as of December 1, 1993, Second Amendment to Participation Agreement (1993 47 A) dated as of July 1, 1994, and as amended and restated by the First Amended and Restated Participation Agreement (1993 747 A), dated as of May 1, 1995 and effective as of the Effective Date;

- (s) Trust Agreement (1993 747 A), dated as of April 1, 1993, as amended and restated by the First Amended and Restated Trust Agreement (1993 747 A) dated as of May 1, 1995 and effective as of the Effective Date;
- (t) Lease Supplement (1993 747 A), dated April 20, 1993;
- (u) Trust Supplement (1993 747 A), dated April 20, 1993; and
- (v) Redemption and Refinancing Agreement (1993 747 A), dated as of May 1, 1995 and effective as of the Effective Date.

ARTICLE II
DEFINITIONS

Section 2.01. Definitions. For all purposes of the Basic Agreement

as supplemented by this Trust Supplement, the following capitalized term has the following meaning:

Effective Date: shall have the meaning specified therefor in the

lease.

Specified Investments: With respect to any Trust, means (i)

obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 (or P-1, in the case of Escrowed Funds) or its equivalent by Moody's Investors Service, Inc. or at least A-2 (or A-1, in the case of Escrowed Funds) or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investment Service, Inc. or Standard & Poor's Corporation; provided,

however, that the aggregate amount at any one time so invested in

certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (i) through (iv) as collateral; provided further that

if all of the above investments are unavailable, the entire amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above; and provided further that no investment shall be

eligible as a "Specified Investment" unless the final maturity or date of return of such investment is on or before the Special Distribution Date next following the Cut-Off Date for such Trust by more than 20 days.

ARTICLE III
THE TRUSTEE

Section 3.01. The Trustee. The Trustee shall not be responsible in

any manner whatsoever for or in respect of the validity or sufficiency of this Trust Supplement or the due execution hereof by the Company, or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company.

Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed by the Trustee by reason of this Trust Supplement other than as set forth in the Basic Agreement, and this Trust Supplement is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Basic Agreement, upon the effectiveness thereof, as fully to all intents as if the same were herein set forth at length.

ARTICLE IV
MISCELLANEOUS PROVISIONS

Section 4.01. Basic Agreement Ratified. Except and so far as herein

expressly provided, all of the provisions, terms and conditions of the Basic Agreement are in all respects ratified and confirmed; and the Basic Agreement and this Trust Supplement shall be taken, read and construed as one and the same instrument.

Section 4.02. GOVERNING LAW. THIS TRUST SUPPLEMENT AND THE SERIES

1995-A2 CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 4.03. Execution in Counterparts. This Trust Supplement may

be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Trust Supplement to be duly executed by their respective officers thereto duly authorized, as of the day and year first written above.

UNITED AIR LINES, INC.

By:

Name:
Title:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Trustee

By:

Name:
Title:

EXHIBIT A

FORM OF CERTIFICATE

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC") to Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch the registered owner hereof, Cede & Co., has an interest herein.]*

UNITED AIRLINES 1995-A2 PASS THROUGH TRUST

Pass Through
Certificate, Series 1995-A2

Issuance Date: _____

Final Distribution Date: _____

Evidencing A Fractional Undivided Interest In the 1995-A2 Trust, The Property Of Which Includes Certain Equipment Notes Each Secured By An Aircraft Leased To United Air Lines, Inc.

Certificate

No. _____ \$ _____ Fractional Undivided Interest representing 0.____% of the Trust per \$1,000 of Reference Principal Amount

THIS CERTIFIES THAT _____, for value received, is the registered owner of a Fractional Undivided Interest in the amount of \$_____ (the "Reference Principal Amount") in the United Airlines 1995-A2 Pass Through Trust (the

- -----

* Not necessarily applicable in respect of one Certificate in a denomination of less than \$1,000.

"Trust") created by First Security Bank of Utah, National Association, as trustee (the "Trustee"), pursuant to a Pass Through Trust Agreement, dated as of February 1, 1992, as amended and restated as of May 1, 1995, (the "Basic Agreement"), between State Street Bank and Trust Company of Connecticut, National Association and United Air Lines, Inc., as supplemented by Trust Supplement No. 1995-A2 thereto, dated as of May 1, 1995 (collectively, the "Agreement"), between the Trustee and United Air Lines, Inc., a corporation incorporated under Delaware law (the "Company"), a summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "Pass Through Certificates, Series 1995-A2" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement, to which Agreement the Certificateholder of this Certificate by virtue of the acceptance hereof assents and by which such Certificateholder is bound. The property of the Trust includes certain Equipment Notes (the "Trust Property"). Each issue of the Equipment Notes is secured by a security interest in an aircraft leased to the Company.

Each of the Certificates represents a Fractional Undivided Interest in the Trust and the Trust Property and has no rights, benefits or interest in respect of any other separate trust established pursuant to the terms of the Basic Agreement for any other series of certificates issued pursuant thereto. The undivided percentage interest in the Trust represented by each of this Certificate (as specified above) and the other Pass Through Certificates, Series 1995-A2, was determined on the basis of (x) the aggregate of the Reference Principal Amount of this Certificate (as specified above) and of the other Pass Through Certificates, Series 1995-A2 and (y) the aggregate original principal amounts of the Equipment Notes constituting the Trust Property.

Subject to and in accordance with the terms of the Agreement, from funds then available to the Trustee, there will be distributed on each October 19 and April 19 (a "Regular Distribution Date"), commencing on October 19, 1995, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the Scheduled Payments on the Equipment Notes due on such Regular Distribution Date, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount

equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day with the same force and effect as if made on such Regular Distribution Date or Special Distribution Date and no interest shall accrue during the intervening period. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

Distributions on this Certificate will be made by the Trustee by check mailed to the Person entitled thereto, without the presentation or surrender of this Certificate or the making of any notation hereon. Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the pendency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company or the Trustee or any affiliate thereof. The Certificates are limited in right or payment, all as more specifically set forth herein and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for distribution to such Certificateholder as provided in the Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations set forth, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

The Certificates (except one Certificate having a denomination of less than \$1,000) are issuable only as registered Certificates without coupons in minimum denominations of \$1,000 Fractional Undivided Interests and integral multiples thereof. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

The Trustee, the Registrar, and any agent of the Trustee or the Registrar may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Registrar, nor any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

THE AGREEMENT AND THIS CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF NEW YORK.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be
duly executed.

UNITED AIRLINES
1995-A2 PASS THROUGH TRUST

By: FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Trustee

By:

Title:

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred
to in the within-mentioned Agreement.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Trustee

By:

Authorized Officer

EXHIBIT B

[FORM OF LETTER OF REPRESENTATIONS]

[TO COME]

EXHIBIT C

Regular Distribution Date

Scheduled Payment

TRUST INDENTURE AND MORTGAGE

(1995 777 A)

Dated as of May 1, 1995

between

STATE STREET BANK AND TRUST COMPANY,

not in its individual capacity except as expressly set forth herein,
but solely as Owner Trustee,

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,

as Indenture Trustee

One Boeing 777-222 Aircraft N777UA

United Air Lines, Inc.
Series 1995 777 A Certificates

TABLE OF CONTENTS

	Page
RECITALS.....	1
GRANTING CLAUSE.....	2
HABENDUM CLAUSE.....	5
ARTICLE 1 DEFINITIONS.....	7
1.01. Definitions.....	7
ARTICLE 2 THE CERTIFICATES.....	19
2.01. Certificates; Title and Terms.....	19
2.02. Execution and Authentication.....	20
2.03. Registrar and Paying Agent.....	20
2.04. Transfer and Exchange.....	21
2.05. Holder Lists; Ownership of Certificates.....	21
2.06. Mutilated, Destroyed, Lost or Stolen Certificates.....	22
2.07. Cancellation.....	22
2.08. Payment on Certificates; Defaulted Principal and Interest.....	22
2.09. Payment from Indenture Estate Only; Non-Recourse Obligations..	24
2.10. Execution, Delivery and Dating of Certificates upon Original Issuance.....	25
ARTICLE 3 RECEIPT, DISTRIBUTION AND APPLICATION OF FUNDS IN THE INDENTURE ESTATE.....	25
3.01. [Reserved for Potential Future Use].....	25
3.02. Payment in Case of Redemption or Purchase of Certificates.....	25
3.03. Application of Rent When No Indenture Event of Default Is Continuing.....	26
3.04. Application of Certain Payments in Case of Requisition or Event of Loss.....	26
3.05. Payments During Continuance of Indenture Event of Default.....	27
3.06. Payments for Which Application Is Provided in Other Documents.	28
3.07. Payments for Which No Application Is Otherwise Provided.....	28
ARTICLE 4 COVENANTS OF OWNER TRUSTEE.....	29
4.01. Covenants of the Owner Trustee.....	29

ARTICLE 5	DISPOSITION, SUBSTITUTION AND RELEASE OF PROPERTY INCLUDED IN THE INDENTURE ESTATE DURING CONTINUATION OF LEASE.....	30
5.01.	Disposition, Substitution and Release of Property Included in the Indenture Estate During Continuation of Lease.....	30
ARTICLE 6	REDEMPTION OF CERTIFICATES.....	31
6.01.	Redemption of Certificates upon Certain Events.....	31
6.02.	Redemption or Purchase of Certificates upon Certain Indenture Events of Default.....	33
6.03.	Notice of Redemption to Holders.....	34
6.04.	Deposit of Redemption Price.....	34
6.05.	Certificates Payable on Redemption Date.....	34
ARTICLE 7	MATTERS CONCERNING THE COMPANY.....	35
7.01.	Repayment of Monies for Certificate Payments Held by the Indenture Trustee.....	35
7.02.	Change in Registration.....	35
7.03.	Assumption of Obligations of Owner Trustee by the Company.....	36
ARTICLE 8	DEFAULTS AND REMEDIES.....	38
8.01.	Indenture Events of Default.....	38
8.02.	Acceleration; Rescission and Annulment.....	41
8.03.	Other Remedies Available to Indenture Trustee.....	41
8.04.	Waiver of Owner Trustee.....	49
8.05.	Waiver of Existing Defaults.....	49
8.06.	Control by Majority.....	50
8.07.	Limitation on Suits by Holders.....	50
8.08.	Rights of Holders to Receive Payment.....	51
8.09.	Indenture Trustee May File Proofs of Claim.....	51
ARTICLE 9	INDENTURE TRUSTEE.....	51
9.01.	Duties of Indenture Trustee.....	51
9.02.	Rights of Indenture Trustee.....	51
9.03.	Individual Rights of Indenture Trustee.....	52
9.04.	Funds May Be Held by Indenture Trustee or Paying Agent; Investments.....	52
9.05.	Notice of Defaults.....	53
9.06.	Compensation and Indemnity.....	53
9.07.	Replacement of Indenture Trustee.....	54
9.08.	Successor Indenture Trustee, Agents by Merger, etc.....	55

9.09.	Eligibility; Disqualification.....	55
9.10.	Trustee's Liens.....	56
9.11.	Withholding Taxes; Information Reporting.....	56
9.12.	Additional Collateral.....	56
ARTICLE 10	SATISFACTION AND DISCHARGE; DEFEASANCE; TERMINATION OF OBLIGATIONS.....	57
10.01.	Satisfaction and Discharge of Agreement; Defeasance; Termination of Obligations.....	57
10.02.	Survival of Certain Obligations.....	59
10.03.	Monies to Be Held in Trust.....	59
10.04.	Monies to Be Returned to Owner Trustee.....	59
ARTICLE 11	AMENDMENTS AND WAIVERS.....	60
11.01.	Amendments to this Agreement Without Consent of Holders.....	60
11.02.	Amendments to this Agreement with Consent of Holders.....	61
11.03.	Revocation and Effect of Consents.....	62
11.04.	Notation on or Exchange of Certificates.....	62
11.05.	Indenture Trustee Protected.....	62
11.06.	Amendments, Waivers, etc. of Other Operative Documents.....	62
ARTICLE 12	MISCELLANEOUS.....	65
12.01.	Notices.....	65
12.02.	[Reserved for Potential Future Use].....	67
12.03.	[Reserved for Potential Future Use].....	67
12.04.	Rules by Indenture Trustee and Agents.....	67
12.05.	Non-Business Days.....	67
12.06.	GOVERNING LAW.....	68
12.07.	No Recourse Against Others.....	68
12.08.	Execution in Counterparts.....	68
ARTICLE 13	ACTIONS TO BE TAKEN UPON TERMINATION OF LEASE.....	68
13.01.	Actions to Be Taken upon Termination of Lease.....	68

SIGNATURES..... 70

- Exhibit A-1 Form of Series 1995 777 A Installment
Certificates
- Exhibit A-2 Form of Series 1995 777 A Serial
Certificates
- Exhibit B Maturity Dates, Original Issue Prices,
Principal Amounts and
Interest Rates of Series 1995 777 A
Certificates
- Exhibit B-1 Installment Payment Dates and Installment
Payment Percentages
- Exhibit B-2 Issuance of Series 1995 777 A
Certificates
- Exhibit C Form of Trust Agreement and Trust Indenture
and Mortgage Supplement

TRUST INDENTURE AND MORTGAGE

This TRUST INDENTURE AND MORTGAGE (1995 777 A), dated as of May 1, 1995, between STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity except as otherwise expressly provided herein, but solely as Owner Trustee under the Trust Agreement (capitalized terms used herein having the respective meanings specified therefor in Article 1), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee hereunder.

W I T N E S S E T H:

WHEREAS, the Owner Participant and the Owner Trustee in its individual capacity have entered into the Trust Agreement whereby, among other things, (i) the Owner Trustee has established a certain trust for the use and benefit of the Owner Participant, subject, however, to the Indenture Estate created pursuant hereto for the use and benefit of, and with the priority of payment to, the holders of the Certificates issued hereunder, and (ii) the Owner Trustee has been authorized and directed pursuant to the Trust Agreement to execute and deliver this Trust Indenture and Mortgage;

WHEREAS, all capitalized terms used herein shall have the respective meanings set forth or referred to in Article 1 hereof;

WHEREAS, the parties desire by this Agreement, among other things, (i) to provide for the issuance by the Owner Trustee of the Series 1995 777 A Certificates evidencing the loans made by the Pass Through Trustees to finance the Owner Trustee's payment of Lessor's Cost, as provided in the Participation Agreement, and (ii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Indenture Trustee, as part of the Indenture Estate hereunder, among other things, of certain of the Owner Trustee's right, title and interest in and to the Aircraft and the Operative Documents and certain payments and other amounts received hereunder or thereunder in accordance with the terms hereof, as security for, among other things, the Owner Trustee's obligations to the Indenture Trustee, for the ratable benefit and security of the Holders;

WHEREAS, all things have been done to make the Certificates, when executed by the Owner Trustee and authenticated and delivered by the Indenture Trustee hereunder, the valid, binding and enforceable obligations of the Owner Trustee; and

WHEREAS, all things necessary to make this Agreement the legal, valid and binding obligation of the Owner Trustee and the Indenture Trustee, for the uses and purposes

herein set forth, in accordance with its terms, have been done and performed and have happened;

GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND MORTGAGE WITNESSETH, that, to secure the prompt payment of the principal of, premium, if any, and interest on, and all other amounts due with respect to, all Certificates from time to time Outstanding and the performance and observance by the Owner Trustee of all the agreements, covenants and provisions contained herein and in the Operative Documents to which it is a party, for the benefit of the Holders, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Certificates by the Holders, and of other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Indenture Trustee, its successors and assigns, for the security and benefit of the Holders from time to time, a security interest in and mortgage lien on all estate, right, title and interest of the Owner Trustee in, to and under the following described property, rights, interests and privileges (which collectively, including all property hereafter specifically subjected to the lien of this Agreement by any instrument supplemental hereto, but excluding the Excluded Payments, are herein called the "Indenture Estate"):

(1) the Airframe and Engines (each such Engine having 750 or more rated take-off horsepower or the equivalent thereof) and all replacements thereof and substitutions therefor in which the Owner Trustee shall from time to time acquire an interest in accordance with the Lease, as more particularly described in the Trust Supplement and the Lease Supplement executed and delivered with respect to the Aircraft or any such replacements or substitutions therefor, as provided in this Agreement and the Lease;

(2) the Lease and all Rent thereunder, including, without limitation, all amounts of Basic Rent, Supplemental Rent, and payments of any kind required to be made by the Company thereunder; all amounts payable to the Owner Trustee under the Participation Agreement that do not constitute Excluded Payments; the Purchase Agreement (to the extent assigned by the Owner Trustee's Purchase Agreement), the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale and any and all contracts relating to the Airframe and Engines or any rights or interest therein to which the Owner Trustee is now or may hereafter be a party; including, without limitation, all rights of the Owner Trustee to receive any payments or other amounts or to exercise any election or option or to

make any decision or determination or to give or receive any notice, consent, waiver or approval or to take any other action under or in respect of any such document or to accept surrender or redelivery of the Aircraft or any part thereof, as well as all the rights, powers and remedies on the part of the Owner Trustee, whether acting under any such document or by statute or at law or in equity, or otherwise, arising out of any Lease Event of Default (other than the rights of the Owner Trustee provided for hereunder);

(3) all rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Agreement;

(4) all requisition proceeds with respect to the Aircraft or any part thereof (to the extent of the Owner Trustee's interest therein pursuant to the terms of the Lease) and all insurance proceeds with respect to the Aircraft or any part thereof from insurance required to be maintained by the Company under Section 11 of the Lease, but excluding any insurance maintained by the Company and not required under Section 11 of the Lease;

(5) all moneys and securities now or hereafter paid or deposited or required to be paid or deposited to or with the Indenture Trustee by or for the account of the Owner Trustee pursuant to any term of any Operative Document and held or required to be held by the Indenture Trustee hereunder;

(6) all proceeds of the foregoing; and

(7) the Additional Collateral, if any.

Notwithstanding the foregoing provisions:

(a) there shall be excluded from the security interest granted by this Agreement all Excluded Payments;

(b) (i) whether or not a Lease Event of Default or an Indenture Event of Default shall occur and be continuing, the Owner Trustee and the Owner Participant shall at all times retain the right, to the exclusion of the Indenture Trustee (a) to Excluded Payments and to commence an action at law to obtain such Excluded Payments, (b) to adjust Basic Rent and the percentages relating to Stipulated Loss Value and Termination Value, the Special Termination Value Percentage and the EBO Percentages as provided in Section 3(c) of the Lease and Section 18 of the Participation Agreement, (c) to exercise any election or option to make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of, but in each case only to the extent relating to,

Excluded Payments, (d) to retain the rights of the "Lessor" with respect to solicitations of bids, and the election to retain the Aircraft pursuant to Section 9 of the Lease, (e) to exercise the right of "Lessor" to determine the fair market rental value or fair market sales value pursuant to Section 19 of the Lease, (f) to exercise all rights with respect to insurance maintained for its own account which Section 11(e) of the Lease specifically confers on the "Lessor" and (g) to exercise, to the extent necessary to enable it to exercise its rights under Section 8.03(e)(i) hereof, the rights of the "Lessor" under Section 21 of the Lease;

(ii) whether or not a Lease Event of Default or Indenture Event of Default shall occur and be continuing, the Owner Trustee and the Indenture Trustee shall each have the right separately but not to the exclusion of the other, (a) to receive from the Company all notices, certificates, reports, filings, Opinions of Counsel, copies of all documents and all information which the Company is permitted or required to give or furnish to the "Lessor" pursuant to the Lease or to the Owner Trustee pursuant to any other Operative Document, (b) to exercise inspection rights pursuant to Section 12 of the Lease, (c) to maintain separate insurance pursuant to Section 11(e) of the Lease and to retain all rights with respect to such insurance maintained for its own account, (d) to give any notice of default under Section 15 of the Lease and to declare the Lease in default in respect thereof, (e) to cause the Company to take any action and execute and deliver such documents and assurances as the "Lessor" may from time to time reasonably request pursuant to Section 16 of the Lease; (f) to consent (with the concurrent consent of the other such party to the extent such consent is required) to changes to the list of countries on Exhibit F or G to the Lease and (g) to purchase an engine pursuant to Section 5(e) of the Lease;

(iii) so long as no Indenture Event of Default shall have occurred and be continuing (but subject to the provisions of Section 11.06), the Owner Trustee shall retain the right, to the exclusion of the Indenture Trustee, to exercise the following rights of the "Lessor" under the Lease: (a) the right to approve as satisfactory any accountants, engineers or counsel to render services for or issue opinions to the Owner Trustee pursuant to express provisions of the Operative Documents, (b) the right to waive the opinion required pursuant to Section 8(e)(ii)(C) of the Participation Agreement and (c) in connection with an Event of Loss relating only to one or more Engines, the right to elect (or not to elect) under Section 10(b) of the Lease to require the Company to pay the amounts set forth in clauses (A) and (B) of Section 10(b);

(c) the leasehold interest granted to the Company by the Lease shall not be subject to the security interest granted by this Agreement, and nothing in this Agreement shall affect the rights of the Company under the Lease so long as no Lease Event of Default has occurred and is continuing; and

(d) as between the Owner Trustee and the Indenture Trustee, nothing contained in this Granting Clause shall prevent the Owner Trustee, as the "Lessor" under the Lease, from seeking specific performance of the covenants of the Company under the Lease relating to the protection, insurance, maintenance, possession and use of the Aircraft and from maintaining separate insurance with respect to the Aircraft to the extent permitted by Section 11 of the Lease.

None of the payments and rights described in the foregoing clauses (a) through (d) shall be included in the Indenture Estate.

HABENDUM CLAUSE

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, in trust for the benefit and security of the Indenture Trustee and the Holders from time to time, without any priority of any one Certificate over any other, and for the uses and purposes and subject to the terms and provisions set forth in this Agreement.

1. The Owner Trustee agrees that this Agreement creates and grants and is intended to and shall create and grant a security interest in the Aircraft to the Indenture Trustee, which security interest shall attach on the Delivery Date. The security interest created by this Agreement and granted to the Indenture Trustee hereunder in the Indenture Estate other than in the Aircraft shall attach upon the delivery of this Agreement.

2. It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner Trustee shall remain liable under each of the Operative Documents to which it is a party to perform all of its obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Indenture Trustee and the Holders shall have no obligation or liability under any of the Operative Documents to which the Owner Trustee is a party by reason of or arising out of the assignment hereunder, nor shall the Indenture Trustee (except as to the Indenture Trustee, if the Indenture Trustee shall have become the "Lessor" under the Lease) or the Holders be required or obligated in any manner to perform or fulfill any obligations of the Owner Trustee under any of the Operative Documents to which the Owner Trustee is a party, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

3. The Owner Trustee does hereby constitute the Indenture Trustee the true and lawful attorney of the Owner Trustee, irrevocably, with full power (in the name of

the Owner Trustee or otherwise) subject to the terms and conditions of this Indenture, to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due to the Owner Trustee (other than Excluded Payments) under or arising out of the Lease (subject to Section 11.06(b)(1)), the Purchase Agreement and the Owner Trustee's Purchase Agreement, to endorse any checks or other instruments or orders in connection therewith and, to file any claims or take any action or institute any proceedings which the Indenture Trustee may deem to be necessary or advisable in the premises. The Owner Trustee has directed the Company to make all payments of Rent (other than Excluded Payments) payable to the Owner Trustee by the Company and all other amounts which are required to be paid to or deposited with the Owner Trustee pursuant to the Lease directly to the Indenture Trustee at such address as the Indenture Trustee shall specify, for application as provided in this Agreement. The Owner Trustee agrees that promptly on receipt thereof, it will transfer to the Indenture Trustee any and all moneys from time to time received by it constituting part of the Indenture Estate, for distribution by the Indenture Trustee pursuant to this Agreement, except that the Owner Trustee shall accept for distribution pursuant to the Trust Agreement any amounts distributed to it by the Indenture Trustee as expressly provided in this Agreement and any Excluded Payments.

4. The Owner Trustee agrees that at any time and from time to time, upon the written request of the Indenture Trustee, the Owner Trustee will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Indenture Trustee may reasonably deem desirable in obtaining the full benefits of the assignment hereunder and of the rights and powers herein granted; provided, however, that

 the Owner Trustee shall have no obligation to execute and deliver or cause to be executed or delivered to the Indenture Trustee any such instrument or document if such execution and delivery would result in the imposition of additional liabilities on the Owner Trustee or the Owner Participant and would result in a burden on the Owner Participant's business activities, unless the Owner Trustee or the Owner Participant, as the case may be, is indemnified to its reasonable satisfaction against any losses, liabilities and expenses incurred in connection with such execution and delivery pursuant to any Operative Document.

5. The Owner Trustee does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, any of its right, title or interest hereby assigned, to any Person other than the Indenture Trustee, and that it will not, except as provided in or permitted by this Agreement, accept any payment from the Company, enter into an agreement amending or supplementing any of the Operative Documents, execute any waiver or modification of, or consent under the terms of any of the Operative Documents, settle or compromise any claim (other than claims in respect of Excluded Payments) against the Company arising under any of the Operative Documents, or submit or consent to the

submission of any dispute, difference or other matter arising under or in respect of any of the Operative Documents, to arbitration thereunder.

IT IS HEREBY FURTHER COVENANTED AND AGREED by and among the parties hereto as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. Definitions. (a) For all purposes of this Agreement,

except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article 1 have the meanings assigned to them in this Article 1, and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States;

(3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; and

(4) all references in this Agreement to Articles, Sections and Exhibits refer to Articles, Sections and Exhibits of this Agreement.

(b) For all purposes of this Agreement, the following capitalized terms have the following respective meanings:

"Actual Knowledge" means, (i) as it applies to the Owner Trustee or

Indenture Trustee, as the case may be, actual knowledge of a responsible officer in the Corporate Trust Department or the Corporate Trust Office, as the case may be, and (ii) as it applies to the Owner Participant, actual knowledge of a Vice President or more senior officer of the Owner Participant or other officer of the Owner Participant in each case having responsibility for the transactions contemplated by the Operative Documents; provided that each of the Owner Trustee, the Indenture Trustee and the Owner Participant shall be deemed to have "Actual Knowledge" of any matter as to which it has been given notice by any of Lessee, the Owner Participant, any Holder, the Owner Trustee or the Indenture Trustee, such notice having been given pursuant to and in accordance with Section 12.01.

"Additional Collateral" means any property in addition to the

collateral listed in clauses (1) through (5) of the Granting Clause which may be added to the Indenture Estate from time to time by the Owner Participant in accordance with Section 9.12 hereof for so long as such property is to be included in the Indenture Estate in accordance with the grant made in said Section 9.12.

"Affiliate" with respect to a specified Person, means any other Person

directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Paying Agent or Registrar.

"Aircraft" shall have the meaning specified therefor in the Lease.

"Airframe" shall have the meaning specified therefor in the Lease.

"Appraiser" means a Person engaged in the business of making

appraisals and, in the case of the Aircraft, familiar with commercial aviation equipment.

"Bankruptcy Code" shall have the meaning specified therefor in the

Lease

"Basic Rent" shall have the meaning specified therefor in the Lease.

"Business Day" shall have the meaning specified therefor in the Lease.

"Certificate" or "Certificates" means any Certificate issued under

this Agreement, including the Series 1995 777 A Certificates issued hereunder substantially in the form of Exhibits A-1 and A-2 hereto as such form may be varied pursuant to the terms hereof and any and all Certificates issued in replacement or exchange therein in accordance with the provisions hereof.

"Certificate Holder" shall have the meaning specified for the term

"Holder" hereunder.

"Citizen of the United States" shall have the meaning specified

therefor in the Lease.

"Commencement Date" shall have the meaning specified therefor in the

Lease.

"Commencement Date Cash Interest" when used with respect to a

 Certificate, shall be such Certificate's pro rata portion of the aggregate
 --- ---
 commencement date cash interest as determined on the basis of the data included
 in Exhibit B.

"Company" means United Air Lines, Inc., a Delaware corporation, and,

 subject to the provisions of the Participation Agreement, its permitted
 successors and assigns.

"Company Request" means a written request of the Company executed on

 its behalf by a Responsible Company Officer.

"Co-Registrar" shall have the meaning specified therefor in Section

 2.03.

"Debt" shall mean any liability for borrowed money, or any liability

 for the payment of money in connection with any letter of credit transaction, or
 other liabilities evidenced or to be evidenced by bonds, debentures, notes or
 other similar instruments.

"Defaulted Installment" shall have the meaning specified therefor in

 Section 2.08.

"Defaulted Interest" shall have the meaning specified therefor in

 Section 2.08.

"Delivery Date" shall have the meaning specified therefor in the

 Lease.

"EBO Date" shall have the meaning specified therefor in the Lease.

 "Engine" shall have the meaning specified therefor in the Lease.

 "Event of Loss" shall have the meaning specified therefor in the

 Lease.

"Excess Amount" shall have the meaning specified therefor in the

 Lease.

"Excluded Payments" means (i) any right, title or interest of the

 Owner Trustee in its individual capacity, the Owner Participant or their
 respective Affiliates or of their respective successors, permitted assigns,
 directors, officers, employees, servants and agents to any payment which by the
 terms of Section 7(b) or 7(c) of the Participation Agreement, Section 5.03 or
 7.01 of the Trust Agreement or any section of the Tax Indemnity Agreement or any
 corresponding payment under Section 3(d) of the Lease is payable to such Person,
 (ii) any insurance proceeds payable under insurance maintained by the Owner
 Trustee in its individual capacity or the Owner Participant (whether directly or
 through the Owner Trustee), or to their respective Affiliates, successors,
 permitted assigns, directors, officers, employees, servants and agents, (iii)
 any insurance proceeds (or proceeds of governmental indemnities in lieu thereof)
 payable to the Owner Trustee in its individual

capacity or to the Owner Participant, or to their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents, under any liability insurance maintained by the Company pursuant to Section 11 of the Lease or by any other Person (or proceeds of governmental indemnities in lieu thereof), (iv) any rights of the Owner Participant or the Owner Trustee to demand, collect, sue for, or otherwise receive and enforce payment of the foregoing amounts (including interest thereon to the extent provided in the applicable provisions of the Operative Documents) and the right to declare an Event of Default under the Lease in respect of any of the foregoing amounts, but not including the right to exercise any remedies under the Lease except for those specifically provided for in this clause (iv), (v) payments to the Owner Participant by the Owner Trustee pursuant to Section 2 of the Participation Agreement and any funds held by the Owner Trustee or payable to the Owner Participant pursuant to any funding letter entered into in lieu of the provisions of Section 2 of the Participation Agreement, (vi) if the Lessee has assumed the obligations of the Owner Trustee in respect of the Certificates in accordance with Section 7.03 hereof and Section 8(r) of the Participation Agreement, the amount payable as purchase price pursuant to Section 19(b) of the Lease, (vii) Transaction Expenses or other amounts or expenses paid or payable to, or for the benefit of, the Owner Participant pursuant to the Participation Agreement, (viii) the respective rights of the Owner Trustee in its individual capacity or the Owner Participant to the proceeds of the foregoing and (ix) any right to demand, collect or otherwise receive and enforce the payment of any amount described in clauses (i) through (viii) above.

"Federal Aviation Act" shall have the meaning specified therefor in

the Lease.

"Federal Aviation Administration" and "FAA" shall have the meaning

specified therefor in the Lease.

"Holder" means a person in whose name a Certificate is registered on

the Register including, so long as it holds any Certificate issued hereunder, the respective Pass Through Trustee under each Pass Through Trust Agreement.

"Indenture Default" means any event which is, or after notice or

passage of time, or both, would be, an Indenture Event of Default.

"Indenture Estate" shall have the meaning specified therefor in the

Granting Clause hereof.

"Indenture Event of Default" shall have the meaning specified therefor

in Article 8.

"Indenture Trustee" means First Security Bank of Utah, National

Association and each other Person which may from time to time be acting as Indenture Trustee in accordance with the provisions of this Agreement.

"Independent" when used with respect to an engineer, Appraiser or

other expert, means an engineer, Appraiser or other expert who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or any Affiliate of the Company, and (iii) is not connected with the Company or any Affiliate of the Company as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"Independent Investment Banker" shall mean an independent investment

banking institution of national standing appointed by (i) the Company on behalf of the Owner Trustee or (ii) in the case of a redemption or purchase of the Certificates under Section 6.01(b) pursuant to Section 8.03(e)(ii), the Owner Trustee; provided that, if the Indenture Trustee shall not have received written

notice of such an appointment at least 10 days prior to the relevant Redemption Date or if a Lease Event of Default shall have occurred and be

continuing, "Independent Investment Banker" shall mean such an institution

appointed by the Indenture Trustee.

"Installment Certificate" shall mean a Certificate substantially in

the form of Exhibit A-1, should any such Certificate be issued hereunder.

"Installment Payment Amount" means, with respect to each Installment

Certificate, the amount of the installment payment of principal due and payable on each Installment Payment Date, which amount shall be equal to the product of the original principal amount of such Certificate and the Installment Payment Percentage for such Installment Payment Date.

"Installment Payment Date" means each date on which an installment

payment of principal is due and payable on any Installment Certificate, as set forth in Exhibit B-1.

"Installment Payment Percentage" means, with respect to each

Installment Payment Date, the percentage set forth opposite such Installment Payment Date in Exhibit B-1;

provided that, after the occurrence of any partial redemption or redemptions

pursuant to clause (ii) of Section 6.01(a), the "Installment Payment Percentage"

for each Installment Payment Date subsequent to the applicable Redemption Date shall be equal to the percentage obtained from the following calculation:

$$(p - n) \times y$$

$$p \times s$$

where, for Installment Certificates maturing on the same Maturity Date:

- p = the sum of the original principal amounts of all Installment Certificates maturing on such Maturity Date as reflected on Exhibit B hereto;
- n = the sum of the principal amounts paid to all holders of Installment Certificates maturing on such Maturity Date as a result of all such partial redemptions (excluding any Installment Payment Amounts paid on a Redemption Date as a result of any such Redemption Date occurring on an Installment Payment Date) and all payments of principal paid on Installment Payment Dates on or prior to the applicable Redemption Date;
- y = the Installment Payment Percentage set forth in such Exhibit B-1 applicable to the Installment Payment Date for which this calculation is being performed; and
- s = the sum of the Installment Payment Percentages for Installment Payment Dates related to such Installment Certificates maturing on such Maturity Date and subsequent to the applicable Redemption Date.

"Interest Payment Date" means each October 19 and April 19, commencing

on the Commencement Date.

"Lease" means the Lease Agreement (1995 777 A), dated as of May 1,

1995, between the Owner Trustee, as lessor, and the Company, as lessee, as such Lease Agreement may from time to time be further supplemented, amended or modified in accordance with the terms thereof and this Agreement. The term

"Lease" shall also include each Lease Supplement entered into pursuant to the

terms of the Lease.

"Lease Event of Default" shall have the meaning specified for the term

"Event of Default" in the Lease.

"Lease Loss Payment Date" shall have the meaning specified for the

term "Loss Payment Date" in the Lease.

"Lease Supplement" shall have the meaning specified therefor in the

Lease.

"Lease Termination Date" shall have the meaning specified for the term

"Termination Date" in the Lease.

"Lessor Liens" shall have the meaning specified therefor in the Lease.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, lease,

exercise of rights, security interest or claim.

"Loan Certificate" shall have the meaning specified for the term

"Certificate" hereunder.

"Maturity Date" means each of the dates specified in Exhibit B as a

maturity date of one or more of the Certificates.

"Officers' Certificate" means a certificate signed, in the case of the

Company, by (i) the Chairman of the Board of Directors, the President, or any Senior Vice President of the Company, signing alone, or (ii) any Vice President signing together with the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, in the case of the Owner Trustee, a Responsible Officer of the Owner Trustee.

"Operative Documents" means this Agreement, the Participation

Agreement, the Lease, the Tax Indemnity Agreement, the Consent and Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale, the Acceptance Certificate, the Purchase Agreement (to the extent assigned by the Owner Trustee's Purchase Agreement), the Owner Trustee's Purchase Agreement, the Certificates, the Trust Agreement and the Trust Supplement.

"Opinion of Counsel" means a written opinion of legal counsel, who in

the case of counsel for the Company may be (i) the senior attorney employed by the Company, (ii) Vedder, Price, Kaufman & Kammholz or (iii) other counsel designated by the Company and who shall be reasonably satisfactory to the Indenture Trustee or, in the case of legal counsel for the Owner Trustee, may be (x) Bingham, Dana & Gould or (y) other counsel designated by the Owner Trustee and who shall be reasonably satisfactory to the Indenture Trustee.

"Original Issue Price", when used with respect to a Certificate, shall

be such Certificate's pro rata portion of the aggregate original issue price as

determined on the basis of the data included in Exhibit B hereto.

"Outstanding", when used with respect to Certificates, means, as of

the date of determination, all Certificates theretofore executed and delivered under this Agreement other than:

- (i) Certificates theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 2.07 or otherwise;

(ii) Certificates for whose payment or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee in trust for the Holders of such Certificates; provided that if such

Certificates are to be redeemed, notice of such redemption has been duly given pursuant to this Agreement or provision therefor satisfactory to the Indenture Trustee has been made; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been executed and delivered pursuant to this Agreement;

provided, however, that in determining whether the Holders of the requisite

aggregate principal amount of Certificates Outstanding have given any request, demand, authorization, declaration, direction, notice, consent or waiver hereunder, Certificates owned by or pledged to the Company or any Affiliate of the Company or the Owner Trustee or the Owner Participant or any Affiliate thereof, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, declaration, direction, notice, consent or waiver, only Certificates which the Indenture Trustee knows to be so owned or so pledged shall be disregarded. Certificates owned by the Company, or the Owner Trustee or the Owner Participant, which have been pledged in good faith may be regarded as Outstanding if the Company, or the Owner Trustee or the Owner Participant, as the case may be, establishes to the satisfaction of the Indenture Trustee the pledgee's right to act with respect to such Certificates and that the pledgee is not the Company, or the Owner Trustee or the Owner Participant or any Affiliate thereof.

"Owner Participant" shall be the party specified as the "Owner

Participant" in the Participation Agreement, its successors and, to the extent permitted by Article VIII of the Trust Agreement and Section 8(1) of the Participation Agreement, its permitted successors and assigns.

"Owner Trustee" means State Street Bank and Trust Company, a

Massachusetts trust company, not in its individual capacity, but solely as trustee under the Trust Agreement, and each other Person which may from time to time be acting as Owner Trustee in accordance with the provisions of the Operative Documents.

"Owner Trustee's Purchase Agreement" shall have the meaning specified

therefor in the Lease.

"Participation Agreement" shall have the meaning specified therefor in

the Lease.

"Parts" shall have the meaning specified therefor in the Lease.

"Pass Through Certificates" means any of the Pass Through Certificates

issued pursuant to any of the Pass Through Trust Agreements.

"Pass Through Trust" means each pass through trust created pursuant to

the related Pass Through Trust Agreement.

"Pass Through Trust Agreements" means the Pass Through Trust Agreement

dated as of February 1, 1992, as amended and restated as of May 1, 1995, between the Company and the Pass Through Trustee as supplemented by each of the two Pass Through Trust Supplements Nos. 1995- A1 and 1995-A2, each dated as of May __, 1995, as the same may from time to time be further amended, supplemented or otherwise modified.

"Pass Through Trust Supplement" shall have the meaning specified for

the term "Trust Supplement" in the Pass Through Trust Agreement.

"Pass Through Trustee" means First Security Bank of Utah, National

Association in its capacity as trustee under each Pass Through Trust Agreement, and such other Person that may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Paying Agent" means any person acting as Paying Agent hereunder

pursuant to Section 2.03.

"Permitted Investment" means each of (i) obligations of, or guaranteed

by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors Service or Standard & Poor's Corporation; provided, however, that the

aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (i) through (iv) as collateral.

"Permitted Lien" shall have the meaning specified therefor in the

Lease.

"Person" means any individual, corporation, partnership, joint

venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Pre-Commencement Date Period" means, with respect to any Certificate,

the period commencing on the date of the original issuance of such Certificate and ending on and including the day immediately preceding the Commencement Date.

"Premium" or "premium" shall have the meaning specified in Section

6.01(b) hereto.

"Premium Termination Date" means, with respect to a Certificate, the

date set forth below opposite the Maturity Date of such Certificate:

Certificates	Maturity Date	Premium Termination Date
-----	-----	-----
Series 777A-1 Certificate	[_____]	[_____]
Series 777 A-2 Certificate	[_____]	[_____]

"Purchase Agreement" shall have the meaning specified therefor in the

Lease.

"Purchase Option Date" shall have the meaning specified therefor in

the Lease.

"Record Date" for the interest or Installment Payment Amount payable

on any Certificate on any Interest Payment Date or Installment Payment Date (other than the Maturity Date) for such Certificate, as the case may be, means the calendar day (whether or not a Business Day) which is 15 calendar days prior to the related Interest Payment Date or the related Installment Payment Date.

"Redemption Date" means the date on which the Certificates are to be

redeemed or purchased pursuant to Section 6.01 or Section 6.02, as the case may be, as specified in the notice delivered pursuant to Section 6.03 hereof.

"Redemption Price" means the price at which the Certificates are to be

redeemed or purchased, determined as of the applicable Redemption Date, pursuant to Section 6.01 or Section 6.02, as the case may be; provided, however, that in

the case of a Certificate which is issued at a discount which shall become due and payable (upon redemption, acceleration or otherwise) and shall be paid or shall be purchased during the Pre-Commencement Date Period, the Redemption Price or purchase price therefor shall be the amount payable upon such Certificate becoming due and payable and being paid during the Pre-Commencement Date Period as specified therein.

"Refinancing Date" shall mean the date designated by the Lessee as the

date for a refinancing of the Certificates in accordance with Section 17 of the Participation Agreement.

"Register" shall have the meaning specified therefor in Section 2.03.

"Registrar" means any person acting as Registrar hereunder pursuant to

Section 2.03.

"Rent" shall have the meaning specified therefor in the Lease.

"Replacement Airframe" shall have the meaning specified therefor in

the Lease.

"Replacement Engine" shall have the meaning specified therefor in the

Lease.

"Responsible Company Officer" means, with respect to the Company, its

Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer or any other management employee (a) working under the direct supervision of such Chairman of the Board, President, Senior Vice President, Chief Financial Officer, Vice President or Treasurer and (b) whose responsibilities include the administration of the transactions and agreements, including the Lease, contemplated by the Participation Agreement.

"Responsible Officer", with respect to the Owner Trustee or the

Indenture Trustee, shall mean any officer in its Corporate Trust Administration Department or any officer of the Owner Trustee or the Indenture Trustee, as the case may be, customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

"SEC" means the Securities and Exchange Commission.

"Series 1995 777 A Certificate" means any Certificate issued by the

Owner Trustee under this Agreement substantially in the form of Exhibit A-1 or A-2, and any and all of the Series 1995 777 A Certificates issued in replacement or exchange thereof in accordance with the provisions hereof.

"Special Purchase Option Date" shall have the meaning specified

therefor in the Lease.

"Stipulated Loss Value" shall have the meaning specified therefor in

the Lease.

"Supplemental Rent" shall have the meaning specified therefor in the

Lease.

"Tax Indemnity Agreement" shall have the meaning specified therefor in

the Lease.

"Termination Value" shall have the meaning specified therefor in the

Lease.

"Treasury Yield" means, with respect to each Certificate to be

redeemed or purchased, (x) in the case of a Certificate having a maturity less than one year after the applicable redemption or purchase date, the average yield to stated maturity on a government bond equivalent basis of the applicable United States Treasury Bill due the week of the maturity of such Certificate or (y) in the case of a Certificate having a maturity of one year or more after the applicable redemption or purchase date, the average yield to stated maturity of the most comparable United States Treasury Notes or Bonds as identified by an independent investment banker, corresponding in maturity to the Remaining Weighted Average Life (as defined below) of such Certificate (or, if there is no maturity corresponding to such Remaining Weighted Average Life, an interpolation of maturities by such independent investment banker), in each case under (x) and (y) above determined by such independent investment banker based on the average of the yields to stated maturity determined from the bid prices on the fourth Business Day preceding the applicable redemption or purchase date. For purposes hereof, "Remaining Weighted Average Life" means, for any Certificate, at the redemption or purchase date of such Certificate, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal, including the payment due on the maturity date of such Certificate, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the redemption or purchase date and the regular distribution dates as of such scheduled payments of principal; by (b) the then outstanding principal amount (including accretion of discount) of such Certificate.

"Trust Agreement" shall have the meaning specified therefor in the

Lease.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as

amended.

"Trust Indenture and Mortgage" or "this Agreement" means this Trust

Indenture and Mortgage (1995 777 A), as the same may from time to time be supplemented, amended or modified.

"Trust Indenture Estate" shall have the meaning specified for the term

"Indenture Estate" hereunder.

"Trust Office" shall mean the principal corporate trust office of the

Owner Trustee located at 225 Franklin Street, Boston, Massachusetts 02110, Attention: Corporate Trust Department, or at such other office at which the Owner Trustee's corporate trust business shall be administered which the Owner Trustee shall have specified by notice in writing to the Company, the Indenture Trustee and each Holder.

"Trust Supplement" means a supplement to the Trust Agreement and this

Agreement in the form of Exhibit C hereto.

"Trustee's Liens" shall have the meaning specified therefor in Section

9.10.

"United States" or "U.S." means the United States of America.

"U.S. Government Obligations" means securities that are direct

obligations of the United States or agencies or instrumentalities thereof for the payment of which the full faith and credit of the United States are pledged which are not callable or redeemable, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt so long as such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

ARTICLE 2

THE CERTIFICATES

Section 2.01. Certificates; Title and Terms. The Certificates issued

hereunder shall be designated as Series 1995 777 A Certificates. The Installment Certificates and the Serial Certificates shall be substantially in the form set forth in Exhibit A-1 or A-2, respectively. The Certificates originally issued hereunder shall be dated the date of issuance thereof and shall be issued in the maturities and principal amounts and at the Original Issue Prices, shall provide for Commencement Date Cash Interest, if any, and shall bear interest during and after the Pre-Commencement Date Period at the rates per annum, in each case as specified in or determined pursuant to Exhibit B. The principal of each Certificate, other than Installment Certificates, shall be payable in full on the Maturity Date for such Certificate. The principal of each Installment Certificate shall be payable in installments, on each Installment Payment Date, in amounts equal to the Installment Payment Amount for such Installment Payment Date. Each Certificate shall be issued to the Pass Through Trustee under each of the Pass Through Trust Agreements, as set forth in Exhibit B-2.

The Certificates shall be issued in registered form only. The Certificates shall be issued in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000.

The Certificates are not redeemable or subject to purchase prior to maturity except as provided in this Agreement. Interest accrued on the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.02. Execution and Authentication. (a) Certificates shall

be executed on behalf of the Owner Trustee by the manual or facsimile signature of its President, a senior vice president, a vice president, an assistant vice president, its treasurer, its secretary, an assistant secretary or an assistant treasurer.

(b) If any officer of the Owner Trustee executing the Certificates no longer holds that office at the time the Certificate is executed on behalf of the Owner Trustee, the Certificate shall be valid nevertheless.

(c) At any time and from time to time after the execution of the Certificates, the Owner Trustee may deliver such Certificates to the Indenture Trustee for authentication and, subject to the provisions of Section 2.10, the Indenture Trustee shall authenticate the Certificates by manual signature upon written orders of the Owner Trustee. Certificates shall be authenticated on behalf of the Indenture Trustee by any authorized officer or signatory of the Indenture Trustee.

(d) A Certificate shall not be valid or obligatory for any purpose or entitled to any security or benefit hereunder until executed on behalf of the Owner Trustee by the manual or facsimile signature of an officer of the Owner Trustee as provided in Section 2.02(a) and until authenticated on behalf of the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee as provided in Section 2.02(c). Such signatures shall be conclusive evidence that such Certificate has been duly executed, authenticated and issued under this Agreement.

Section 2.03. Registrar and Paying Agent. The Indenture Trustee

shall maintain an office or agency where the Certificates may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where (subject to Sections 2.04 and 2.08) the Certificates may be presented for payment or for exchange (the "Paying Agent"). The Registrar shall keep a register (the "Register") with respect to the Certificates and to their transfer and exchange and the payments of Installment Payment Amounts thereon, if any. The Indenture Trustee may appoint one or more co-registrars (the "Co-Registrars") and one or more additional Paying Agents for the Certificates and the Indenture Trustee may terminate the appointment of any Co-Registrar or Paying Agent at any time upon written notice. The term "Registrar" includes any Co-Registrar. The term "Paying Agent" includes any additional Paying Agent.

The Indenture Trustee shall initially act as Registrar and Paying Agent.

Section 2.04. Transfer and Exchange. At the option of the Holder

 thereof, Certificates may be exchanged for an equal aggregate principal amount of other Certificates of the same maturity and type and of any authorized denominations or transferred upon surrender of the Certificates to be exchanged or transferred at the principal corporate trust office of the Indenture Trustee, or at any office or agency maintained for such purpose pursuant to Section 2.03. Whenever any Certificates are so surrendered for exchange, the Owner Trustee shall execute, and the Indenture Trustee shall authenticate and deliver, the replacement Certificates, dated the same date as the Certificate or Certificates being replaced which the Holder making the exchange is entitled to receive.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be the valid obligations of the Owner Trustee, evidencing the same obligations, and entitled to the same security and benefits under this Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Registrar) be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer or exchange of Certificates, but the Registrar may, as a condition to any transfer or exchange hereunder, require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates.

The Registrar shall not be required to register the transfer of or to exchange any Certificate called for redemption or purchase pursuant to such Section 6.01 or 6.02.

Section 2.05. Holder Lists; Ownership of Certificates. (a) The

 Indenture Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders, which list shall be available to the Owner Trustee or its representative (which may be the Owner Participant) and the Company for inspection. If the Indenture Trustee is not the Registrar, the Registrar shall be required to furnish to the Indenture Trustee semi-annually on or before each Interest Payment Date, and at such other times as the Indenture Trustee may request in writing, a list, in such form and as of such date as the Indenture Trustee may reasonably require, containing all the information in the possession or control of the Registrar as to the names and addresses of the Holders.

(b) Ownership of the Certificates shall be proved by the Register kept by the Registrar. Prior to due presentment for registration of transfer of any Certificate, the

Owner Trustee, the Owner Participant, the Company, the Indenture Trustee, the Paying Agent and the Registrar may deem and treat the Person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of receiving payment of principal (including, subject to the provisions herein regarding the applicable Record Dates, Installment Payment Amounts) of, premium, if any, and interest on such Certificate and for all other purposes whatsoever, whether or not such Certificate is overdue, and none of the Owner Trustee, the Indenture Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Certificates. If

 any Certificate shall become mutilated, destroyed, lost or stolen, the Owner Trustee shall, upon the written request of the Holder of such Certificate, issue and execute, and the Indenture Trustee shall authenticate and deliver, in replacement thereof, as applicable, a new Certificate of the same type and having the same maturity, payable to the same Holder in the same principal amount and dated the same date as the Certificate so mutilated, destroyed, lost or stolen. If the Certificate being replaced has become mutilated, such Certificate shall be surrendered to the Indenture Trustee. If the Certificate being replaced has been destroyed, lost or stolen, the Holder of such Certificate shall furnish to the Owner Trustee and the Indenture Trustee such security or indemnity as may be required by it to save the Owner Trustee and the Indenture Trustee harmless and evidence satisfactory to the Owner Trustee and the Indenture Trustee of the destruction, loss or theft of such Certificate and of the ownership thereof.

Section 2.07. Cancellation. The Registrar and any Paying Agent shall

 forward to the Indenture Trustee all Certificates surrendered to them for replacement, redemption, registration of transfer, exchange or payment. The Indenture Trustee shall cancel all Certificates surrendered for replacement, redemption, registration of transfer, exchange, payment or cancellation and shall destroy cancelled Certificates.

Section 2.08. Payment on Certificates; Defaulted Principal and

 Interest. (a) The Indenture Trustee will arrange directly with any Paying Agent

 for the payment, or the Indenture Trustee will make payment, all pursuant to Section 2.09, of the principal of, premium, if any, and interest on the Certificates at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purpose to Section 2.03 hereof. All payments in respect of the Certificates shall be made in such coin or currency of the United States as at the time of payment in legal tender for payment of public and private debts. Payments (other than on the Maturity Date therefor or on the Redemption Date in respect of the redemption in whole thereof) on Certificates shall be made to the Holder thereof at the close of business on the relevant Record Date; provided, however, that the Paying Agent will, at the

 request of the Indenture Trustee and may, at its option, pay such interest, premium or principal by check mailed to such Holder's address as it appears on the Register. Principal of Certificates and premium, if any, with respect thereto, shall (except as

provided pursuant to the immediately preceding sentence) be payable only against presentation and surrender thereof at the principal corporate trust office of the Indenture Trustee or at the office of the Paying Agent maintained for such purpose pursuant to Section 2.03.

A Holder shall have no further interest in, or other right with respect to, the Indenture Estate when and if the principal amount of, premium, if any, and interest on all Certificates held by such Holder and all other sums payable to such Holder hereunder, under such Certificates and under the Participation Agreement shall have been paid in full.

(b) Any Installment Payment Amount payable on an Installment Payment Date (other than the Maturity Date with respect to a Certificate) or any interest payable on an Interest Payment Date on any Certificate which is not punctually paid on such Installment Payment Date or such Interest Payment Date, as the case may be (herein called, respectively, a "Defaulted Installment" and "Defaulted Interest"), shall forthwith cease to be payable to the Holder on the relevant Record Date by virtue of his having been such Holder; and such Defaulted Installment or Defaulted Interest may be paid by the Indenture Trustee, at its election in each case, as provided in clause (1) or (2) below:

(1) The Indenture Trustee may elect to make payment of any Defaulted Installment or Defaulted Interest, as the case may be, to the person in whose name any Certificate is registered at the close of business on a special record date for the payment of such Defaulted Installment or Defaulted Interest, as the case may be, which shall be fixed in the following manner. The Indenture Trustee shall notify the Paying Agent in writing of the amount of Defaulted Installment or Defaulted Interest, as the case may be, proposed to be paid on each such Certificate and the date of the proposed payment, and at the same time the Indenture Trustee shall make arrangements to set aside an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Installment or Defaulted Interest, as the case may be, prior to the date of the proposed payment, to be held in trust for the benefit of the Persons entitled to such Defaulted Installment or Defaulted Interest, as the case may be, as this clause provides and shall fix a special record date for the payment of such Defaulted Installment or Defaulted Interest, as the case may be, which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment. The Indenture Trustee shall promptly notify the Owner Trustee, the Company and the Registrar of such special record date and shall cause notice of the proposed payment of such Defaulted Installment or Defaulted Interest, as the case may be, and the special record date therefor to be mailed, first class postage prepaid, to each Holder at its address as it appears in the Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Installment or Defaulted Interest, as the case may be, and the special record date therefor having been mailed, as aforesaid, such Defaulted Installment or Defaulted

Interest, as the case may be, shall be paid to the Persons in whose names the applicable Certificates are registered on such special record date and shall no longer be payable pursuant to the following clause (2).

(2) The Indenture Trustee may make, or cause to be made, payment of any Defaulted Installment or Defaulted Interest, as the case may be, in any other lawful manner not inconsistent with the requirements of any securities exchange on which Certificates may be listed, and upon such notice as may be required by such exchange, if such payment shall be deemed practicable by the Indenture Trustee.

(c) The Indenture Trustee shall require each Paying Agent to agree in writing that such Paying Agent will hold in trust, for the benefit of the Holders of the Certificates and the Indenture Trustee, all money held by the Paying Agent for the payment of the principal of, premium, if any, or interest and shall give to such Indenture Trustee notice of any default in the making of any such payment upon the Certificates. The Indenture Trustee at any time may require a Paying Agent to repay to the Indenture Trustee all money held by it. Upon so doing the Paying Agent shall have no further liability for the money so paid.

Section 2.09. Payment from Indenture Estate Only; Non-Recourse

Obligations. All amounts payable by the Indenture Trustee and the Owner Trustee

under the Certificates and this Agreement shall be made only from the income and proceeds of the Indenture Estate. Each Holder of a Certificate, by its acceptance of such Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for the payment of such amounts, to the extent available for distribution to it as herein provided, and (b) none of the Owner Trustee, the Owner Participant or the Indenture Trustee is or shall be personally liable to the Holder of any Certificate for any amount payable under such Certificate or this Agreement or, except as expressly provided in this Agreement in the case of the Owner Trustee and the Indenture Trustee, for any liability thereunder.

State Street Bank and Trust Company is entering into this Agreement solely as Owner Trustee under the Trust Agreement and not in its individual capacity, and in no case whatsoever shall State Street Bank and Trust Company (or any entity acting as successor trustee under the Trust Agreement) be personally liable for, or for any loss in respect of, any statements, representations, warranties, agreements or obligations hereunder or thereunder; provided that State Street Bank and Trust Company shall be liable hereunder in

its individual capacity, (i) for the performance of its agreements in its individual capacity under Section 8 of the Participation Agreement, (ii) for its own willful misconduct or gross negligence and (iii) for the failure to use ordinary care in the disbursement of funds. If a successor Owner Trustee is appointed in accordance with the terms of the Trust Agreement and the Participation Agreement, such successor Owner Trustee shall, without any further act, succeed to all of the rights, duties, immunities and obligations hereunder, and its predecessor

Owner Trustee and State Street Bank and Trust Company shall be released from all further duties and obligations hereunder, without prejudice to any claims against State Street Bank and Trust Company or such predecessor Owner Trustee for any default by State Street Bank and Trust Company or such predecessor Owner Trustee, respectively, in the performance of its obligations hereunder prior to such appointment.

Section 2.10. Execution, Delivery and Dating of Certificates upon

Original Issuance. The Owner Trustee shall issue and execute, and the Indenture

Trustee shall authenticate and deliver, the Certificates for original issuance upon payment to the Indenture Trustee of an amount equal to its Original Issue Price. Each Certificate shall (except for those issued pursuant to Section 2.04 or Section 2.06) be dated the date of its issuance.

ARTICLE 3

RECEIPT, DISTRIBUTION AND APPLICATION
OF FUNDS IN THE INDENTURE ESTATE

Section 3.01. [Reserved for Potential Future Use]

Section 3.02. Payment in Case of Redemption or Purchase of

Certificates. Except as otherwise provided in Section 3.05, in the event the

Certificates are redeemed or purchased in accordance with the provisions of Section 6.01 or 6.02, the Indenture Trustee will apply on the Redemption Date any amounts then held by it in the Indenture Estate and received by it from or on behalf of the Company or the Owner Trustee in the following order of priority:

first, so much thereof as was received by the Indenture Trustee with

respect to the amounts due to it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts;

second, so much thereof remaining as shall be required to pay an

amount equal to the Redemption Price on the Outstanding Certificates pursuant to Section 6.01 or 6.02, as the case may be, on the Redemption Date shall be applied to the redemption or purchase of the Certificates on the Redemption Date; and

third, the balance, if any, thereof remaining thereafter shall be

distributed to the Owner Trustee to be held or distributed to the Owner Participant in accordance with the terms of the Trust Agreement.

Section 3.03. Application of Rent When No Indenture Event of Default

Is Continuing. Except as otherwise provided in Section 3.02, 3.04, 3.05 or

3.06, each amount

of Excess Amount or Rent received by the Indenture Trustee from the Owner Trustee or the Company, together with any amount received by the Indenture Trustee pursuant to Section 8.03(e) shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such aggregate amount as shall be required to pay in

full the interest, principal of, premium (to the extent received by the Indenture Trustee from the Company as Supplemental Rent), if any, then due on, all Outstanding Certificates shall be distributed to the Persons entitled thereto; and in case such payments or amounts shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such interest, principal and premium, if any, without any preference or priority of one Certificate over another, ratably according to the aggregate amount so due for interest, principal and premium, if any, at the date fixed by the Indenture Trustee for the distribution of such payments or amounts;

second, so much of such aggregate amount remaining as shall be

required to pay any amount due the Indenture Trustee pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts; and

third, the balance, if any, of such aggregate amount remaining

thereafter shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement.

Section 3.04. Application of Certain Payments in Case of Requisition

or Event of Loss. Except as otherwise provided in Section 3.05, any amounts

received directly or otherwise pursuant to the Lease from any governmental authority or other party pursuant to Section 10 of the Lease with respect to the Airframe or the Airframe and the Engines or engines then installed on the Airframe as the result of an Event of Loss, to the extent that such amounts are not at the time required to be paid to the Company pursuant to said Section 10, and any amounts of insurance proceeds for damage to the Indenture Estate received directly or otherwise pursuant to the Lease from any insurer pursuant to Section 11 of the Lease with respect thereto as the result of an Event of Loss, to the extent such amounts are not at the time required to be paid to the Company pursuant to said Section 11, shall, except as otherwise provided in the next sentence, be applied by the Indenture Trustee on behalf of the Owner Trustee in reduction of the Company's obligations to pay Stipulated Loss Value and the other amounts payable by the Company pursuant to Section 10 of the Lease and the remainder, if any, shall, except as provided in the next sentence, be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease. Any portion of any such amount referred to in the preceding sentence which is not required to be so paid to the Company pursuant to the Lease, solely because a Lease Event of Default shall have occurred and be continuing, shall be held by the Indenture Trustee on behalf of the Owner Trustee as security for the obligations of the Company under the Lease and at

such time as there shall not be continuing any Lease Event of Default or such earlier time as shall be provided for in the Lease, such portion shall be paid to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, unless the Indenture Trustee (as assignee from the Owner Trustee of the Lease) shall have theretofore declared the Lease to be in default pursuant to Section 15 thereof, in which event such portion shall be distributed forthwith upon such declaration in accordance with the provisions of Section 3.05 hereof.

Section 3.05. Payments During Continuance of Indenture Event of

Default. All payments (except Excluded Payments) received and amounts held or

realized by the Indenture Trustee after an Indenture Event of Default shall have occurred and be continuing (including any amounts realized by the Indenture Trustee from the exercise of any remedies pursuant to Article 8), as well as all payments or amounts then held or thereafter received by the Indenture Trustee as part of the Indenture Estate while such Indenture Event of Default shall be continuing, shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such payments or amounts as shall be required to

pay the Indenture Trustee all amounts then due it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts;

second, so much of such payments or amounts remaining as shall be

required to pay the expenses incurred (including unbilled expenses in respect of property delivered or contracted for or services rendered or contracted for if the amount of such expenses is liquidated) in using, operating, storing, leasing, controlling or managing the Indenture Estate, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements of and to the Indenture Estate and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine and make reports upon the properties, books and records of the Owner Trustee and, to the extent permitted under the Lease, the Company), all in accordance with Section 8.03(c), shall be applied for such purposes;

third, so much of such payments or amounts remaining as shall be

required to pay the principal of, premium, if any, to the extent payable by the Owner Trustee pursuant to Section 6.01(b)(ii) or to the extent received by the Indenture Trustee from the Company as Supplemental Rent, and accrued interest, on all Certificates Outstanding, whether by declaration of acceleration pursuant to Section 8.02 or otherwise, shall be applied to the payment of such interest, principal and premium, if any, and in case such payments or amounts shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such interest principal and premium, if any, without any preference or priority of one Certificate over another,

ratably according to the aggregate amount so due for interest, principal and premium, if any, at the date fixed by the Indenture Trustee for the distribution of such payments or amounts; and

fourth, the balance, if any, of such payments or amounts remaining

thereafter shall be held by the Indenture Trustee as collateral security for the obligations secured hereby until such time as no Indenture Event of Default shall be continuing hereunder or the Certificates have been accelerated and all amounts due thereon have been paid, at which time such payments or amounts shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement; provided that at such time as one or more

Lease Events of Default shall have occurred and any such Lease Event of Default shall have continued for a period of 180 days during which time the Certificates could, but shall not, have been accelerated pursuant to Section 8.02, such amounts shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement so long as no Indenture Event of Default exists other than by virtue of such Lease Event of Default.

Section 3.06. Payments for Which Application Is Provided in Other

Documents. Except as otherwise provided in this Agreement, any payment received

by the Indenture Trustee for which provision as to the application thereof is made in the Lease or any other Operative Document shall be distributed to the Person for whose benefit such payments were made. The Indenture Trustee shall be obligated to distribute any Excluded Payments received by the Indenture Trustee promptly upon receipt thereof by the Indenture Trustee to the Person entitled thereto.

Section 3.07. Payments for Which No Application Is Otherwise

Provided. Except as otherwise provided in Section 3.05:

(a) any payment received by the Indenture Trustee for which no provision as to the application thereof is made elsewhere in this Agreement, and

(b) any payment received and amounts realized by the Indenture Trustee with respect to the Aircraft to the extent received or realized at any time after the conditions set forth in Article 10 for the satisfaction and discharge of this Agreement or for the defeasance of the Certificates shall have been satisfied, as well as any other amounts remaining as part of the Indenture Estate after such satisfaction shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such aggregate amount as shall be required to pay

the Indenture Trustee all amounts then due it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts; and

second, the balance if any, of such aggregate amount remaining

thereafter shall be distributed to the Owner Trustee to be held or
distributed in accordance with the terms of the Trust Agreement.

ARTICLE 4

COVENANTS OF OWNER TRUSTEE

Section 4.01. Covenants of the Owner Trustee. The Owner Trustee

hereby covenants and agrees that:

(i) the Owner Trustee will duly and punctually pay the principal of,
premium, if any, and interest on and other amounts due under the
Certificates, provided it or the Indenture Trustee has funds in the Trust
Estate for this purpose;

(ii) the Owner Trustee will, in its individual capacity, not directly
or indirectly create, incur, assume or suffer to exist any Lessor Lien
attributable to it in its individual capacity with respect to any of the
properties or assets of the Indenture Estate;

(iii) in the event an officer in the Corporate Trust Department of the
Owner Trustee shall have Actual Knowledge of an Indenture Event of Default
or Indenture Default or an Event of Loss, the Owner Trustee will give prompt
written notice of such Indenture Event of Default or Indenture Default or
Event of Loss to the Indenture Trustee, the Owner Participant and the
Company;

(iv) except as contemplated by the Operative Documents, the Owner
Trustee will not contract for, create, incur, assume or permit to exist any
Debt, and will not guarantee (directly or indirectly or by an instrument
having the effect of assuring another's payment or performance on any
obligation or capability of so doing, or otherwise), endorse or otherwise be
or become contingently liable, directly or indirectly, in connection with
the Debt of any other Person; and

(v) the Owner Trustee will not enter into any business or other
activity other than owning the Aircraft, the leasing thereof to the Company
and the carrying out of the transactions contemplated hereby and by the
Participation Agreement, the Trust Agreement and the other Operative
Documents.

ARTICLE 5

DISPOSITION, SUBSTITUTION AND RELEASE
OF PROPERTY INCLUDED IN THE INDENTURE ESTATE DURING
CONTINUATION OF LEASE

Section 5.01. Disposition, Substitution and Release of Property

Included in the Indenture Estate During Continuation of Lease. So long as the

Lease is in effect:

(a) Parts. Any Parts and alterations, improvements and modifications

in and additions to the Aircraft shall, to the extent required or specified
by the Lease, become subject to the lien of this Agreement and be leased to
the Company under the Lease; provided that, to the extent permitted by and

as provided in the Lease, the Company shall have the right, at any time and
from time to time, without any release from or consent by the Owner Trustee
or the Indenture Trustee, to remove, replace and pool Parts and to make
alterations, improvements and modifications in, and additions to, the
Aircraft. The Indenture Trustee agrees that, to the extent permitted by and
as provided in the Lease, title to any such Part shall vest in the Company.
The Indenture Trustee shall from time to time execute an appropriate written
instrument or instruments to confirm the release of the security interest of
the Indenture Trustee in any Part as provided in this Section 5.01, in each
case upon receipt by the Indenture Trustee of a Company Request stating that
said action was duly taken by the Company in conformity with this Section
5.01 and that the execution of such written instrument or instruments is
appropriate to evidence such release of a security interest under this
Section 5.01.

(b) Substitution Under the Lease upon an Event of Loss Occurring to

Airframe or Engines or upon Voluntary Termination of Lease with Respect to

Engines. Upon (i) the occurrence of an Event of Loss occurring to the

Airframe or an Engine, or (ii) a voluntary termination of the Lease with
respect to an Engine, the Company, in accordance with the Lease, may, in the
case of an Event of Loss which has occurred to the Airframe, or shall,
except as provided in Section 10(b) of the Lease, in the case of an Event of
Loss which has occurred to or termination of the Lease with respect to an
Engine, substitute an airframe or engine, as the case may be, in which case,
upon satisfaction of all conditions to such substitution specified in
Section 10 of the Lease, the Indenture Trustee shall release all of its
right, interest and lien in and to the Airframe or such Engine in accordance
with the provisions of the following two sentences. The Indenture Trustee
shall execute and deliver to the Owner Trustee an instrument releasing its
lien in and to the Airframe or such Engine and shall execute for recording
in public offices, at the expense of the Owner Trustee (if requested by the
Owner Trustee) or the Company (if requested by the Company), such
instruments in writing as the Owner Trustee or the Company shall reasonably

request and as shall be reasonably acceptable to the Indenture Trustee in order to make clear upon public records that such lien has been released under the laws of the applicable jurisdiction.

Each of the Owner Trustee and the Company hereby waives and releases any and all rights existing or that may be acquired to any penalties, forfeit or damages from or against the Indenture Trustee for failure to execute and deliver any document in connection with the release of a lien or to file any certificate in compliance with any law or statute requiring the filing of the same in connection with the release of a lien, except for failure by the Indenture Trustee to execute and deliver any document or to file any certificate as may be specifically requested in writing by the Owner Trustee or the Company.

ARTICLE 6

REDEMPTION OF CERTIFICATES

Section 6.01. Redemption of Certificates upon Certain Events. (a)

 (i) If there shall be an Event of Loss to the Aircraft and the Aircraft is not replaced pursuant to Section 10(a)(ii) of the Lease, each Outstanding Certificate shall be redeemed in whole at a Redemption Price equal to 100% of the outstanding principal amount of such Certificate plus accrued and unpaid interest thereon to but excluding the applicable Redemption Date.

(ii) If there shall be an Event of Loss to any Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe and, as a result of such an Event of Loss, Lessor elects to receive payment for such Engine from Lessee pursuant to Section 10(b) of the Lease and Lessee shall not have elected to replace such Engine notwithstanding such election by Lessor, a portion of the principal of each Outstanding Certificate equal to the product obtained by multiplying the unpaid principal amount of such Certificate on the Redemption Date applicable to such partial redemption (assuming, only for the purposes of this calculation, that, if such Redemption Date is coincident with a Maturity Date or an Installment Payment Date, the scheduled principal payment due on such Redemption Date is paid prior to the time the Redemption Price is calculated pursuant to this Section 6.01(a)(ii) and applied to principal in accordance with Section 3.03 hereof) by

_____. The Redemption Price for each such Certificate shall be the sum of such portion of principal being redeemed plus the amount of interest accrued and unpaid to such Redemption Date on the principal amount of such Certificate to be redeemed on such Redemption Date (assuming, only for the purposes of this calculation, that, if, such Redemption Date is coincident with an Interest Payment Date, the interest due on such Interest Payment Date is paid prior to the time such Redemption Price is calculated pursuant to this Section 6.01(a)(ii) and applied to interest in accordance with Section 3.03 hereof); provided that each Certificate shall receive, as to the principal thereof,

the same portion of such Redemption Price as the principal value of such Certificate at such Redemption Date represents of the total principal value of all Certificates Outstanding at such Redemption Date. Upon the occurrence of any partial redemption or redemptions pursuant to the preceding sentence the principal amount of each Outstanding Certificate shall be adjusted to take account of any such partial redemption or redemptions, and the Installment Payment Percentages applicable to any Installment Certificates issued hereunder shall be adjusted as provided for in the definition thereof. The Redemption Date for Certificates to be redeemed pursuant to this Section 6.01(a) shall be the Lease Loss Payment Date.

(b) If (i) the Lease shall be terminated by the Company at its option pursuant to Section 9(b) of the Lease or upon the purchase of the Aircraft by the Company at its option on a Special Purchase Option Date or the EBO Date pursuant to Section 19(b) of the Lease (unless the Company shall have elected to assume the rights and obligations of the Owner Trustee hereunder to the extent and as provided for in Section 8(r) of the Participation Agreement) or (ii) the Owner Trustee or the Owner Participant shall have given notice of redemption or purchase to the Indenture Trustee pursuant to Section 8.03(e)(ii) at any time after one or more Lease Events of Default shall have occurred and be continuing for a period of 180 days or more but less than one year (or a period of less than 180 days if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated, each Outstanding Certificate shall be redeemed or purchased in whole on the Redemption Date and at the Redemption Price determined below. Prior to the Premium Termination Date applicable to such Certificate, the Redemption Price applicable to a redemption or purchase pursuant to this Section 6.01(b) shall be equal to an amount which an Independent Investment Banker (or, in the case of the deposit of estimated premium pursuant to Section 8.03(e)(ii), the Owner Trustee) determines to be equal to the greater of (x) the unpaid principal amount of such Certificate as at such Redemption Date together (assuming, only for the purposes of this calculation, that, if such Redemption Date is coincident with an Interest Payment Date, the interest due on such Interest Payment Date is paid prior to the time such Redemption Price is calculated pursuant to this Section 6.01(b) and applied to interest in accordance with Section 3.03 hereof) with an amount equal to the interest accrued thereon from the immediately preceding Interest Payment Date to such Redemption Date and (y) the present value (computed in accordance with generally accepted financial practices on a semiannual basis at a discount rate equal to the Treasury Yield applicable to such Certificate as of such Redemption Date) as at such Redemption Date of (A) the regularly scheduled future payments of interest on such Certificate as required by the terms thereof and of this Agreement and (B) the regularly scheduled future payments of principal payable on such Certificate (the excess, if any, of the amount referred to in clause (y) of this sentence over the amount referred to in clause (x) constituting a "premium" or a "Premium"), plus, in either case, interest on the principal of such Certificate accrued as at the immediately preceding Interest Payment Date and unpaid as of such Redemption Date. On or after the Premium Termination Date applicable to such Certificate, the Redemption Price applicable to a redemption or purchase pursuant to this

Section 6.01(b) shall equal the unpaid principal amount of such Certificate as at such Redemption Date together with an amount equal to the interest accrued thereon from the immediately preceding Interest Payment Date to such Redemption Date plus interest on the principal of such Certificate accrued as at the immediately preceding Interest Payment Date and unpaid as of such Redemption Date and, in the case of either of the two immediately preceding sentences (but without duplication), if such Redemption Date is coincident with an Interest Payment Date, the regularly scheduled interest payment due on such Interest Payment Date. The Redemption Date for Certificates to be redeemed or purchased (x) pursuant to clause (i) of this Section 6.01(b) shall be (A) in the case of a termination of the Lease pursuant to Section 9(b) thereof, the third Business Day following the Lease Termination Date, if any, or, in the case of purchase of the Aircraft by the Company pursuant to Section 19(b) of the Lease, the applicable Special Purchase Option Date or EBO Date and (y) pursuant to clause (ii) of this Section 6.01(b), shall be the same date as if the redemption had occurred pursuant to Section 6.02. If the Owner Trustee elects to purchase the Certificates under Section 8.03(e)(ii), nothing herein, including use of the terms "Redemption Date" and "Redemption Price" shall be deemed to result in a redemption of the Certificates.

(c) Certificates may be redeemed if the Company shall have requested the Owner Trustee and the Owner Participant to effect a redemption thereof pursuant to Section 17 of the Participation Agreement as part of a refunding or refinancing, and if all the conditions to such refunding or refinancing set forth in such Section 17 of the Participation Agreement shall have been satisfied. In such event, each Outstanding Certificate may be so redeemed at a Redemption Price determined in accordance with the procedures described above in Section 6.01(b); provided, however, that the applicable Redemption Date for

 Certificates to be redeemed pursuant to this Section 6.01(c) shall be the applicable Refinancing Date under Section 17 of the Participation Agreement.

Section 6.02. Redemption or Purchase of Certificates upon Certain

 Indenture Events of Default. If the Owner Trustee or the Owner Participant

 shall have given notice of redemption or purchase to the Indenture Trustee pursuant to Section 8.03(e)(ii) at any time after the Certificates shall have been accelerated pursuant to Section 8.02 or after one or more Lease Events of Default shall have occurred and be continuing for a period of one year or more (or a period of 180 days or more if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated, each Outstanding Certificate shall be redeemed or purchased in whole at a Redemption Price equal to 100% of its principal amount plus accrued and unpaid interest thereon to but excluding the applicable Redemption Date as determined below. The Redemption Date for Certificates to be redeemed or purchased pursuant to this Section 6.02 shall be the date specified in the notice given by the Owner Trustee to the Indenture Trustee pursuant to Section 8.03(e)(ii). If the Owner Trustee elects to purchase the Certificates

under Section 8.03(e)(ii), nothing herein, including use of the terms "Redemption Date" and "Redemption Price" shall be deemed to result in a redemption of the Certificates.

Section 6.03. Notice of Redemption to Holders. Notice of redemption

 or purchase shall be given by first-class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the Redemption Date, to each Holder of Certificates to be redeemed or purchased, at such Holder's address appearing in the Register; provided that, in the case of a redemption pursuant to Section

 6.01(b)(1) related to Lessee's exercise of its option pursuant to Section 9(b) of the Lease, such notice shall be revocable and shall be deemed revoked in the event the Lease does not in fact terminate on the related Lease Termination Date.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the applicable basis for determining the Redemption Price,

(3) that on the Redemption Date, the Redemption Price will become due and payable upon each such Certificate, and that interest on Certificates shall cease to accrue on and after such Redemption Date, and

(4) the place or places where such Certificates are to be surrendered for payment of the Redemption Price.

Notice of redemption or purchase of Certificates to be redeemed or purchased shall be given by the Indenture Trustee.

Section 6.04. Deposit of Redemption Price. On or before the

 Redemption Date, the Owner Trustee (or any person on behalf of the Owner Trustee) shall, to the extent an amount equal to the Redemption Price for the Certificates to be redeemed or purchased on the Redemption Date shall not then be held in the Indenture Estate, deposit or cause to be deposited with the Indenture Trustee or the Paying Agent by 12:00 noon in immediately available funds the Redemption Price of the Certificates to be redeemed or purchased on the Redemption Date.

Section 6.05. Certificates Payable on Redemption Date. Notice of

 redemption or purchase having been given as aforesaid (and not deemed revoked as contemplated in the proviso to Section 6.03), the Certificates shall, on the applicable Redemption Date, become due and payable at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purposes pursuant to Section 2.03, and from and after such Redemption Date (unless there shall be a default in the payment of the Redemption Price) any Certificates then Outstanding shall cease to bear interest. Upon surrender of any

such Certificate for redemption or purchase in accordance with said notice such Certificate shall be paid at the Redemption Price.

If any Certificate called for redemption or purchase shall not be so paid upon surrender thereof for redemption or purchase, the principal amount thereof shall, until paid, continue to bear interest from the applicable Redemption Date at the interest rate applicable to such Certificate.

ARTICLE 7

MATTERS CONCERNING THE COMPANY

Section 7.01. Repayment of Monies for Certificate Payments Held by

the Indenture Trustee. Any money held by the Indenture Trustee or any Paying

Agent in trust for any payment of the principal of, premium, if any, or interest on any Certificate, including without limitation any money deposited pursuant to Article 10 and remaining unclaimed for two years and eleven months after the due date for such payment, shall be paid to the Owner Trustee; and the Holders of any Outstanding Certificates shall thereafter, as unsecured general creditors, look only to the Company on behalf of the Owner Trustee for payment thereof, and all liability of the Indenture Trustee or any such Paying Agent with respect to such trust money shall thereupon cease; provided that the Indenture Trustee or

such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be mailed to each such Holder notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of mailing, any unclaimed balance of such money then remaining will be repaid to the Owner Trustee as provided herein.

Section 7.02. Change in Registration. The Indenture Trustee shall,

upon the request of the Company, consent to the deregistration of the Aircraft under the laws of the jurisdiction in which it is at the time registered and the registration of the Aircraft under the laws of another jurisdiction (herein called a "change in registration") provided that the following conditions are met:

(a) such change in registration complies with the provisions of the Participatioin Agreement or the Lease;

(b) no Lease Event of Default and no event which, with lapse of time or notice, or both, would become a Lease Event of Default shall have occurred and be continuing at the date of such request or at the effective date of the change in registration, provided that it shall not be necessary to comply with this condition (b) if the change in registration results in the registration of the Aircraft under the laws of

the United States or if the Indenture Trustee in its discretion believes the change in registration would be advantageous to the Holders; and

(c) the Indenture Trustee shall have received an opinion of counsel reasonably satisfactory to the Indenture Trustee to the effect that:

(i) after giving effect to the change in registration, the Lien on the Aircraft and the other property included in the Indenture Estate shall continue as a fully perfected lien and that all filing, recording or other action necessary to perfect and protect the lien of this Indenture has been accomplished (or if such opinion cannot be given at the time by which the Indenture Trustee has been requested to consent to a change in registration, (x) the opinion shall detail what filing, recording or other action is necessary and (y) the Indenture Trustee shall have received a certificate from the Company that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to the Indenture Trustee on or prior to the effective date of the change in registration); and

(ii) the terms of the Lease and this Agreement (including the governing law clauses) being legal, valid and binding and enforceable in such jurisdiction, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and by general principles of equity and except as limited by applicable laws which may affect the remedies provided in the Lease and this Agreement, respectively, which laws, however, do not in the opinion of such counsel make the remedies provided in the Lease and this Agreement, respectively, inadequate for the practical realization of the rights and benefits provided thereby.

The Indenture Trustee shall execute such documents as the Company or the Owner Trustee shall reasonably request in order to satisfy the above conditions and upon satisfaction of such conditions to effect the change in registration.

Section 7.03. Assumption of Obligations of Owner Trustee by the

Company. In the event that the Company shall have elected to assume all of the

rights and obligations of the Owner Trustee under this Agreement in respect of the Certificates in connection with the purchase by the Company of the Aircraft pursuant to Section 8(r) of the Participation Agreement and, if on or prior to the Purchase Option Date:

(a) the Company shall have delivered to the Indenture Trustee a certificate, dated the Purchase Option Date, of a Responsible Company Officer stating that the

Company has paid to the Owner Trustee all amounts required to be paid to the Owner Trustee pursuant to Section 19(b) of the Lease in connection with such purchase and assumption;

(b) no event which constitutes or, with the lapse of time or notice, or both, would become, an Event of Default under this Agreement after giving effect to the indenture supplement referred to below shall have occurred and be continuing immediately subsequent to such purchase or assumption and the Indenture Trustee shall have received a certificate, dated the Purchase Option Date, of a Responsible Company Officer to such effect;

(c) the Indenture Trustee shall have received, on or prior to the Purchase Option Date, evidence of all filings, recordings and other action referred to in the Opinion or Opinions of Counsel referred to below;

(d) the Indenture Trustee shall have received an Opinion or opinions of Counsel for the Company, dated the Purchase Option Date, which without unusual qualification shall be to the effect that, after giving effect to the indenture supplement referred to below:

(i) this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, and except as limited by applicable laws which may affect the remedies provided for in this Agreement, which laws, however, do not in the opinion of such counsel make the remedies provided for in this Agreement inadequate for the practical realization of the rights and benefits provided for in this Agreement;

(ii) the Aircraft is duly registered in compliance with applicable law;

(iii) the Lien on the Aircraft constitutes a fully perfected Lien and all filing, recording or other action (specifying the same) necessary to perfect and protect the Lien of this Agreement has been accomplished;

(iv) the Indenture Trustee would be entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft; provided that such opinion may contain qualifications of the tenor

 contained in the opinion of special counsel for the Company delivered pursuant to Section 4(a)(xi)(b) of the Participation Agreement on the Delivery Date; and

(v) no Holder will be required to recognize gain or loss for tax purposes in connection with such assumption; and

(e) an indenture supplement reasonably satisfactory to the Indenture Trustee, dated the Purchase Option Date, shall have been executed by the Indenture Trustee and any other parties necessary thereto and shall have been delivered to the Indenture Trustee;

then, automatically and without the requirement of further action by any Person, effective as of the Purchase Option Date, the Owner Trustee shall be released from all of its obligations under the Agreement in respect of the Certificates or otherwise (other than any obligations or liabilities of the Owner Trustee in its individual capacity incurred on or prior to the Purchase Option Date or arising out of or based upon events occurring on or prior to the Purchase Option Date, which obligations and liabilities shall remain the sole responsibility of the Owner Trustee).

If, concurrent with an assumption pursuant to this Section 7.03, the Aircraft is being reregistered the Company must comply with the provisions of Section 7.02 hereof.

ARTICLE 8

DEFAULTS AND REMEDIES

Section 8.01. Indenture Events of Default. The following events

shall constitute "Indenture Events of Default" under this Agreement (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Indenture Event of Default shall be deemed to exist so long as, but only so long as, it shall not be remedied:

(a) any amount of interest upon any Certificate or of principal of any Certificate or of premium, if any, in respect of any Certificate shall not be paid when due and payable (whether upon redemption or purchase, final maturity, acceleration or otherwise) and such default in payment shall continue for more than 10 days after such amount shall have become due and payable; or

(b) any failure by the Owner Trustee, in its individual capacity or as Owner Trustee, as the case may be, to observe or perform in any material respect any covenant or obligation required pursuant to Article 4 or clauses 1-5 under the Habendum Clause hereof or Section 8(b), 8(c), 8(g), 8(n) or 10 of the Participation Agreement or the failure by the Owner Participant to observe or perform in any

material respect any covenant or obligation of it required pursuant to Section 8(b), 8(g) or 10 of the Participation Agreement, or, to the extent that the interest of the Indenture Trustee or any Holder of an Outstanding Certificate is adversely affected by such failure, in Section 4.01(a) of the Trust Agreement or the termination or revocation by the Owner Participant of the trust created by the Trust Agreement without the Indenture Trustee's prior written consent if, but only if, such failure or termination or revocation is not remedied within a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; provided that no Indenture Event of

 Default shall arise under this Section 8.01(b) solely as a result of a failure by the Owner Participant or the Owner Trustee to observe or perform any covenant contained in Section 8(g) of the Participation Agreement if all action necessary to discharge all Lessor Liens referred to in such Section shall have been taken and the Indenture Trustee and the Indenture Estate shall have been compensated for all claims, losses and expenses arising from the failure of the Owner Trustee or the Owner Participant, as the case may be, to observe and perform any such covenant; or

(c) any failure by the Owner Trustee, in its individual capacity or as Owner Trustee, to observe or perform any other covenant or obligation of the Owner Trustee contained in this Agreement or in the Participation Agreement or any failure by the Owner Participant to observe or perform any other covenant or obligation of the Owner Participant contained in the Participation Agreement which failure, in any case and either individually or together with other then existing failures, shall have a material adverse effect on the rights and interests of the Holders and is not remedied within a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; provided, however, that, if the Owner Trustee, in its

 individual capacity or as Owner Trustee, or the Owner Participant shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of any of them in attempting to cure such failure, such failure is not cured within said 30 day period but is curable with future due diligence, there shall exist no Indenture Event of Default as a consequence of such failure so long as the Owner Trustee in its individual capacity or as Owner Trustee or the Owner Participant is proceeding with due diligence to cure such failure, there exists no adverse effect on the Lien of this Agreement and such failure is in fact cured within a further period of 30 days; or

(d) any material representation or warranty made by the Owner Trustee, in its individual capacity or as Owner Trustee, or by the Owner Participant under the Participation Agreement, or by the Owner Trustee hereunder, or by the Owner Trustee, in its individual capacity or as Owner Trustee, or by the Owner Participant in any document or certificate furnished to the Indenture Trustee in connection herewith or therewith or pursuant hereto or hereto, shall prove at any time to have been incorrect in any material respect as of the date made and such incorrectness shall remain material at the date of the notice referred to below and such incorrectness shall continue unremedied for a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such incorrectness and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; or

(e) there shall be a Lease Event of Default other than any such Lease Event of Default arising by reason of nonpayment of any Excluded Payments when due; provided that any Lease Event of Default shall be deemed to exist

and continue so long as, but only so long as, it shall not be remedied; or

(f) either the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, shall (i) file, or consent by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, or (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or any substantial part of its property; provided that an

event referred to in this Section 8.01(f) with respect to the Owner Participant shall not constitute an Indenture Event of Default if (A) an order, judgment or decree shall be entered in a proceeding by a court or a trustee, custodian, receiver or liquidator which is either final and non-appealable or has not been stayed pending any appeal, or (B) an opinion of counsel satisfactory to the Indenture Trustee shall be provided by the Owner Participant, in each case to the effect that no part of the Trust Estate created by the Trust Agreement (except for the Owner Participant's beneficial interest in such Trust Estate) and no right, title or interest under the Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 8.01(f); or

(g) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as

the case may be, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, and any such order or petition is not dismissed or stayed within 90 days after the earlier of the entering of any such order or the approval of any such petition; provided that an event referred to in this Section 8.01(g) with

 respect to the Owner Participant shall not constitute an Indenture Event of Default if (A) an order, judgment or decree shall be entered in a proceeding by a court or a trustee, custodian, receiver or liquidator which is either final and non-appealable or has not been stayed pending an appeal, or (B) an opinion of counsel satisfactory to the Indenture Trustee shall be provided by Owner Participant, in each case to the effect that no part of the Trust Estate created by the Trust Agreement (except for the Owner Participant's beneficial interest in such Trust Estate) and no right, title or interest under the Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to, the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 8.01(g).

Section 8.02. Acceleration; Rescission and Annulment. If an

 Indenture Event of Default occurs and is continuing, either the Indenture Trustee, by notice to the Company and the Owner Trustee, or the Holders of at least 25% in aggregate principal amount of Outstanding Certificates, by notice to the Company, the Indenture Trustee, the Owner Trustee and the Owner Participant, may declare the principal of all the Certificates to be due and payable. Upon such declaration, the principal of all Certificates together with accrued interest thereon from the date in respect of which interest was last paid hereunder to the date payment of such principal has been made or duly provided for, shall be immediately due and payable. At any time after such declaration and prior to the sale or disposition of the Indenture Estate, the Holders of a majority in aggregate principal amount of all of the Outstanding Certificates, by notice to the Indenture Trustee, the Company, the Owner Trustee and the Owner Participant, may rescind such a declaration and thereby annul its consequences if (i) an amount sufficient to pay all principal on any Certificates which have become due otherwise than by such declaration and any interest thereon and interest due or past due, if any, and all sums due and payable to the Indenture Trustee have been deposited with the Indenture Trustee, (ii) the rescission would not conflict with any judgment or decree and (iii) all existing Indenture Defaults and Indenture Events of Default under this Agreement have been cured or waived except nonpayment of principal of, or interest on, the Certificates that has become due solely because of such acceleration.

Section 8.03. Other Remedies Available to Indenture Trustee. (a)

After an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, then and in every such case the Indenture Trustee, as trustee of an express trust and as assignee hereunder of the Lease or as holder of a security interest in the Aircraft or Engines or otherwise, may, and when required pursuant to the provisions of Article 9 shall, exercise, subject to Sections 8.03(b), 8.03(e), 8.03(f) and 8.03(h), any or all of the rights and powers and pursue any and all of the remedies accorded to the Owner Trustee pursuant to Section 15 of the Lease and this Article 8, may recover judgment in its own name as Indenture Trustee against the Indenture Estate and may take possession of all or any part of the Indenture Estate and may exclude the Owner Trustee and the Owner Participant and all persons claiming under any of them wholly or partly therefrom.

(b) After an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, subject to Sections 8.03(e), 8.03(f) and 8.03(h), the Indenture Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Owner Trustee, the Owner Participant and the Company once at least 30 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Indenture Estate, or any part thereof, or interest therein, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Indenture Trustee may determine, and at any place (whether or not it be the location of the Indenture Estate or any part thereof) and time designated in the notice above referred to; provided, however, that, notwithstanding any provision

herein to the contrary, the Indenture Trustee may not provide the notice provided for above of its intention to sell any of the Indenture Estate, exercise remedies under the Lease or exercise other remedies against the Indenture Estate seeking to deprive the Owner Trustee or the Owner Participant of its rights therein unless a declaration of acceleration has been made pursuant to Section 8.02 or the Certificates have otherwise theretofore become due and payable through redemption or otherwise. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Indenture Trustee and the Holder or Holders of any Certificates, or any interest therein, may bid and become the purchaser at any such sale. No such sale may be consummated if the Owner Trustee shall, prior to the consummation thereof, have given notice pursuant to and made the deposit required by Section 8.03(e)(ii). The Indenture Trustee may exercise such right without possession or production of the Certificates or proof of ownership thereof, and as representative of the Holders may exercise such right without notice to the Holders or including the Holders as parties to any suit or proceeding relating to foreclosure of any property in the Indenture Estate. The Owner Trustee hereby irrevocably constitutes the Indenture Trustee the true and lawful attorney-in-fact of the Owner Trustee (in the name of the Owner Trustee or otherwise)

for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the lien created under this Agreement, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Indenture Trustee may consider necessary or appropriate, with full power of substitution, the Owner Trustee hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Indenture Trustee or any purchaser, the Owner Trustee shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Indenture Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(c) Subject to Sections 8.03(e) and 8.03(f), if an Indenture Event of Default has occurred and is continuing, the Owner Trustee shall, at the request of the Indenture Trustee, promptly execute and deliver to the Indenture Trustee such instruments of title or other documents as the Indenture Trustee may deem necessary or advisable to enable the Indenture Trustee or an agent or representative designated by the Indenture Trustee, at such time or times and place or places as the Indenture Trustee may specify, to obtain possession of all or any part of the Indenture Estate. If the Owner Trustee shall for any reason fail to execute and deliver such instruments and documents after such request by the Indenture Trustee, the Indenture Trustee shall be entitled, in a proceeding to which the Owner Trustee will be a necessary party, to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Indenture Trustee the right to immediate possession and requiring the Owner Trustee to execute and deliver such instruments and documents to the Indenture Trustee. The Indenture Trustee shall also be entitled to pursue all or any part of the Indenture Estate wherever it may be found and may enter any of the premises of the Owner Trustee or any other Person wherever the Indenture Estate may be or be supposed to be and search for the Indenture Estate and take possession of any item of the Indenture Estate pursuant to this Section 8.03(c). The Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, lease, control or manage the Indenture Estate, and to exercise all rights and powers of the Owner Trustee relating to the Indenture Estate as the Indenture Trustee shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Indenture Estate or any part thereof; and the Indenture Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), issues, profits, products, pursuant to this Section 8.03(c). The Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, lease, control or manage the Indenture Estate, and to exercise all rights and

powers of the Owner Trustee relating to the Indenture Estate as the Indenture Trustee shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Indenture Estate or any part thereof; and the Indenture Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), issues, profits, products, revenues and other income of the Indenture Estate and every part thereof, without prejudice, however, to the right of the Indenture Trustee under any provision of this Agreement to collect and receive all cash held by, or required to be deposited with, the Indenture Trustee hereunder. In accordance with the terms of this Section 8.03(c), such tolls, rents (including Rent), issues, profits, products, revenues and other income shall be applied to pay the expenses of using, operating, storing, leasing, controlling or managing the Indenture Estate, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner Trustee and, to the extent permitted by the Lease, the Company), and all other payments which the Indenture Trustee may be required or authorized to make under any provision of this Agreement, including this Section 8.03(c), as well as just and reasonable compensation for the services of the Indenture Trustee, and of all persons properly engaged and employed by the Indenture Trustee.

If an Indenture Event of Default occurs and is continuing and the Indenture Trustee shall have obtained possession of or title to the Aircraft, the Indenture Trustee shall not be obligated to use or operate the Aircraft or cause the Aircraft to be used or operated directly or indirectly by itself or through agents or other representatives or to lease, license or otherwise permit or provide for the use or operation of the Aircraft by any other Person unless (i) the Indenture Trustee shall have been able to obtain insurance in kinds, at rates and in amounts satisfactory to it in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all liability for loss or damage to the Aircraft and for public liability and property damage resulting from use or operation of the Aircraft and (ii) funds are available in the Indenture Estate to pay for all such insurance or, in lieu of such insurance, the Indenture Trustee is furnished with indemnification from the Holders or any other Person upon terms and in amounts satisfactory to the Indenture Trustee in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all such liabilities.

(d) Subject to Sections 8.03(b), 8.03(e) and 8.03(f), the Indenture Trustee may proceed to protect and enforce this Agreement and the Certificates by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Indenture Estate or any part thereof, or for the recovery of judgment for the indebtedness

secured by the Lien created under this Agreement or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) (i) If the Company shall fail to make any payment of Basic Rent under the Lease when the same shall become due, and if such failure of the Company to make such payment of Basic Rent shall not constitute the fourth consecutive such failure or the seventh or subsequent cumulative such failure, then as long as no Indenture Event of Default (other than arising from a Lease Event of Default not involving any failure to make any payments to which the Indenture Trustee or any Holder is entitled hereunder when due) shall have occurred and be continuing, the Owner Participant or the Owner Trustee may (but need not) pay to the Indenture Trustee, at any time prior to the day which is the later of (x) the 11th day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and (y) the sixth day subsequent to the expiration of the grace period provided for in Section 14(a) of the Lease with respect to the payment of Basic Rent (and the Indenture Trustee shall not (without the prior written consent of the Owner Trustee) declare the Lease in default pursuant to Section 15 thereof or exercise any of the rights, powers or remedies pursuant to such Section 15 or this Section 8 prior to the occurrence of such later date), an amount equal to the full amount of such payment of Basic Rent, together with any interest due thereon on account of the delayed payment thereof to the date of such payment, and such payment by the Owner Participant or the Owner Trustee shall be deemed to cure as of the date of such payment any Indenture Event of Default which arose from such failure of the Company (including any Lease Event of Default arising from the Lessee's failure to pay interest in respect of such overdue Basic Rent for the period commencing on the date of such payment), but such cure shall not relieve the Company of any of its obligations. If the Company shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it under the Lease, and if (but only if) the performance or observance thereof can be effected by the payment of money alone (it being understood that actions such as the obtaining of insurance and the procurement of maintenance services can be so effected), then as long as no other Indenture Event of Default (other than those arising from a Lease Event of Default) shall have occurred and be continuing, the Owner Participant or the Owner Trustee may (but need not) pay to the Indenture Trustee (or to such other person as may be entitled to receive the same), at any time prior to the day which is the later of (x) the 11th day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and (y) the sixth day subsequent to the expiration of the grace period, if any, provided with respect to such failure on the part of the Company in Section 14 of the Lease (and the Indenture Trustee shall not (without the prior written consent of the Owner Trustee) declare the Lease in default pursuant to Section 15 thereof or exercise any of the rights, powers or remedies pursuant to such Section 15 or this Section 8 prior to the occurrence of such later date), all sums necessary to effect the performance or observance of such covenant or agreement of the Company, together with any interest due thereon on account of the delayed payment thereof to the date of such payments and such payment by the Owner Participant or the Owner Trustee shall be deemed to cure as of the

date of such payment any Indenture Event of Default which arose from such failure of the Company (including any Lease Event of Default arising from the Lessee's failure to pay interest in respect of such overdue payment for the period commencing on the date of such payment), but such cure shall not relieve the Company of any of its obligations. Upon any payment of Basic Rent by the Owner Participant or the Owner Trustee in accordance with the first sentence of this Section 8.03(e)(i), or upon any payment of any other sums by the Owner Participant or the Owner Trustee in accordance with the second sentence of this Section 8.03(e)(i), the Owner Participant or the Owner Trustee shall, to the extent of their respective payments, be subrogated, in the case of any such payment in accordance with such first sentence, to the rights of the Indenture Trustee, as assignee hereunder of the Owner Trustee, or, in the case of any such payment in accordance with such second sentence, to the rights of the Indenture Trustee or such other person as the case may be, which actually received such payment, to receive such payment of Basic Rent or such other payment, as the case may be (and any interest due thereon on account of the delayed payment thereof), and shall be entitled to receive such payment upon its receipt by the Indenture Trustee or such other person, as aforesaid (but in each case only if all amounts of principal of, and interest at the time due and payable on, the Certificates together with interest due thereon on account of the delayed payment thereof shall have been paid in full); provided that neither the Owner

Participant nor the Owner Trustee shall attempt to recover any such amount paid by it on behalf of the Company pursuant to this Section 8.03(e)(i) except by demanding of the Company payment of such amount or by proceeding by appropriate court action against the Company to enforce the payment of such amount pursuant to Section 15(f), but only said Section 15(f), of the Lease.

(ii) In the event that (A) at any time one or more Lease Events of Default shall have occurred and be continuing for a period of 180 days or more but less than one year (or a period of less than 180 days if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated or (B) the Certificates shall have been accelerated pursuant to Section 8.02 or after one or more Lease Events of Default shall have occurred and be continuing for a period of one year or more (or a period of 180 days or more, if such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease), the Owner Trustee or the Owner Participant may, at its option, give at least 30 days' prior irrevocable notice to the Indenture Trustee that the Owner Trustee or the Owner Participant will redeem or purchase all Certificates then outstanding on the Business Day specified in such notice and, concurrently with such notice, the Owner Trustee or the Owner Participant will deposit with the Indenture Trustee an amount sufficient to redeem or purchase at the applicable Redemption Price determined consistently with the applicable provisions of Article 6 all Certificates then outstanding (including, if Section 6.01(b) is applicable, an estimate of the premium to be paid on the Redemption Date computed using the Treasury Yield determined as if the Redemption Date were the date of such notice) and to pay the Indenture Trustee all amounts then due it hereunder, which funds shall be held by the Indenture Trustee as

provided in Section 9.04. Upon the giving of such notice and the receipt by the Indenture Trustee of such deposit, the Indenture Trustee shall deem all instructions received from the Owner Trustee as having been given by the Holders of 100% of the outstanding principal amount of Certificates for all purposes of this Indenture. If such notice is given, the Owner Trustee further agrees that it will deposit or cause to be deposited with the Indenture Trustee, on or prior to the Business Day preceding the applicable Redemption Date, whether or not an Indenture Event of Default is then continuing, funds sufficient, when added to the funds already held by the Indenture Trustee for such purpose, to redeem or purchase at the applicable Redemption Price (including the premium actually payable in respect thereof) on such Redemption Date all Certificates then outstanding and to pay the Indenture Trustee all amounts then due it hereunder.

(iii) Anything in this Agreement to the contrary notwithstanding the Indenture Trustee shall not be entitled to exercise any remedy hereunder as a result of an Indenture Event of Default which arises solely by reason of one or more events or circumstances which constitute a Lease Event of Default unless the Indenture Trustee as security assignee of the Owner Trustee shall have exercised or concurrently be exercising one or more of the remedies provided for in Section 15(a)-(f) of the Lease with respect to the Aircraft; provided,

 however, that such requirement to exercise one or more of such remedies under

the Lease shall not apply in circumstances where the Indenture Trustee is, and has been, for a continuous period in excess of 60 days or such other period as may be specified in section 1110(a)(1)(A) of the Bankruptcy Code (such 60-day or other period being the "Section 1110 Period"), involuntarily stayed or prohibited by applicable law or court order from exercising such remedies under the Lease (a "Continuous Stay Period"); provided further, however, that the

 requirement to exercise one or more of such remedies under the Lease shall nonetheless be applicable during a Continuous Stay Period subsequent to the expiration of the Section 1110 Period to the extent that the continuation of such Continuous Stay Period subsequent to the expiration of the Section 1110 Period (A) results from an agreement by the trustee or the debtor-in possession in such proceeding during the Section 1110 Period with the approval of the relevant court to perform the Lease in accordance with Section 1110(a)(1)(A) of the Bankruptcy Code and continues to perform as required by Section 1110(a)(1)(A-B) of the Bankruptcy Code or (B) is an extension of the Section 1110 Period with the consent of the Indenture Trustee pursuant to Section 1110(b) of the Bankruptcy Code or (C) results from the Company's assumption during the Section 1110 period with the approval of the relevant court of the Lease pursuant to Section 365 of the Bankruptcy Code or (D) is the consequence of the Indenture Trustee's own failure to give any requisite notice to any person or (E) is pursuant to a judicial stay pending the resolution of litigation with respect to the applicability of Section 1110 of the Bankruptcy Code and there is either no Lease Event of Default other than one arising solely from the Company's bankruptcy or any such other Lease Event of Default has been cured; provided, further, however, that the requirement to exercise one or more

 of such remedies under the Lease during a Continuous Stay Period subsequent to the expiration of the Section 1110 period

based upon a judicial stay as provided for in this clause (E) shall in any event cease to be applicable subsequent to the 120th day of such Continuous Stay Period. If the limitation upon cures of the Lessee's failure to pay Basic Rent as provided in Section 8.03(e)(i) would otherwise prohibit the Owner Participant or the Owner Trustee from making a payment to cure a Lease Event of Default for purposes of clause (E) above, the Owner Participant or the Owner Trustee shall nonetheless be entitled to make such payment. If the Indenture Trustee shall acquire title to the Aircraft through foreclosure during a Continuous Stay period without having exercised one or more of such remedies under the Lease by virtue of the Continuous Stay Period having continued beyond its 120th day as provided above in clause (E) and the Indenture Trustee shall have received prior to the 183rd day subsequent to its acquisition of title to the Aircraft, the proceeds from its sale of the Aircraft, the Indenture Trustee shall, notwithstanding any other provision of this Indenture, distribute to the Owner Trustee the amount, if any, by which such proceeds (net of the Indenture Trustee's costs and expenses (including the fees and expenses of counsel and other experts and agents retained by it), commissions and other costs and expenses with respect to such foreclosure, the maintenance and preservation of the Aircraft and such sale (including amounts in respect of any thereof paid by others to whom the Indenture Trustee has a reimbursement obligation) and any other amounts to which the Indenture Trustee is entitled pursuant to Section 9.06 or otherwise) exceed an amount equal to the aggregate of the principal amount of the Certificates outstanding on the date of such foreclosure, together with interest accrued thereon to such foreclosure date and an amount equal to the amount of interest that would have accrued (at the rate per annum applicable under the Certificates) on such principal amount from the date of such foreclosure to the date of the distribution by the Indenture Trustee of such proceeds for the benefit of the Holders if such principal amount had remained outstanding. References in this subsection (iii) to particular sections of the Bankruptcy Code as in effect on the date of the amendment and restatement of this Indenture shall include any substantially similar successor provisions.

(f) Notwithstanding any provision of this Agreement to the contrary, including, without limitation, Sections 8.03(b), 8.03(c) and 8.03(d), as long as no Lease Event of Default shall have occurred and be continuing, neither the Indenture Trustee nor the Owner Trustee shall take any action in violation of the Company's rights under the Lease, including, without limitation, (x) the right to receive all monies due and payable to it in accordance with the provisions of the Lease and (y) the Company's rights to possession and use of, and of quiet enjoyment of, the Aircraft.

(g) Each and every right, power and remedy herein given to the Indenture Trustee specifically or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often in such order as may be deemed expedient by the Indenture Trustee, and the exercise

or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Indenture Trustee in the exercise of any right, remedy or power or in pursuing any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner Trustee or the Company or to be an acquiescence therein.

(h) Notwithstanding anything contained herein to the contrary, so long as the Pass Through Trustee is a Holder, the Indenture Trustee is not authorized or empowered to acquire title to the Indenture Estate, or to take any action with respect to any of the Indenture Estate so acquired by it, if such acquisition or action would cause any Pass Through Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

Section 8.04. Waiver of Owner Trustee. To the extent now or at any

time hereafter enforceable under applicable law, the Owner Trustee covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Indenture Estate or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or prior to any applicable decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Owner Trustee acquiring any interest in or title to the Indenture Estate or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. Nothing in this Section 8.04 shall be deemed to be a waiver by the Owner Trustee of its rights under Section 8.03(e).

The Indenture Trustee may maintain such a pleading, or, in any manner whatsoever, claim or take any benefit or advantage of or from any law now or hereafter in force even if it does not possess any of the Certificates or does not produce any of them in the proceeding. A delay or omission by the Indenture Trustee or any Holder in exercising any right or remedy accruing upon an Indenture Event of Default under this Agreement shall not impair the right or remedy or constitute a waiver of or acquiescence in such Indenture Event of Default.

Section 8.05. Waiver of Existing Defaults. The Holders of a majority

in the aggregate principal amount of the Outstanding Certificates by notice to the Indenture Trustee may waive on behalf of the Holders an existing Indenture Default or Indenture Event of Default and its consequences except (i) an Indenture Default or Indenture Event of Default in

the payment of the principal of or interest on any Certificate or (ii) in respect of a covenant or provision hereof which pursuant to Section 11.02 cannot be amended or modified without the consent of the Holder affected.

Section 8.06. Control by Majority. (a) The Holders of a majority in

aggregate principal amount of the Outstanding Certificates may direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on it by this Agreement. However, the Indenture Trustee may refuse to follow any direction that conflicts with law or this Agreement, that is unduly prejudicial to the rights of the Holders so affected, or that would subject the Indenture Trustee to personal liability.

(b) The Owner Trustee may pursuant to the direction and instruction of the Owner Participant by delivery of written notice to the Indenture Trustee set a record date to determine the Holders entitled to give any consent, request, demand, authorization, direction, notice, waiver or other act. Such record date shall be the record date specified in such Officers' Certificate which shall be a date not more than 30 days prior to the first solicitation of Holders in connection therewith. If such a record date is fixed, such consent, request, demand, authorization, direction, notice, waiver or other act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders holding the requisite proportion of certificates have authorized or agreed or consented to such consent, request, demand, authorization, direction, notice, waiver or other act, and for that purpose the Outstanding Certificates shall be computed as of such record date; provided that no such consent, request, demand, authorization, direction, notice, waiver or other act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after the record date.

Section 8.07. Limitation on Suits by Holders. A Holder may pursue a

remedy under this Agreement or thereunder only if:

(1) the Holder gives to the Indenture Trustee written notice of a continuing Indenture Event of Default under this Agreement;

(2) the Holders of at least 25% in aggregate principal amount of the Outstanding Certificates make a written request to the Indenture Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Indenture Trustee indemnity satisfactory to the Indenture Trustee against any loss, liability or expense to be, or which may be, incurred by the Indenture Trustee in pursuing the remedy;

(4) the Indenture Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period the Holders of a majority in aggregate principal amount of the Outstanding Certificates do not give the Indenture Trustee a direction inconsistent with the request.

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

Section 8.08. Rights of Holders to Receive Payment. Notwithstanding

any other provision of this Agreement the right of any Holder to receive payment of principal of, premium, if any, and interest on such Certificate on or after the respective due dates expressed in such Certificate, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 8.09. Indenture Trustee May File Proofs of Claim. The

Indenture Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee and of the Holders allowed in any judicial proceedings relating to any obligor on the Certificates, its creditors, or its property.

ARTICLE 9

INDENTURE TRUSTEE

Section 9.01. Duties of Indenture Trustee. (a) The Indenture

Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(b) Subject to the provisions of Section 9.04, the Indenture Trustee shall not be liable for interest on any money received except as otherwise provided in any other Operative Document. Money held in trust by the Indenture Trustee need not be segregated from other funds except to the extent required by law.

Section 9.02. Rights of Indenture Trustee. (a) The Indenture

Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in the document.

(b) Before the Indenture Trustee acts or refrains from acting, it may consult with counsel or require an Officer's Certificate or an Opinion of Counsel from the Company or the Owner Trustee after which it will take such action or refrain from acting as it deems appropriate. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith and in accordance herewith in reliance on a resolution of the Board of Directors of the Company, the written advice of counsel acceptable to the Owner Trustee, the Company and the Indenture Trustee, officer's certificates or opinions of counsel provided by the Company or the Owner Trustee.

(c) The Indenture Trustee may act through agents and shall not be responsible for the misconduct or negligence of any such agent appointed with due care; provided that, so long as no Lease Event of Default shall have

occurred and be continuing no such agents shall be appointed by the Indenture Trustee without the consent of the Company and the Owner Trustee, which consent shall, in each case, not be unreasonably withheld.

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

(e) If an Indenture Event of Default under this Agreement has occurred and is continuing, the Indenture Trustee shall exercise its rights and powers under this Agreement, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Section 9.03. Individual Rights of Indenture Trustee. The Indenture

Trustee in its individual or any other capacity may become the owner or pledgee of Certificates and may otherwise deal with the Owner Trustee, the Company or an Affiliate of the Owner Trustee or the Company or a subsidiary of the Owner Trustee or the Company with the same rights it would have if it were not the Indenture Trustee. Any Agent may do the same with like rights.

Section 9.04. Funds May Be Held by Indenture Trustee or Paying Agent;

Investments. Any monies (including without limitation for purpose of this

Section 9.04 Permitted Investments constituting the proceeds of the maturity, sale or other disposition of any Permitted Investment) held by the Indenture Trustee or the Paying Agent hereunder as part of the Indenture Estate, until paid out by the Indenture Trustee or the Paying Agent as herein provided, (i) subject to clause (ii) below, may be carried by the Indenture Trustee or the Paying Agent on deposit with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and neither the Indenture Trustee nor the Paying Agent shall have any liability for interest upon any such monies except as otherwise agreed in writing or (ii) at any time and from time to time, so long as no Lease Event of

Default shall have occurred and be continuing, at the request (given directly by the Company to the Indenture Trustee) of the Company acting as the Agent of the Owner Trustee, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and such Permitted Investments shall be held by the Indenture Trustee in trust as part of the Indenture Estate until so sold; provided that the Company pursuant to Section 22 of the Lease, on

behalf of the Owner Trustee, as agent of the Owner Trustee, shall upon demand pay to the Indenture Trustee the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment and, so long as no Lease Event of Default shall have occurred and be continuing, be entitled to receive from the Indenture Trustee, and the Indenture Trustee shall promptly pay to the Company, on behalf of the Owner Trustee, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. If any Lease Event of Default shall have occurred and be continuing, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Indenture Estate and shall be applied by the Indenture Trustee at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain was realized are required to be distributed in accordance with the provisions hereof or of the Lease pursuant to which such amounts were required to be held. The Indenture Trustee shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 9.04.

Section 9.05. Notice of Defaults. If an Indenture Event of Default

under this Agreement occurs and is continuing and the Indenture Trustee has Actual Knowledge of same, the Indenture Trustee shall (i) promptly send written notice thereof by telecopier to the Company, the Owner Trustee and the Owner Participant and (ii) within 90 days after it occurs, mail to each Holder notice of all uncured Indenture Events of Default under this Agreement. Except in the case of a default in the payment of the principal of, premium, if any, or interest on any Certificate, the Indenture Trustee shall be protected in withholding the notice required under clause (ii) above if and so long as the executive committee or trust committee of directors of the Indenture Trustee and/or Responsible Officers thereof in good faith determines that withholding such notice is in the interest of the Holders. In addition, if an Indenture Default under this Agreement occurs and is continuing and if the Indenture Trustee has Actual Knowledge of same, the Indenture Trustee shall promptly send written notice thereof by telecopier to the Company, the Owner Trustee and the Owner Participant.

Section 9.06. Compensation and Indemnity. (a) The Owner Trustee

shall pay to the Indenture Trustee from time to time (i) reasonable compensation for its services, which compensation shall not be limited by any law on compensation of a trustee of an express trust, (ii) reimbursement for all reasonable out-of-pocket expenses incurred by the Indenture Trustee in connection with the performance of its duties under this Agreement (including the

reasonable compensation and expenses of the Indenture Trustee's counsel and any agent appointed in accordance with Section 9.02(c)), and (iii) indemnification against any loss or liability incurred by it arising out of or in connection with its acceptance or administration of the trust or trusts hereunder except (A) as such expenses or loss or liability might result from the negligence or willful misconduct of the Indenture Trustee or the inaccuracy of any representation or warranty of the Indenture Trustee in its individual capacity in Section 8 of the Participation Agreement, (B) as otherwise provided in Section 9.10 hereof and (C) as otherwise excluded by the terms of Sections 7(b) and 7(c) of the Participation Agreement from the Company's indemnities under said Sections; provided that the Indenture Trustee shall not make any claim

under this Section 9.06(a) for any claim or expense indemnified against by the Company under the Participation Agreement without first making demand on the Company for payment of such claim or expense. The Indenture Trustee shall notify the Owner Trustee and the Company promptly of any claim for which it is entitled to be indemnified hereunder. Subject to the conditions and procedures equivalent to those set forth in Sections 7(b) and 7(c) of the Participation Agreement, the Owner Trustee shall defend the claim and the Indenture Trustee shall cooperate in the defense. The Indenture Trustee may have separate counsel and the Owner Trustee shall pay the reasonable fees and expenses of such counsel. The Owner Trustee need not pay for any settlement made without its and the Company's consent.

(b) To secure the payment obligations of the Owner Trustee pursuant to this Section 9.06, the Indenture Trustee shall have a lien prior to that of the Holders of the Certificates on all money or property held or collected by the Indenture Trustee, except that held in trust to pay the principal of and interest and premium, if any, on the Certificates.

Section 9.07. Replacement of Indenture Trustee. (a) The resignation

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

(b) The Indenture Trustee may resign by giving at least 30 days' prior written notice to the Company and the Owner Trustee. The Holders of a majority in aggregate principal amount of the Outstanding Certificates may remove the Indenture Trustee by giving at least 30 days' prior written notice to the Indenture Trustee, the Owner Trustee and the Company and may appoint a successor Indenture Trustee for such Certificates with the Owner Trustee's and (so long as no Lease Event of Default is continuing) the Company's consent. The Owner Trustee may remove the Indenture Trustee if:

- (1) the Indenture Trustee fails to comply with Section 9.09;
- (2) the Indenture Trustee is adjudged a bankrupt or an insolvent;

(3) a receiver or public officer takes charge of the Indenture Trustee or its property; or

(4) the Indenture Trustee becomes incapable of acting.

(c) If the Indenture Trustee resigns or is removed, or if a vacancy exists in the office of Indenture Trustee for any reason, the Owner Trustee shall promptly appoint a successor Indenture Trustee which will (so long as no Lease Event of Default is continuing) be approved by the Company.

(d) If a successor Indenture Trustee does not take office within 30 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Company, the Owner Trustee or the Holders of a majority in aggregate principal amount of the Outstanding Certificates may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 9.09, any Holder may petition any court of competent jurisdiction for the removal of such Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee, to the Company and to the Owner Trustee. Thereupon, the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the retiring Indenture Trustee for which the successor Indenture Trustee is to be acting as Indenture Trustee under this Agreement. The retiring Indenture Trustee shall promptly transfer all property and all books and records relating to the administration of the Indenture Estate held by it as Indenture Trustee to the successor Indenture Trustee subject to the lien provided for in Section 9.06. The Company shall give notice of each appointment of a successor Indenture Trustee if there are Certificates outstanding, by mailing written notice of such event by first-class mail to the Holders.

(g) All provisions of this Section 9.07 except subparagraphs (b)(1) and (e) and the words "subject to the lien provided for in Section 9.06" in subparagraph (f) shall apply also to any Paying Agent.

Section 9.08. Successor Indenture Trustee, Agents by Merger, etc. If

the Indenture Trustee or any Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business assets to, another corporation, the successor corporation, without any further act, shall be the successor Indenture Trustee or Agent, as the case may be.

Section 9.09. Eligibility; Disqualification. This Agreement shall at

 all times have an Indenture Trustee which (i) shall have a combined capital and surplus of at least \$75,000,000 or (ii) shall have a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any State or Territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000, and which, in any case, shall be a Citizen of the United States. If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of Federal, State, Territorial, or District of Columbia supervising or examining authority, then for the purposes of this Section 9.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Indenture Trustee shall cease to be eligible in accordance with the provisions of this Section 9.09, the Indenture Trustee shall resign immediately in the manner and with the effect specified in Section 9.07.

Section 9.10. Trustee's Liens. The Indenture Trustee in its

 individual capacity agrees that it will at its own cost and expense promptly take such action as may be necessary to duly discharge and satisfy in full all Liens ("Trustee's Liens") on the Indenture Estate which are either (i) attributable to the Indenture Trustee in its individual capacity and which are unrelated to the transactions contemplated by the Operative Documents, or (ii) which are attributable to the Indenture Trustee as trustee hereunder or in its individual capacity and which arise out of acts or omissions which are not expressly contemplated by this Agreement.

Section 9.11. Withholding Taxes; Information Reporting. The

 Indenture Trustee shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due hereunder or under the Certificates any and all withholding taxes applicable thereto as required by law. The Indenture Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect to the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Holders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each Holder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Holders may reasonably request from time to time. The Indenture Trustee agrees to file any other information reports as it may be required to file under United States law. Such withholding by the Indenture Trustee shall in no event give rise to an Indenture Event of Default.

Section 9.12. Additional Collateral. (a) From time to time the

 Owner Participant may pledge Additional Collateral to the Indenture Trustee as part of the Indenture Estate and in connection with such Additional Collateral shall deliver to the Indenture Trustee evidence of such filings and recordings necessary to establish and perfect the Lien of this Indenture in such Additional Collateral. Such Additional Collateral shall be held in trust by the Indenture Trustee as part of the Indenture Estate until released by the Indenture Trustee pursuant to clause (b) below or otherwise in accordance with the applicable security agreement.

(b) Provided that all payments of principal and interest on the Certificates due and payable on the tenth Interest Payment Date have been made, on such Interest Payment Date, the Indenture Trustee shall, unless otherwise directed by the Owner Trustee or the Owner Participant, release any Additional Collateral from the Lien of this Indenture, provided, however, that the Owner

 Trustee or the Owner Participant shall be responsible for the preparation and recording of all filings and recordings necessary to release such Additional Collateral from the Lien of this Indenture.

ARTICLE 10

SATISFACTION AND DISCHARGE; DEFEASANCE; TERMINATION OF OBLIGATIONS

Section 10.01. Satisfaction and Discharge of Agreement; Defeasance;

 Termination of Obligations. Subject to Section 10.02, this Agreement shall

 cease to be of further effect, and the Owner Trustee and the Indenture Trustee shall, except as herein provided, be deemed to have been discharged from their respective obligations with respect to the Certificates (and the Indenture Trustee, on demand and at the expense of the Owner Trustee, shall execute proper instruments acknowledging satisfaction and discharge of this Agreement in respect of the Certificates), when

(a) (i) all Certificates theretofore executed and delivered (other than (A) Certificates which have been mutilated, destroyed, lost or stolen and which have been replaced or exchanged as provided in Section 2.06 and (B) Certificates for the payment of which money held in trust hereunder has been paid and discharged from such trust, as provided in Section 7.01) have been delivered to the Indenture Trustee for cancellation; or

(ii) all Certificates not theretofore delivered to the Indenture Trustee for cancellation

(A) have become due and payable (whether upon stated maturity or as a result of redemption), or

(B) will become due and payable (including as a result of redemption in respect of which irrevocable notice has been given to the Indenture Trustee on or prior to the date of such deposit and such redemption either is a redemption without possibility of premium or, as of the date of such deposit, any premium which may be payable in connection therewith has been actually determined) at maturity or on a Redemption Date within one year,

and there has been deposited with the Indenture Trustee in trust for the purpose of paying and discharging the entire indebtedness on the Certificates not theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation, an amount sufficient to discharge such indebtedness, including the principal of, the actual premium, if any, and interest on the Certificates to the date of such deposit (in the case of Certificates which have become due and payable), or to the maturity thereof or to the Redemption Date thereof, as the case may be; or

(iii) (A) the Owner Trustee, subsequent to the Commencement Date, has deposited or caused to be deposited irrevocably (except as provided in Section 10.04) with the Indenture Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders, (1) money in an amount, or (2) U.S. Government Obligations which, through the payment of interest and principal in respect thereof in accordance with their terms, will provide (not later than one Business Day before the due date of any payment referred to below in this paragraph) money in an amount, or (3) a combination of money and U.S. Government Obligations referred to in the foregoing clause (2), sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Indenture Trustee, to pay and discharge each installment of principal of and interest on the Outstanding Certificates on the dates such payments of principal or interest are due (including as a result of redemption without the possibility of the payment of premium in respect of which irrevocable notice has been given to the Indenture Trustee on or prior to the date of such deposit), and no Lease Event of Default under either Section 14(f) or 14(g) of the Lease shall have occurred and be continuing on the date of such deposit or at any time during the period ending on the 91st day after such date; provided, however, that, upon the making of the deposit referred to

 above in this clause (A), the right of the Owner Trustee or the Company to cause the redemption of Certificates (except a redemption in respect of which irrevocable notice has theretofore been given) shall terminate;

(B) such deposit will not result in a breach or violation of, or constitute an Indenture Default or Indenture Event of Default under, this Agreement or a default or event of default under any other agreement or instrument to which the Owner Trustee or the Company is a party or by which it is bound; and

(C) the Company on behalf of the Owner Trustee has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel to the effect that there has been published by the Internal Revenue Service a ruling to the effect that Holders will not recognize income, gain or loss for Federal income tax purposes as a result of the exercise by the Owner Trustee of its option under this Section 10.01(a)(iii) and will be subject to Federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such option had not been exercised;

(b) all other amounts then due and payable hereunder have been paid and no notice of a redemption of the Certificates with the possibility of the payment of premium has been delivered by the Indenture Trustee; and

(c) the Company on behalf of the Owner Trustee has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the satisfaction and discharge of this Agreement contemplated by this Section 10.01, have been complied with.

Section 10.02. Survival of Certain Obligations. Notwithstanding the

provisions of Section 10.01, the obligations of the Indenture Trustee contained in Sections 2.01 through 2.08, Section 7.01, Section 9.11, Section 10.03 and Section 10.04, the rights, duties, immunities and privileges hereunder of the Indenture Trustee shall survive.

Section 10.03. Monies to Be Held in Trust. All moneys and U.S.

Government Obligations deposited with the Indenture Trustee pursuant to Section 10.01 shall be held in trust and applied by it, in accordance with the provisions of the Certificates and this Agreement, to the payment either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders, of all sums due and to become due thereon for principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

Section 10.04. Monies to Be Returned to Owner Trustee. The Indenture

Trustee and any Paying Agent shall promptly pay or return to the Owner Trustee upon request of the Owner Trustee any money or U.S. Government Obligations held by them at any time that are not required for the payment of the amounts described above in Section 10.03 on the Certificates for which money or U.S. Government Obligations have been deposited pursuant to Section 10.01.

(7) to provide for the assumption by the Company of the obligations of the Owner Trustee hereunder in accordance with the terms and conditions applicable thereto specified in Section 7.03; or

(8) to include on the Certificates any legend as may be required by applicable law.

Section 11.02. Amendments to this Agreement with Consent of Holders.

(a) With the written consent of the Holders of a majority of the aggregate principal amount of the Outstanding Certificates, the Owner Trustee and the Indenture Trustee may enter into such supplemental agreements to add any provisions to or to change or eliminate any provisions of this Agreement or of any such supplemental agreements or to modify the rights of the Holders;

provided, however, that, an amendment under this Section 11.02 may not:

(1) reduce the principal amount of, premium, if any, or any installment of interest on, any Certificate; or

(2) change the date on which any principal amount of, any Installment Payment Amount payable with respect to, premium, if any, or interest on any Certificate, is due or payable; or

(3) create any Lien on the Indenture Estate prior to or pari passu with the Lien thereon under this Agreement except such as are permitted by this Agreement, or deprive any Holder of the benefit of the Lien on the Indenture Estate created by this Agreement; or

(4) reduce the percentage in principal amount of the Outstanding Certificates, the consent of whose holders is required for any such supplemental agreement, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Agreement or of certain defaults hereunder or their consequences) provided for in this Agreement; or

(5) make any change in Sections 8.05, 8.08 or Section 11.02(a).

(b) It is not necessary under this Section 11.02 for the Holders to consent to the particular form of any proposed supplemental agreement, but it is sufficient if they consent to the substance thereof.

(c) Promptly after the execution by the Owner Trustee and the Indenture Trustee of any supplemental agreement pursuant to the provisions of this Section 11.02, the Indenture Trustee shall transmit by first-class mail a notice, setting forth in general terms the substance of such supplemental agreement, to all Holders, as the names and addresses of

such Holders appear on the Register. Any failure of the Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

Section 11.03. Revocation and Effect of Consents. Until an amendment

or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder, even if notation of the consent is not made on any Certificate. However, any such Holder or subsequent Holder may revoke the consent as to his Certificate if the Indenture Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Holder affected by such amendment or waiver.

Section 11.04. Notation on or Exchange of Certificates. The

Indenture Trustee may place an appropriate notation about an amendment or waiver on any Certificate thereafter executed. The Indenture Trustee in exchange for such Certificates may execute new Certificates that reflect the amendment or waiver.

Section 11.05. Indenture Trustee Protected. The Indenture Trustee

need not sign any supplemental agreement that adversely affects its rights.

Section 11.06. Amendments, Waivers, etc. of Other Operative

Documents. (a) Subject to Section 11.01, without the consent of the Holders of a majority in principal amount of Outstanding Certificates, the respective parties to the Participation Agreement, the Lease and the Trust Agreement may not modify, amend or supplement any of said agreements, or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder; provided, however, that the actions specified in subsection (b) of

this Section 11.06 may be taken without the consent of the Indenture Trustee or any Holder.

(b) Subject to the provisions of subsection (c) of this Section 11.06, the respective parties to the Participation Agreement, the Lease and the Trust Agreement, at any time and from time to time without the consent of the Indenture Trustee or of any Holder may:

(1) so long as no Indenture Event of Default shall have occurred and be continuing, modify, amend or supplement the Lease, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 11.06 the parties to the Lease shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties

thereunder, with respect to the following provisions of the Lease as originally executed: Section 2, Section 3(a) (if the result thereof would be to shorten the Term of the Lease to a period shorter than the period ending with the Maturity Date of the Certificates), Section 3(d) (except to the extent such Section relates to amounts payable (whether directly or pursuant to the Indenture) to Persons other than Holders and the Indenture Trustee in its individual capacity), Section 3(e) (except insofar as it relates to the address or account information of the Owner Trustee or the Indenture Trustee) (other than as such Sections 3(a), 3(d) and 3(e) may be amended pursuant to Section 3(c) of the Lease as originally executed), Section 4, Section 6, Sections 9(b) through (d) (except that further restrictions may be imposed on the Company), Section 10 (except that additional requirements may be imposed on the Company), Section 11 (except for Section 11(e) and except that additional insurance requirements may be imposed on the Company), Section 12 (except in order to increase the Company's liabilities or enhance the Lessor's rights thereunder), Section 13 (except in the case of an assignment by the Lessor in circumstances where the Aircraft shall remain registrable under the Federal Aviation Act), Section 14 (except to impose additional or more stringent Lease Events of Default), Section 15 (except to impose additional remedies), Section 16 (except to impose additional requirements on the Company), Section 18, Section 20, Section 22 and any definition of terms used in the Lease, to the extent that any modification of such definition would result in a modification of the Lease not permitted pursuant to this subsection (b);

provided that in the event an Indenture Event of Default shall have occurred

and be continuing, the Indenture Trustee shall have all rights of the Owner Trustee as "Lessor" under the Lease to modify, amend or supplement the Lease or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the "Lessor" thereunder; provided further that without the prior consent of

the Owner Trustee, and whether or not an Indenture Event of Default shall have occurred and be continuing, no such action shall be taken with respect to any of the provisions of Sections 1 (to the extent any modification of a definition contained therein would result in a modification of the Lease not permitted by this proviso), 3(c), 4, 5, 6 (to the extent such action would reduce the Company's obligations), 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 (insofar as it relates to the Lessor), 18, 19 and 21 of the Lease, or any other Section of the Lease to the extent such action shall affect the amount or timing of any amounts payable by the Company under the Lease as originally executed (or as subsequently modified with the consent of the Owner Trustee) which, absent the occurrence and continuance of an Indenture Event of Default, will be distributable to the Owner Trustee under Article 3; and provided further that the parties to the Lease may take any such

action without the consent of the Indenture Trustee or any Holder to the extent such action relates to the payment of amounts constituting, or the Owner Trustee's, the Owner Participant's or the Company's rights or obligations with respect to, Excluded Payments;

(2) modify, amend or supplement the Trust Agreement, or give any consent, waiver, authorization or approval with respect thereto, in each case only to the extent any such action shall not adversely impact the interests of the Holders;

(3) modify, amend or supplement the Participation Agreement, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 11.06 the parties to the Participation Agreement shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder, with respect to the following provisions of the Participation Agreement as originally executed: Sections 1(b), Section 7 (insofar as such Section 7 relates to the Indenture Trustee and the Holders), Section 8, Section 11 and any definition of terms used in the Participation Agreement, to the extent that any modification of such definition would result in a modification of the Participation Agreement not permitted pursuant to this subsection (b); and

(4) modify, amend or supplement any of said agreements in order to cure any ambiguity, to correct or supplement any provisions thereof which may be defective or inconsistent with any other provision thereof or of any provision of this Indenture, or to make any other provision with respect to matters or questions arising thereunder or under this Agreement which shall not be inconsistent with the provisions of this Agreement, provided the making of any such other provision shall not adversely affect the interests of the Holders.

(c) No modification, amendment, supplement, consent, waiver, authorization or approval with respect to the Lease or the Participation Agreement, whether effected pursuant to subsection (a) or pursuant to subsection (b) of this Section 11.06 and anything in such subsections or elsewhere in this Agreement to the contrary notwithstanding, shall, without the consent of the Holder of each Outstanding Certificate affected thereby,

(1) modify, amend or supplement the Lease in such a way as to extend the time of payment of Basic Rent or stipulated Loss Value or any other amounts payable to the Indenture Trustee for its own account or for the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon the occurrence of an Event of Loss or Termination Value and any other amounts payable to the Indenture Trustee for its own account or for the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon termination of the Lease with respect to the Aircraft, payable under, or as provided in, the Lease as originally executed, or reduce the amount of any installment of Basic Rent or Supplemental Rent so that the same is less than the payment of principal of, premium, if any, and interest on the Certificates, as the case may be, to be made from such installment of Basic Rent or

Supplemental Rent, or reduce the aggregate amount of Stipulated Loss Value, EBO Percentage, Special Termination Value Percentages, or any other amounts payable under, or as provided in, the Lease as originally executed upon the occurrence of an Event of Loss so that the same is less than the accrued interest on and the principal as of the Lease Loss Payment Date, and premium, if any, of the Certificates at the time Outstanding or reduce the amount of Termination Value and any other amounts payable under, or as provided in, the Lease as originally executed upon termination of the Lease with respect to the Aircraft so that the same is less than the accrued interest on and principal as of the Lease Termination Date and premium, if any, of Certificates at the time Outstanding, or

(2) modify, amend or supplement the Lease in such a way as to, or consent to any assignment of the Lease or give any consent, waiver, authorization or approval which would, release the Company from its obligations in respect of payment of Basic Rent or Supplemental Rent, or Stipulated Loss Value and any other amounts payable to the Indenture Trustee for its own account or the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon the occurrence of an Event of Loss, or Termination Value and any other amounts payable to the Indenture Trustee for its own account or the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) of the Lease with respect to the Aircraft, payable under, or as provided in, the Lease as originally executed, except for any such assignment pursuant to Section 8(u) of the Participation Agreement, and except as provided in the Lease as originally executed.

For the purposes of this Article 11, during the Pre-Commencement Date Period, the "principal amount" of Outstanding Certificates shall include the amount equal to that portion of the difference between the Original Issue Price and the Original Principal. Amount for any Certificate originally issued at a discount which corresponds to the period from the date of issuance thereof to and including the Commencement Date.

ARTICLE 12

MISCELLANEOUS

Section 12.01. Notices. (a) Unless otherwise specifically provided

for herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by hand-delivery, overnight courier service, mail, telex or telecopier addressed as indicated below and any such notice shall be effective, in the case of hand-delivery, when delivered, in the case of overnight courier service, one Business Day after delivery with charges paid to a courier service with instructions for overnight delivery, in the case of mail, three Business Days after delivery to

the postal service with certified or registered mail charges paid, in the case of telex, upon receipt of a telex answerback and, in the case of telecopier, upon transmittal:

if to the Company, to:

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666
Attention: Vice President and Treasurer
Telecopier: (708) 952-5204

or if by overnight courier, to:

1200 East Algonquin Road
Elk Grove Township, Illinois 60007
Attn: Vice President and Treasurer
Telecopier: (708) 952-5204

if to the Indenture Trustee, to:

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department
Telecopier: (801) 246-5053
Telex No.: 3789450

if to the Owner Trustee, to:

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

or if by overnight courier, to:

Two International Place
Boston, Massachusetts 02110
Telecopier: (617) 664-5371

with a copy to the Owner Participant

if to the Owner Participant, to:

[_____]

(b) The Company, the Owner Trustee, the Indenture Trustee or the Owner Participant by notice to the others may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Holders of the Certificates shall be mailed by first-class mail to the addresses for Holders shown on the Register kept by the Registrar and to addresses filed with the Indenture Trustee for other Holders. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders of such Certificates of that or any other Series entitled to receive notice.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Holders, it shall mail a copy to the Indenture Trustee and to each Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Indenture Trustee shall be deemed to be given only when received by a Responsible Officer of the Indenture Trustee.

Section 12.02. [Reserved for Potential Future Use]

Section 12.03. [Reserved for Potential Future Use]

Section 12.04. Rules by Indenture Trustee and Agents. The Indenture

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

Section 12.05. Non-Business Days. If a payment date is not a

Business Day at a place of payment, payment may be made at such place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

Section 12.06. GOVERNING LAW. THIS AGREEMENT AND THE CERTIFICATES

SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE

WITH THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

Section 12.07. No Recourse Against Others. No director, officer,

 employee or stockholder, as such, of the Company, the Owner Trustee or the Owner Participant, as the case may be, shall have any liability for any obligations of the Company, the Owner Trustee or the Owner Participant, as the case may be, under this Agreement or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Certificate waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Certificates.

Section 12.08. Execution in Counterparts. This Agreement may be

 executed in any number of counterparts, each of which shall be an original but such counterparts shall together constitute but one instrument.

ARTICLE 13

ACTIONS TO BE TAKEN UPON TERMINATION OF LEASE

Section 13.01. Actions to Be Taken upon Termination of Lease. Upon

 any of:

(a) the voluntary termination of the Lease by the Company pursuant to Section 9(b) thereof on the Lease Termination Date, and upon payment to the Indenture Trustee of an amount equal to the Redemption Price of all Outstanding Certificates, or

(b) the purchase of the Aircraft by the Company at its option pursuant to Section 19(b) of the Lease on a Special Purchase Option Date or the EBO Date as the case may be (unless the Company shall have elected to assume all of the rights and obligations of the Owner Trustee hereunder as provided for in Section 8(r) of the Participation Agreement), and upon payment to the Indenture Trustee of an amount equal to the Redemption Price as at the applicable Redemption Date of all Outstanding Certificates, or

(c) the termination of the Lease, on the Lease Loss Payment Date, following an Event of Loss suffered by the Airframe under circumstances where the Company does not exercise its option to substitute a Replacement Airframe therefor pursuant to Section 10(a)(ii) of the Lease, and upon payment to the Indenture Trustee of an amount equal to the Redemption Price as at the Redemption Date of all Outstanding Certificates, or

(d) the satisfaction, discharge, defeasance and termination of obligations under this Agreement in accordance with Section 10.01, or

(e) the voluntary termination of the Lease with respect to an Engine pursuant to Section 10(b) thereof, and upon the payment of Stipulated Loss Value with respect to such Engine,

the Lien of this Agreement on the Indenture Estate, in the case of (a), (b), (c) and (d) above, and on such Engine, in the case of (e) above shall terminate (except for the Lien on funds held by the Indenture Trustee to pay the Certificates and the Lien on amounts due from the Company under the Lease necessary to pay the Certificates or the Indenture Trustee) and the Indenture Trustee shall execute such instruments as may be requested by the Company or the Owner Trustee to evidence such termination.

IN WITNESS WHEREOF, the Owner Trustee and the Indenture Trustee have caused this Trust Indenture and Mortgage to be duly executed by their respective officers thereunto duly authorized.

STATE STREET BANK AND TRUST
COMPANY

not in its individual capacity,
except as expressly provided herein,
but solely as Owner Trustee

By: _____
Name:
Title:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
as Indenture Trustee

By: _____
Name:
Title:

Form of Series 1995 777 A Installment Certificates

\$ _____ (Original Issue Price)

No. _____

\$ _____ (Original Principal Amount)

SERIES 1995 777 A CERTIFICATE

STATE STREET BANK AND TRUST COMPANY
Not in its Individual Capacity
but Solely as Owner Trustee Under the
Trust Agreement (1995 777 A)
Dated as of May 1, 1995

Issued in connection with Aircraft N777UA
Leased to
UNITED AIR LINES, INC.

Date of Issuance: _____, 1995

MATURITY DATE

_____, 20__

INTEREST RATE PER ANNUM: ___%

COMMENCEMENT DATE

CASH INTEREST: \$

State Street Bank and Trust Company, not in its individual capacity, but solely as owner trustee (the "Owner Trustee") under that certain Trust Agreement (1995 777 A), dated as of May 1, 1995, between the Owner Trustee in its individual capacity and the institution referred to therein as the "Owner Participant" (herein as such Trust Agreement may be amended or supplemented from time to time called the "Trust Agreement") for value received, hereby promises to pay to _____ or registered assigns the principal sum in Dollars equal to the Original Principal Amount specified above in installments on each Installment Payment Date as provided for herein below with the final installment due and payable on the Maturity Date specified above (provided, however, that, if the obligations evidenced by this

Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the principal amount hereof to be paid shall be the Original Issue Price specified above, together with the portion of the difference between such Original Issuer Price and the Original Principal Amount specified above which corresponds to the period from the date of issuance hereof to

the date of such payment) and to pay interest (x) in the amount of the Commencement Date Cash Interest specified above, payable on the Commencement Date, and (y) at the Interest Rate Per Annum specified above on the Original Principal Amount specified above from time to time outstanding in respect of the period commencing on and including the Commencement Date and ending on the date when the principal amount hereof shall have been paid in full, payable on each October 19 and April 19 in each year, commencing on October 19, 1995 (provided, however, that, if the obligations evidenced by this

 Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the amount thereof in respect of interest shall be an amount equal to the portion of such Commencement Date Cash Interest which corresponds to the period from the date of issuance hereof to the date of such payment). All amounts payable by the Owner Trustee hereunder and under the Trust Indenture and Mortgage (1995 777 A), dated as of May 1, 1995 (as the same may hereafter be further amended or supplemented from time to time, as the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), by and among the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee thereunder, shall be made only from the income and proceeds of the Indenture Estate. Each Holder hereof, by its acceptance of this Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for payment of such amounts, to the extent available for distribution to the Holder hereof as provided in the Indenture and (b) none of the Owner Participant, the Owner Trustee or the Indenture Trustee is or shall be personally liable to the Holder hereof for any amount payable hereunder or under the Indenture or, except as provided in the Indenture in the case of the Indenture Trustee and the Owner Trustee, for any liability under the Indenture.

The interest or Installment Payment Amount (other than that payable on the Maturity Date hereof) so payable, and punctually paid or duly provided for, on the applicable Interest Payment Date or Installment Payment Date, as the case may be, will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest or Installment Payment Amount, which shall be the fifteenth day (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date or Installment Payment Date, as the case may be. Any such interest or Installment Payment Amount not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder hereof on the such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Installment or Defaulted Interest to be fixed by the Indenture Trustee pursuant to Section 2.08 of the Indenture, notice whereof shall be given to Holders of Certificates entitled thereto not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may

be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, premiums if any, and interest on this Certificate will be made at the principal corporate trust office of the Indenture Trustee, or the office or agency maintained by the Indenture Trustee for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest and Installment Payment

 Amounts (other than that payable on the Maturity Date hereof) may be made at the option of the Indenture Trustee or the Paying Agent by check mailed to the address of the Holder entitled thereto as such address shall appear on the Register.

This Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of an authorized officer of the Owner Trustee, and authenticated by the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee, in each case as specified in Section 2.02 of the Indenture.

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties thereby conveyed, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owner Trustee, the Indenture Trustee and the Holders of the Certificates, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

As more fully provided in the Indenture, on each Installment Payment Date, the Holder hereof will receive a payment of principal equal to the Installment Payment Date, the Holder hereof will receive a payment of principal equal to the Installment Payment Percentage for such Installment Payment Date as specified on Exhibit B-1 hereto (provided that, after the

 occurrence of any partial redemption or redemption pursuant to clause (ii) of Section 6.01(a) of the Indenture, the "Installment Payment Percentage" for each Installment Payment Date subsequent to the applicable Redemption Date shall be redetermined as provided for in the Indenture) multiplied by the Original Principal Amount of this Certificate specified above.

As more fully provided in the Indenture, the Certificates are subject to redemption or partial redemption on not less than 25 nor more than 60 days' notice by mail, under the circumstances set forth in the Indenture, at a redemption price equal to the unpaid

principal amount thereof, premium if any, plus accrued interest thereon to the Redemption Date.

If an Indenture Event of Default shall occur and be continuing, the principal amount remaining unpaid of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. If, and only if, such an event of default constitutes an event of default by the Company under the Lease, the Indenture Trustee may declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease. Such remedies include the right to repossess and use or operate the Aircraft, to sell or relet the Aircraft free and clear of the Company's rights and retain the proceeds and to require the Company to pay as liquidated damages (i) any unpaid Basic Rent plus an amount equal to the excess of the Stipulated Loss Value of the Aircraft over the aggregate fair market rental value thereof for the remainder of the term for the Aircraft, (ii) any unpaid Basic Rent plus the excess of the Stipulated Loss Value of the Aircraft over the fair market sales value thereof or (iii) if the Aircraft has been sold, any unpaid Basic Rent plus the excess of the Stipulated Loss Value thereof over the net sales proceeds.

By acceptance of this Certificate, the Holder hereof agrees to be bound by the provisions of the Participation Agreement applicable to Holders.

The Owner Trustee or the Owner Participant may, in their sole discretion, in certain circumstances cure any default by the Company under the Lease arising from the failure of the Company to make any payment of Basic Rent under the Lease. The Owner Trustee or the Owner Participant may in their sole discretion in certain circumstances cure any other default by the Company in the performance of its Obligations under the Lease which can be cured by the payment of money, by making such payment on behalf of the Company.

The right of the Holder of this Certificate to institute action for any remedy under the Indenture, including the enforcement of payment of any amount due hereon, is subject to certain restrictions specified in the Indenture.

The Owner Trustee and the Indenture Trustee will be discharged from their respective obligations in respect of the Certificates (except for certain matters, including obligations to register the transfer or exchange of Certificates, replace stolen, lost or mutilated Certificates, maintain paying agencies and hold moneys for payment in trust), and the Indenture Trustee may thereupon cause the release of the Indenture Estate from the lien of the Indenture, if (a) the Owner Trustee deposits or causes to be deposited irrevocably with the Indenture Trustee, in trust, money or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay principal of, premiums, if any, and interest on

the Outstanding Certificates on the dates such payments are due in accordance with the terms of such Certificates and (b) certain other conditions are satisfied, including the publication by the United States Internal Revenue Service of a ruling to the effect that the deposit and related defeasance would not cause the Holders of the Certificates to recognize income, gain or loss for Federal income tax purposes.

As provided in the Indenture, in certain circumstances this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Registrar, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder or his attorney duly authorized in writing, one or more new Certificates of the same maturity and type and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates. The Certificates are issuable in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Certificates are exchangeable for a like aggregate principal amount of Certificates of the same maturity and type and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Registrar, or at an office or agency maintained for such purpose.

No service charge shall be made for any such registration of transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this Certificate and for all other purposes whatsoever whether or not this Certificate be overdue, and neither the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar nor the Company shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the Owner Trustee has caused this instrument to be duly executed.

STATE STREET BANK AND TRUST
COMPANY
not in its individual capacity,
but solely as Owner Trustee

By: _____
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Indenture.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
as Indenture Trustee

By: _____
Authorized officer and signatory

Form of Series 1995 777 A Serial Certificates

\$ _____ (Original Issue Price)

No. _____

\$ _____ (Original Principal Amount)

SERIES 1995 777 A CERTIFICATE

STATE STREET BANK AND TRUST COMPANY
Not in its Individual Capacity
but Solely as Owner Trustee Under the
Trust Agreement (1995 777 A)
Dated as of May 1, 1995

Issued in connection with Aircraft N777UA
Leased to
UNITED AIR LINES, INC.

Date of Issuance: _____, 1995

MATURITY DATE

_____, 199__

INTEREST RATE PER ANNUM: ____%

COMMENCEMENT DATE

CASH INTEREST: \$

State Street Bank and Trust Company, not in its individual capacity, but solely as owner trustee (the "Owner Trustee") under that certain Trust Agreement (1995 777 A), dated as of May 1, 1995, between the Owner Trustee in its individual capacity and the institution referred to therein as the "Owner Participant" (herein as such Trust Agreement may be amended or supplemented from time to time called the "Trust Agreement"), for value received, hereby promises to pay to _____ or registered assigns the principal sum in dollars equal to the Original Principal Amount specified above on the Maturity Date specified above (provided, however, that, if the

obligations evidenced by this Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the principal amount hereof to be paid shall be the Original Issue Price specified above, together with the portion of the difference between such Original Issue Price and the Original Principal Amount specified above which

corresponds to the period from the date of issuance hereof to the date of such payment) and to pay interest (x) in the amount of the Commencement Date Cash Interest specified above, payable on the Commencement Date, and (y) at the Interest Rate Per Annum specified above on the Original Principal Amount specified above from time to time outstanding in respect of the period commencing on and including the Commencement Date and ending on the date when the principal amount hereof shall have been paid in full, payable on each October 19 and April 19 in each year, commencing on October 19, 1995 (provided, however, that, if the obligations evidenced by this

 Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the amount thereof in respect of interest shall be the amount equal to the portion of such Commencement Date Cash Interest which corresponds to the period from the date of issuance hereof to the date of such payment the accrual at the Interest Rate Per Annum specified above of interest on the Original Issue Price specified above from the date of issuance of this Certificate to the date of such payment). All amounts payable by the Owner Trustee hereunder and under the Trust Indenture and Mortgage (1995 777 A), dated as of May 1, 1995 (as the same may hereafter be further amended or supplemented from time to time, as the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), by and among the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee thereunder, shall be made only from the income and proceeds of the Indenture Estate. Each Holder hereof, by its acceptance of this Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for payment of such amounts, to the extent available for distribution to the Holder hereof as provided in the Indenture and (b) none of the Owner Participant, the Owner Trustee or the Indenture Trustee is or shall be personally liable to the Holder hereof for any amount payable hereunder or under the Indenture or, except as provided in the Indenture in the case of the Indenture Trustee and the Owner Trustee, for any liability under the Indenture.

The interest so payable and punctually paid or duly provided for, on the applicable Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest, which shall be the fifteenth day (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder hereof on the such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Interest to be fixed by the Indenture Trustee pursuant to Section 2.08 of the Indenture, notice whereof shall be given to Holders of Certificates entitled thereto not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may be listed, and

upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, premium if any, and interest on this Certificate will be made at the principal corporate trust office of the Indenture Trustee, or the office or agency maintained by the Indenture Trustee for such purpose in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option

of the Indenture Trustee or the Paying Agent by check mailed to the address of the Holder entitled thereto as such address shall appear on the Register.

This Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of an authorized officer of the Owner Trustee, and authenticated by the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee, in each case as specified in Section 2.02 of the Indenture.

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties thereby conveyed, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owner Trustee, the Company, the Indenture Trustee and the Holders of the Certificates, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

As more fully provided in the Indenture, the Certificates are subject to redemption or partial redemption, on not less than 25 nor more than 60 days' notice by mail, under the circumstances set forth in the Indenture, at a redemption price equal to the unpaid principal amount thereof, premium, if any, plus accrued interest thereon to the Redemption Date.

If an Indenture Event of Default shall occur and be continuing, the principal of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. If, and only if, such an event of default constitutes an event of default by the Company under the Lease, the Indenture Trustee may declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease. Such remedies include the right to repossess and use or operate the Aircraft, to sell or relet the Aircraft free and clear of the Company's rights and retain the proceeds and to require the Company to pay as liquidated damages (i) any

unpaid Basic Rent plus an amount equal to the excess of the Stipulated Loss Value of the Aircraft over the aggregate fair market rental value thereof for the remainder of the term for the Aircraft, (ii) any unpaid Basic Rent plus the excess of the Stipulated Loss Value of the Aircraft over the fair market sales value thereof or (iii) if the Aircraft has been sold, any unpaid Basic Rent plus the excess of the Stipulated Loss Value thereof over the net sales proceeds.

By acceptance of this Certificate, the Holder hereof agrees to be bound by the provisions of the Participation Agreement applicable to Holders.

The Owner Trustee or the Owner Participant may, in their sole discretion, in certain circumstances cure any default by the Company under the Lease arising from the failure of the Company to make any payment of Basic Rent under the Lease. The Owner Trustee or the Owner Participant may in their sole discretion in certain circumstances cure any other default by the Company in the performance of its obligations under the Lease which can be cured by the payment of money, by making such payment on behalf of the Company.

The right of the Holder of this Certificate to institute action for any remedy under the Indenture, including the enforcement of payment of any amount due hereon, is subject to certain restrictions specified in the Indenture.

The Owner Trustee and the Indenture Trustee will be discharged from their respective obligations in respect of the Certificates (except for certain matters, including obligations to register the transfer or exchange of Certificates, replace stolen, lost or mutilated Certificates, maintain paying agencies and hold moneys for payment in trust), and the Indenture Trustee may thereupon cause the release of the Indenture Estate from the lien of the Indenture, if (a) the Owner Trustee deposits or causes to be deposited irrevocably with the Indenture Trustee, in trust, money or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay principal of, premium, if any, and interest on the Outstanding Certificates on the dates such payments are due in accordance with the terms of such Certificates and (b) certain other conditions are satisfied, including the publication by the United States Internal Revenue Service of a ruling to the effect that the deposit and related defeasance would not cause the Holders of the Certificates to recognize income, gain or loss for Federal income tax purposes.

As provided in the Indenture, in certain circumstances this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Registrar, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder or his attorney duly authorized in

writing, one or more new Certificates of the same maturity and type and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates. The Certificates are issuable in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Certificates are exchangeable for a like aggregate principal amount of Certificates of the same maturity and type and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Registrar, or at an office or agency maintained for such purpose.

No service charge shall be made for any such registration of transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this Certificate and for all other purposes whatsoever whether or not this Certificate be overdue, and neither the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar nor the Company shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the Owner Trustee has caused this instrument to be duly executed.

STATE STREET BANK AND TRUST
COMPANY
not in its individual capacity,
but solely as Owner Trustee

By: _____
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Indenture.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
as Indenture Trustee

By

Authorized Officer or signatory
Title:

Exhibit B to
Trust Indenture and
Mortgage

MATURITY DATES, PRINCIPAL AMOUNTS AND

INTEREST RATES OF SERIES 1995 777 A CERTIFICATES

	MATURITY DATE	PRINCIPAL AMOUNT	ORIGINAL ISSUE PRICE	COMMENCEMENT DATE CASH INTEREST	INTEREST RATE PER ANNUM
	-----	-----	-----	-----	-----
Series 1995 777 A1	[_____]	\$[_____]	\$[_____]	\$[_____]	\$[_____]
Series 1995 777 A2	[_____]	\$[_____]	\$[_____]	\$[_____]	\$[_____]

Trust Indenture and
Mortgage

Installment Payment Dates and Installment Payment Percentages

Installment Certificates shall be those
Certificates with the following Maturity Dates:

Installment Certificate No. 1 - Maturity Date: [_____]

Installment Payment Date -----	Installment Payment Percentage -----	Corresponding Aggregate Installment Payment Amount -----
[]	[]%	[\$]
[]	[]%	[]
TOTAL	100.00000000% -----	[\$] -----

Installment Certificate No. 2 - Maturity Date: [_____]

Installment Payment	Installment Payment	Corresponding ----- Aggregate Installment
Date	Percentage	Payment Amount
-----	-----	-----
	%	
TOTAL	100.00000000%	\$
	-----	-----

Issuance of Series 1995 777 A Certificates

The Series 1995 777 A Certificates issued hereunder shall be issued to and shall be payable to each of the Pass Through Trustees under the Pass Through Trust Agreements with respect to the grantor trusts created thereby, in each case as set forth below:

1995-A1 Trust:

[_____] % Certificate due [_____]

1995-A2 Trust:

[_____] % Certificate due [_____]

EXHIBIT C

TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT

(1995 777 A)

This TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1995 777 A), dated May __, 1995 (herein called the "Trust Supplement") of STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee"), under the Trust Agreement (1995 777 A), dated as of May 1, 1995 (herein called the "Trust Agreement") , between the Owner Trustee and the Owner Participant named therein.

WITNESSETH:

WHEREAS, the Trust Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Aircraft (such term and other terms defined in the Trust Indenture referred to below used herein as therein defined) included in the property covered by the Trust Agreement;

WHEREAS, the Trust Indenture and Mortgage (1995 777 A), dated as of May 1, 1995 (herein called the "Trust Indenture"), between the Owner Trustee and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Indenture Trustee (herein called the "Indenture Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Indenture Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document;

NOW, THEREFORE, this Trust Supplement Witnesseth, that the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the following described property:

[Trust Indenture and Mortgage (1995 777 A)]

AIRFRAME

One Airframe Identified as follows:

Manufacturer -----	Model -----	FAA Registration Number -----	Manufacturer's Serial Number -----
The Boeing Company	777-222	N777UA	26916

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, whether or not such engines shall be installed in or attached to the Airframe or any other airframe, identified as follows:

Manufacturer -----	Model -----	Manufacturer's Serial Number -----
Pratt & Whitney	PW4084	[]
Pratt & Whitney	PW4084	[]

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the equal and proportionate benefit and security of the and the holders from time to time of the Certificates outstanding, without any

[Trust Indenture and Mortgage (1995 777 A)]

preference, distinction or priority of any one Certificate over any other by reason of series, priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust supplement shall be construed as Supplemental to the Trust Indenture and to the Trust Agreement and shall form a part of each, and the Trust Agreement and the Trust Indenture are each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

* * *

[Trust Indenture and Mortgage (1995 777 A)]

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

STATE STREET BANK AND TRUST
COMPANY
not in its individual capacity but
solely as Owner Trustee

By: _____
Title:

TRUST INDENTURE AND MORTGAGE

(1995 777 B)

Dated as of May 1, 1995

between

STATE STREET BANK AND TRUST COMPANY,

not in its individual capacity except as expressly set forth herein,
but solely as Owner Trustee,

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,

as Indenture Trustee

One Boeing 777-222 Aircraft N766UA

United Air Lines, Inc.
Series 1995 777 B Certificates

TABLE OF CONTENTS

	Page

RECITALS.....	1
GRANTING CLAUSE.....	2
HABENDUM CLAUSE.....	5
 ARTICLE 1 DEFINITIONS.....	 7
1.01. Definitions.....	7
 ARTICLE 2 THE CERTIFICATES.....	 19
2.01. Certificates; Title and Terms.....	19
2.02. Execution and Authentication.....	20
2.03. Registrar and Paying Agent.....	20
2.04. Transfer and Exchange.....	21
2.05. Holder Lists; Ownership of Certificates.....	21
2.06. Mutilated, Destroyed, Lost or Stolen Certificates.....	22
2.07. Cancellation.....	22
2.08. Payment on Certificates; Defaulted Principal and Interest.....	22
2.09. Payment from Indenture Estate Only; Non-Recourse Obligations..	24
2.10. Execution, Delivery and Dating of Certificates upon Original Issuance.....	25
 ARTICLE 3 RECEIPT, DISTRIBUTION AND APPLICATION OF FUNDS IN THE INDENTURE ESTATE.....	 25
3.01. [Reserved for Potential Future Use].....	25
3.02. Payment in Case of Redemption or Purchase of Certificates.....	25
3.03. Application of Rent When No Indenture Event of Default Is Continuing.....	26
3.04. Application of Certain Payments in Case of Requisition or Event of Loss.....	26
3.05. Payments During Continuance of Indenture Event of Default.....	27
3.06. Payments for Which Application Is Provided in Other Documents.	28
3.07. Payments for Which No Application Is Otherwise Provided.....	28
 ARTICLE 4 COVENANTS OF OWNER TRUSTEE.....	 29
4.01. Covenants of the Owner Trustee.....	29

ARTICLE 5	DISPOSITION, SUBSTITUTION AND RELEASE OF PROPERTY INCLUDED IN THE INDENTURE ESTATE DURING CONTINUATION OF LEASE.....	30
5.01.	Disposition, Substitution and Release of Property Included in the Indenture Estate During Continuation of Lease.....	30
ARTICLE 6	REDEMPTION OF CERTIFICATES.....	31
6.01.	Redemption of Certificates upon Certain Events.....	31
6.02.	Redemption or Purchase of Certificates upon Certain Indenture Events of Default.....	33
6.03.	Notice of Redemption to Holders.....	34
6.04.	Deposit of Redemption Price.....	34
6.05.	Certificates Payable on Redemption Date.....	34
ARTICLE 7	MATTERS CONCERNING THE COMPANY.....	35
7.01.	Repayment of Monies for Certificate Payments Held by the Indenture Trustee.....	35
7.02.	Change in Registration.....	35
7.03.	Assumption of Obligations of Owner Trustee by the Company.....	36
ARTICLE 8	DEFAULTS AND REMEDIES.....	38
8.01.	Indenture Events of Default.....	38
8.02.	Acceleration; Rescission and Annulment.....	41
8.03.	Other Remedies Available to Indenture Trustee.....	41
8.04.	Waiver of Owner Trustee.....	49
8.05.	Waiver of Existing Defaults.....	49
8.06.	Control by Majority.....	50
8.07.	Limitation on Suits by Holders.....	50
8.08.	Rights of Holders to Receive Payment.....	51
8.09.	Indenture Trustee May File Proofs of Claim.....	51
ARTICLE 9	INDENTURE TRUSTEE.....	51
9.01.	Duties of Indenture Trustee.....	51
9.02.	Rights of Indenture Trustee.....	51
9.03.	Individual Rights of Indenture Trustee.....	52
9.04.	Funds May Be Held by Indenture Trustee or Paying Agent; Investments.....	52
9.05.	Notice of Defaults.....	53
9.06.	Compensation and Indemnity.....	53
9.07.	Replacement of Indenture Trustee.....	54
9.08.	Successor Indenture Trustee, Agents by Merger, etc.....	55

9.09.	Eligibility; Disqualification.....	55
9.10.	Trustee's Liens.....	56
9.11.	Withholding Taxes; Information Reporting.....	56
9.12.	Additional Collateral.....	56
ARTICLE 10	SATISFACTION AND DISCHARGE; DEFEASANCE; TERMINATION OF OBLIGATIONS.....	57
10.01.	Satisfaction and Discharge of Agreement; Defeasance; Termination of Obligations.....	57
10.02.	Survival of Certain Obligations.....	59
10.03.	Monies to Be Held in Trust.....	59
10.04.	Monies to Be Returned to Owner Trustee.....	59
ARTICLE 11	AMENDMENTS AND WAIVERS.....	60
11.01.	Amendments to this Agreement Without Consent of Holders.....	60
11.02.	Amendments to this Agreement with Consent of Holders.....	61
11.03.	Revocation and Effect of Consents.....	62
11.04.	Notation on or Exchange of Certificates.....	62
11.05.	Indenture Trustee Protected.....	62
11.06.	Amendments, Waivers, etc. of Other Operative Documents.....	62
ARTICLE 12	MISCELLANEOUS.....	65
12.01.	Notices.....	65
12.02.	[Reserved for Potential Future Use].....	67
12.03.	[Reserved for Potential Future Use].....	67
12.04.	Rules by Indenture Trustee and Agents.....	67
12.05.	Non-Business Days.....	67
12.06.	GOVERNING LAW.....	68
12.07.	No Recourse Against Others.....	68
12.08.	Execution in Counterparts.....	68
ARTICLE 13	ACTIONS TO BE TAKEN UPON TERMINATION OF LEASE.....	68
13.01.	Actions to Be Taken upon Termination of Lease.....	68

SIGNATURES..... 70

Exhibit A-1 Form of Series 1995 777 B Installment
Certificates

Exhibit A-2 Form of Series 1995 777 B Serial
Certificates

Exhibit B Maturity Dates, Original Issue Prices,
Principal Amounts and
Interest Rates of Series 1995 777 B
Certificates

Exhibit B-1 Installment Payment Dates and Installment
Payment Percentages

Exhibit B-2 Issuance of Series 1995 777 B
Certificates

Exhibit C Form of Trust Agreement and Trust Indenture
and Mortgage Supplement

TRUST INDENTURE AND MORTGAGE

This TRUST INDENTURE AND MORTGAGE (1995 777 B), dated as of May 1, 1995, between STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity except as otherwise expressly provided herein, but solely as Owner Trustee under the Trust Agreement (capitalized terms used herein having the respective meanings specified therefor in Article 1), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee hereunder.

W I T N E S S E T H:

WHEREAS, the Owner Participant and the Owner Trustee in its individual capacity have entered into the Trust Agreement whereby, among other things, (i) the Owner Trustee has established a certain trust for the use and benefit of the Owner Participant, subject, however, to the Indenture Estate created pursuant hereto for the use and benefit of, and with the priority of payment to, the holders of the Certificates issued hereunder, and (ii) the Owner Trustee has been authorized and directed pursuant to the Trust Agreement to execute and deliver this Trust Indenture and Mortgage;

WHEREAS, all capitalized terms used herein shall have the respective meanings set forth or referred to in Article 1 hereof;

WHEREAS, the parties desire by this Agreement, among other things, (i) to provide for the issuance by the Owner Trustee of the Series 1995 777 B Certificates evidencing the loans made by the Pass Through Trustees to finance the Owner Trustee's payment of Lessor's Cost, as provided in the Participation Agreement, and (ii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Indenture Trustee, as part of the Indenture Estate hereunder, among other things, of certain of the Owner Trustee's right, title and interest in and to the Aircraft and the Operative Documents and certain payments and other amounts received hereunder or thereunder in accordance with the terms hereof, as security for, among other things, the Owner Trustee's obligations to the Indenture Trustee, for the ratable benefit and security of the Holders;

WHEREAS, all things have been done to make the Certificates, when executed by the Owner Trustee and authenticated and delivered by the Indenture Trustee hereunder, the valid, binding and enforceable obligations of the Owner Trustee; and

WHEREAS, all things necessary to make this Agreement the legal, valid and binding obligation of the Owner Trustee and the Indenture Trustee, for the uses and purposes

herein set forth, in accordance with its terms, have been done and performed and have happened;

GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND MORTGAGE WITNESSETH, that, to secure the prompt payment of the principal of, premium, if any, and interest on, and all other amounts due with respect to, all Certificates from time to time Outstanding and the performance and observance by the Owner Trustee of all the agreements, covenants and provisions contained herein and in the Operative Documents to which it is a party, for the benefit of the Holders, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Certificates by the Holders, and of other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Indenture Trustee, its successors and assigns, for the security and benefit of the Holders from time to time, a security interest in and mortgage lien on all estate, right, title and interest of the Owner Trustee in, to and under the following described property, rights, interests and privileges (which collectively, including all property hereafter specifically subjected to the lien of this Agreement by any instrument supplemental hereto, but excluding the Excluded Payments, are herein called the "Indenture Estate"):

(1) the Airframe and Engines (each such Engine having 750 or more rated take-off horsepower or the equivalent thereof) and all replacements thereof and substitutions therefor in which the Owner Trustee shall from time to time acquire an interest in accordance with the Lease, as more particularly described in the Trust Supplement and the Lease Supplement executed and delivered with respect to the Aircraft or any such replacements or substitutions therefor, as provided in this Agreement and the Lease;

(2) the Lease and all Rent thereunder, including, without limitation, all amounts of Basic Rent, Supplemental Rent, and payments of any kind required to be made by the Company thereunder; all amounts payable to the Owner Trustee under the Participation Agreement that do not constitute Excluded Payments; the Purchase Agreement (to the extent assigned by the Owner Trustee's Purchase Agreement), the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale and any and all contracts relating to the Airframe and Engines or any rights or interest therein to which the Owner Trustee is now or may hereafter be a party; including, without limitation, all rights of the Owner Trustee to receive any payments or other amounts or to exercise any election or option or to

make any decision or determination or to give or receive any notice, consent, waiver or approval or to take any other action under or in respect of any such document or to accept surrender or redelivery of the Aircraft or any part thereof, as well as all the rights, powers and remedies on the part of the Owner Trustee, whether acting under any such document or by statute or at law or in equity, or otherwise, arising out of any Lease Event of Default (other than the rights of the Owner Trustee provided for hereunder);

(3) all rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Agreement;

(4) all requisition proceeds with respect to the Aircraft or any part thereof (to the extent of the Owner Trustee's interest therein pursuant to the terms of the Lease) and all insurance proceeds with respect to the Aircraft or any part thereof from insurance required to be maintained by the Company under Section 11 of the Lease, but excluding any insurance maintained by the Company and not required under Section 11 of the Lease;

(5) all moneys and securities now or hereafter paid or deposited or required to be paid or deposited to or with the Indenture Trustee by or for the account of the Owner Trustee pursuant to any term of any Operative Document and held or required to be held by the Indenture Trustee hereunder;

(6) all proceeds of the foregoing; and

(7) the Additional Collateral, if any.

Notwithstanding the foregoing provisions:

(a) there shall be excluded from the security interest granted by this Agreement all Excluded Payments;

(b) (i) whether or not a Lease Event of Default or an Indenture Event of Default shall occur and be continuing, the Owner Trustee and the Owner Participant shall at all times retain the right, to the exclusion of the Indenture Trustee (a) to Excluded Payments and to commence an action at law to obtain such Excluded Payments, (b) to adjust Basic Rent and the percentages relating to Stipulated Loss Value and Termination Value, the Special Termination Value Percentage and the EBO Percentages as provided in Section 3(c) of the Lease and Section 18 of the Participation Agreement, (c) to exercise any election or option to make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of, but in each case only to the extent relating to,

Excluded Payments, (d) to retain the rights of the "Lessor" with respect to solicitations of bids, and the election to retain the Aircraft pursuant to Section 9 of the Lease, (e) to exercise the right of "Lessor" to determine the fair market rental value or fair market sales value pursuant to Section 19 of the Lease, (f) to exercise all rights with respect to insurance maintained for its own account which Section 11(e) of the Lease specifically confers on the "Lessor" and (g) to exercise, to the extent necessary to enable it to exercise its rights under Section 8.03(e)(i) hereof, the rights of the "Lessor" under Section 21 of the Lease;

(ii) whether or not a Lease Event of Default or Indenture Event of Default shall occur and be continuing, the Owner Trustee and the Indenture Trustee shall each have the right separately but not to the exclusion of the other, (a) to receive from the Company all notices, certificates, reports, filings, Opinions of Counsel, copies of all documents and all information which the Company is permitted or required to give or furnish to the "Lessor" pursuant to the Lease or to the Owner Trustee pursuant to any other Operative Document, (b) to exercise inspection rights pursuant to Section 12 of the Lease, (c) to maintain separate insurance pursuant to Section 11(e) of the Lease and to retain all rights with respect to such insurance maintained for its own account, (d) to give any notice of default under Section 15 of the Lease and to declare the Lease in default in respect thereof, (e) to cause the Company to take any action and execute and deliver such documents and assurances as the "Lessor" may from time to time reasonably request pursuant to Section 16 of the Lease; (f) to consent (with the concurrent consent of the other such party to the extent such consent is required) to changes to the list of countries on Exhibit F or G to the Lease and (g) to purchase an engine pursuant to Section 5(e) of the Lease;

(iii) so long as no Indenture Event of Default shall have occurred and be continuing (but subject to the provisions of Section 11.06), the Owner Trustee shall retain the right, to the exclusion of the Indenture Trustee, to exercise the following rights of the "Lessor" under the Lease: (a) the right to approve as satisfactory any accountants, engineers or counsel to render services for or issue opinions to the Owner Trustee pursuant to express provisions of the Operative Documents, (b) the right to waive the opinion required pursuant to Section 8(e)(ii)(C) of the Participation Agreement and (c) in connection with an Event of Loss relating only to one or more Engines, the right to elect (or not to elect) under Section 10(b) of the Lease to require the Company to pay the amounts set forth in clauses (A) and (B) of Section 10(b);

(c) the leasehold interest granted to the Company by the Lease shall not be subject to the security interest granted by this Agreement, and nothing in this Agreement shall affect the rights of the Company under the Lease so long as no Lease Event of Default has occurred and is continuing; and

(d) as between the Owner Trustee and the Indenture Trustee, nothing contained in this Granting Clause shall prevent the Owner Trustee, as the "Lessor" under the Lease, from seeking specific performance of the covenants of the Company under the Lease relating to the protection, insurance, maintenance, possession and use of the Aircraft and from maintaining separate insurance with respect to the Aircraft to the extent permitted by Section 11 of the Lease.

None of the payments and rights described in the foregoing clauses (a) through (d) shall be included in the Indenture Estate.

HABENDUM CLAUSE

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, in trust for the benefit and security of the Indenture Trustee and the Holders from time to time, without any priority of any one Certificate over any other, and for the uses and purposes and subject to the terms and provisions set forth in this Agreement.

1. The Owner Trustee agrees that this Agreement creates and grants and is intended to and shall create and grant a security interest in the Aircraft to the Indenture Trustee, which security interest shall attach on the Delivery Date. The security interest created by this Agreement and granted to the Indenture Trustee hereunder in the Indenture Estate other than in the Aircraft shall attach upon the delivery of this Agreement.

2. It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner Trustee shall remain liable under each of the Operative Documents to which it is a party to perform all of its obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Indenture Trustee and the Holders shall have no obligation or liability under any of the Operative Documents to which the Owner Trustee is a party by reason of or arising out of the assignment hereunder, nor shall the Indenture Trustee (except as to the Indenture Trustee, if the Indenture Trustee shall have become the "Lessor" under the Lease) or the Holders be required or obligated in any manner to perform or fulfill any obligations of the Owner Trustee under any of the Operative Documents to which the Owner Trustee is a party, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

3. The Owner Trustee does hereby constitute the Indenture Trustee the true and lawful attorney of the Owner Trustee, irrevocably, with full power (in the name of

the Owner Trustee or otherwise) subject to the terms and conditions of this Indenture, to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due to the Owner Trustee (other than Excluded Payments) under or arising out of the Lease (subject to Section 11.06(b)(1)), the Purchase Agreement and the Owner Trustee's Purchase Agreement, to endorse any checks or other instruments or orders in connection therewith and, to file any claims or take any action or institute any proceedings which the Indenture Trustee may deem to be necessary or advisable in the premises. The Owner Trustee has directed the Company to make all payments of Rent (other than Excluded Payments) payable to the Owner Trustee by the Company and all other amounts which are required to be paid to or deposited with the Owner Trustee pursuant to the Lease directly to the Indenture Trustee at such address as the Indenture Trustee shall specify, for application as provided in this Agreement. The Owner Trustee agrees that promptly on receipt thereof, it will transfer to the Indenture Trustee any and all moneys from time to time received by it constituting part of the Indenture Estate, for distribution by the Indenture Trustee pursuant to this Agreement, except that the Owner Trustee shall accept for distribution pursuant to the Trust Agreement any amounts distributed to it by the Indenture Trustee as expressly provided in this Agreement and any Excluded Payments.

4. The Owner Trustee agrees that at any time and from time to time, upon the written request of the Indenture Trustee, the Owner Trustee will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Indenture Trustee may reasonably deem desirable in obtaining the full benefits of the assignment hereunder and of the rights and powers herein granted; provided, however, that

 the Owner Trustee shall have no obligation to execute and deliver or cause to be executed or delivered to the Indenture Trustee any such instrument or document if such execution and delivery would result in the imposition of additional liabilities on the Owner Trustee or the Owner Participant and would result in a burden on the Owner Participant's business activities, unless the Owner Trustee or the Owner Participant, as the case may be, is indemnified to its reasonable satisfaction against any losses, liabilities and expenses incurred in connection with such execution and delivery pursuant to any Operative Document.

5. The Owner Trustee does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, any of its right, title or interest hereby assigned, to any Person other than the Indenture Trustee, and that it will not, except as provided in or permitted by this Agreement, accept any payment from the Company, enter into an agreement amending or supplementing any of the Operative Documents, execute any waiver or modification of, or consent under the terms of any of the Operative Documents, settle or compromise any claim (other than claims in respect of Excluded Payments) against the Company arising under any of the Operative Documents, or submit or consent to the

submission of any dispute, difference or other matter arising under or in respect of any of the Operative Documents, to arbitration thereunder.

IT IS HEREBY FURTHER COVENANTED AND AGREED by and among the parties hereto as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. Definitions. (a) For all purposes of this Agreement,

except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article 1 have the meanings assigned to them in this Article 1, and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States;

(3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; and

(4) all references in this Agreement to Articles, Sections and Exhibits refer to Articles, Sections and Exhibits of this Agreement.

(b) For all purposes of this Agreement, the following capitalized terms have the following respective meanings:

"Actual Knowledge" means, (i) as it applies to the Owner Trustee or

Indenture Trustee, as the case may be, actual knowledge of a responsible officer in the Corporate Trust Department or the Corporate Trust Office, as the case may be, and (ii) as it applies to the Owner Participant, actual knowledge of a Vice President or more senior officer of the Owner Participant or other officer of the Owner Participant in each case having responsibility for the transactions contemplated by the Operative Documents; provided that each of the Owner Trustee, the Indenture Trustee and the Owner Participant shall be deemed to have "Actual Knowledge" of any matter as to which it has been given notice by any of Lessee, the Owner Participant, any Holder, the Owner Trustee or the Indenture Trustee, such notice having been given pursuant to and in accordance with Section 12.01.

"Additional Collateral" means any property in addition to the

 collateral listed in clauses (1) through (5) of the Granting Clause which may be added to the Indenture Estate from time to time by the Owner Participant in accordance with Section 9.12 hereof for so long as such property is to be included in the Indenture Estate in accordance with the grant made in said Section 9.12.

"Affiliate" with respect to a specified Person, means any other Person

 directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Paying Agent or Registrar.

 "Aircraft" shall have the meaning specified therefor in the Lease.

 "Airframe" shall have the meaning specified therefor in the Lease.

 "Appraiser" means a Person engaged in the business of making appraisals and, in the case of the Aircraft, familiar with commercial aviation equipment.

 "Bankruptcy Code" shall have the meaning specified therefor in the Lease

 "Basic Rent" shall have the meaning specified therefor in the Lease.

 "Business Day" shall have the meaning specified therefor in the Lease.

 "Certificate" or "Certificates" means any Certificate issued under this Agreement, including the Series 1995 777 B Certificates issued hereunder substantially in the form of Exhibits A-1 and A-2 hereto as such form may be varied pursuant to the terms hereof and any and all Certificates issued in replacement or exchange therein in accordance with the provisions hereof.

 "Certificate Holder" shall have the meaning specified for the term "Holder" hereunder.

 "Citizen of the United States" shall have the meaning specified therefor in the Lease.

 "Commencement Date" shall have the meaning specified therefor in the Lease.

"Commencement Date Cash Interest" when used with respect to a

 Certificate, shall be such Certificate's pro rata portion of the aggregate
 --- ---
 commencement date cash interest as determined on the basis of the data included
 in Exhibit B.

"Company" means United Air Lines, Inc., a Delaware corporation, and,

 subject to the provisions of the Participation Agreement, its permitted
 successors and assigns.

"Company Request" means a written request of the Company executed on

 its behalf by a Responsible Company Officer.

"Co-Registrar" shall have the meaning specified therefor in Section

 2.03.

"Debt" shall mean any liability for borrowed money, or any liability

 for the payment of money in connection with any letter of credit transaction, or
 other liabilities evidenced or to be evidenced by bonds, debentures, notes or
 other similar instruments.

"Defaulted Installment" shall have the meaning specified therefor in

 Section 2.08.

"Defaulted Interest" shall have the meaning specified therefor in

 Section 2.08.

"Delivery Date" shall have the meaning specified therefor in the

 Lease.

"EBO Date" shall have the meaning specified therefor in the Lease.

 "Engine" shall have the meaning specified therefor in the Lease.

 "Event of Loss" shall have the meaning specified therefor in the

 Lease.

"Excess Amount" shall have the meaning specified therefor in the

 Lease.

"Excluded Payments" means (i) any right, title or interest of the

 Owner Trustee in its individual capacity, the Owner Participant or their
 respective Affiliates or of their respective successors, permitted assigns,
 directors, officers, employees, servants and agents to any payment which by the
 terms of Section 7(b) or 7(c) of the Participation Agreement, Section 5.03 or
 7.01 of the Trust Agreement or any section of the Tax Indemnity Agreement or any
 corresponding payment under Section 3(d) of the Lease is payable to such Person,
 (ii) any insurance proceeds payable under insurance maintained by the Owner
 Trustee in its individual capacity or the Owner Participant (whether directly or
 through the Owner Trustee), or to their respective Affiliates, successors,
 permitted assigns, directors, officers, employees, servants and agents, (iii)
 any insurance proceeds (or proceeds of governmental indemnities in lieu thereof)
 payable to the Owner Trustee in its individual

capacity or to the Owner Participant, or to their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents, under any liability insurance maintained by the Company pursuant to Section 11 of the Lease or by any other Person (or proceeds of governmental indemnities in lieu thereof), (iv) any rights of the Owner Participant or the Owner Trustee to demand, collect, sue for, or otherwise receive and enforce payment of the foregoing amounts (including interest thereon to the extent provided in the applicable provisions of the Operative Documents) and the right to declare an Event of Default under the Lease in respect of any of the foregoing amounts, but not including the right to exercise any remedies under the Lease except for those specifically provided for in this clause (iv), (v) payments to the Owner Participant by the Owner Trustee pursuant to Section 2 of the Participation Agreement and any funds held by the Owner Trustee or payable to the Owner Participant pursuant to any funding letter entered into in lieu of the provisions of Section 2 of the Participation Agreement, (vi) if the Lessee has assumed the obligations of the Owner Trustee in respect of the Certificates in accordance with Section 7.03 hereof and Section 8(r) of the Participation Agreement, the amount payable as purchase price pursuant to Section 19(b) of the Lease, (vii) Transaction Expenses or other amounts or expenses paid or payable to, or for the benefit of, the Owner Participant pursuant to the Participation Agreement, (viii) the respective rights of the Owner Trustee in its individual capacity or the Owner Participant to the proceeds of the foregoing and (ix) any right to demand, collect or otherwise receive and enforce the payment of any amount described in clauses (i) through (viii) above.

"Federal Aviation Act" shall have the meaning specified therefor in

the Lease.

"Federal Aviation Administration" and "FAA" shall have the meaning

specified therefor in the Lease.

"Holder" means a person in whose name a Certificate is registered on

the Register including, so long as it holds any Certificate issued hereunder, the respective Pass Through Trustee under each Pass Through Trust Agreement.

"Indenture Default" means any event which is, or after notice or

passage of time, or both, would be, an Indenture Event of Default.

"Indenture Estate" shall have the meaning specified therefor in the

Granting Clause hereof.

"Indenture Event of Default" shall have the meaning specified therefor

in Article 8.

"Indenture Trustee" means First Security Bank of Utah, National

 Association and each other Person which may from time to time be acting as Indenture Trustee in accordance with the provisions of this Agreement.

"Independent" when used with respect to an engineer, Appraiser or

 other expert, means an engineer, Appraiser or other expert who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or any Affiliate of the Company, and (iii) is not connected with the Company or any Affiliate of the Company as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"Independent Investment Banker" shall mean an independent investment

 banking institution of national standing appointed by (i) the Company on behalf of the Owner Trustee or (ii) in the case of a redemption or purchase of the Certificates under Section 6.01(b) pursuant to Section 8.03(e)(ii), the Owner Trustee; provided that, if the Indenture Trustee shall not have received written notice of such an appointment at least 10 days prior to the relevant Redemption Date or if a Lease Event of Default shall have occurred and be continuing,

"Independent Investment Banker" shall mean such an institution appointed by

 the Indenture Trustee.

"Installment Certificate" shall mean a Certificate substantially in

 the form of Exhibit A-1, should any such Certificate be issued hereunder.

"Installment Payment Amount" means, with respect to each Installment

 Certificate, the amount of the installment payment of principal due and payable on each Installment Payment Date, which amount shall be equal to the product of the original principal amount of such Certificate and the Installment Payment Percentage for such Installment Payment Date.

"Installment Payment Date" means each date on which an installment

 payment of principal is due and payable on any Installment Certificate, as set forth in Exhibit B-1.

"Installment Payment Percentage" means, with respect to each

 Installment Payment Date, the percentage set forth opposite such Installment Payment Date in Exhibit B-1;

provided that, after the occurrence of any partial redemption or redemptions

 pursuant to clause (ii) of Section 6.01(a), the "Installment Payment Percentage"

 for each Installment Payment Date subsequent to the applicable Redemption Date shall be equal to the percentage obtained from the following calculation:

$$\frac{(p - n) \times y}{p \times s}$$

where, for Installment Certificates maturing on the same Maturity Date:

- p = the sum of the original principal amounts of all Installment Certificates maturing on such Maturity Date as reflected on Exhibit B hereto;
- n = the sum of the principal amounts paid to all holders of Installment Certificates maturing on such Maturity Date as a result of all such partial redemptions (excluding any Installment Payment Amounts paid on a Redemption Date as a result of any such Redemption Date occurring on an Installment Payment Date) and all payments of principal paid on Installment Payment Dates on or prior to the applicable Redemption Date;
- y = the Installment Payment Percentage set forth in such Exhibit B-1 applicable to the Installment Payment Date for which this calculation is being performed; and
- s = the sum of the Installment Payment Percentages for Installment Payment Dates related to such Installment Certificates maturing on such Maturity Date and subsequent to the applicable Redemption Date.

"Interest Payment Date" means each October 19 and April 19, commencing

on the Commencement Date.

"Lease" means the Lease Agreement (1995 777 B), dated as of May 1,

1995, between the Owner Trustee, as lessor, and the Company, as lessee, as such Lease Agreement may from time to time be further supplemented, amended or modified in accordance with the terms thereof and this Agreement. The term "Lease" shall also include each Lease Supplement entered into pursuant to the

terms of the Lease.

"Lease Event of Default" shall have the meaning specified for the term

"Event of Default" in the Lease.

"Lease Loss Payment Date" shall have the meaning specified for the

term "Loss Payment Date" in the Lease.

"Lease Supplement" shall have the meaning specified therefor in the

Lease.

"Lease Termination Date" shall have the meaning specified for the term

"Termination Date" in the Lease.

"Lessor Liens" shall have the meaning specified therefor in the Lease.

"Lien" means any mortgage, pledge, lien, charge, encumbrance, lease,

exercise of rights, security interest or claim.

"Loan Certificate" shall have the meaning specified for the term

"Certificate" hereunder.

"Maturity Date" means each of the dates specified in Exhibit B as a

maturity date of one or more of the Certificates.

"Officers' Certificate" means a certificate signed, in the case of the

Company, by (i) the Chairman of the Board of Directors, the President, or any Senior Vice President of the Company, signing alone, or (ii) any Vice President signing together with the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, in the case of the Owner Trustee, a Responsible Officer of the Owner Trustee.

"Operative Documents" means this Agreement, the Participation

Agreement, the Lease, the Tax Indemnity Agreement, the Consent and Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale, the Acceptance Certificate, the Purchase Agreement (to the extent assigned by the Owner Trustee's Purchase Agreement), the Owner Trustee's Purchase Agreement, the Certificates, the Trust Agreement and the Trust Supplement.

"Opinion of Counsel" means a written opinion of legal counsel, who in

the case of counsel for the Company may be (i) the senior attorney employed by the Company, (ii) Vedder, Price, Kaufman & Kammholz or (iii) other counsel designated by the Company and who shall be reasonably satisfactory to the Indenture Trustee or, in the case of legal counsel for the Owner Trustee, may be (x) Bingham, Dana & Gould or (y) other counsel designated by the Owner Trustee and who shall be reasonably satisfactory to the Indenture Trustee.

"Original Issue Price", when used with respect to a Certificate, shall

be such Certificate's pro rata portion of the aggregate original issue price as

determined on the basis of the data included in Exhibit B hereto.

"Outstanding", when used with respect to Certificates, means, as of

the date of determination, all Certificates theretofore executed and delivered under this Agreement other than:

- (i) Certificates theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 2.07 or otherwise;

(ii) Certificates for whose payment or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee in trust for the Holders of such Certificates; provided that if such

Certificates are to be redeemed, notice of such redemption has been duly given pursuant to this Agreement or provision therefor satisfactory to the Indenture Trustee has been made; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been executed and delivered pursuant to this Agreement;

provided, however, that in determining whether the Holders of the requisite

aggregate principal amount of Certificates Outstanding have given any request, demand, authorization, declaration, direction, notice, consent or waiver hereunder, Certificates owned by or pledged to the Company or any Affiliate of the Company or the Owner Trustee or the Owner Participant or any Affiliate thereof, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, declaration, direction, notice, consent or waiver, only Certificates which the Indenture Trustee knows to be so owned or so pledged shall be disregarded. Certificates owned by the Company, or the Owner Trustee or the Owner Participant, which have been pledged in good faith may be regarded as Outstanding if the Company, or the Owner Trustee or the Owner Participant, as the case may be, establishes to the satisfaction of the Indenture Trustee the pledgee's right to act with respect to such Certificates and that the pledgee is not the Company, or the Owner Trustee or the Owner Participant or any Affiliate thereof.

"Owner Participant" shall be the party specified as the "Owner

Participant" in the Participation Agreement, its successors and, to the extent permitted by Article VIII of the Trust Agreement and Section 8(1) of the Participation Agreement, its permitted successors and assigns.

"Owner Trustee" means State Street Bank and Trust Company, a

Massachusetts trust company, not in its individual capacity, but solely as trustee under the Trust Agreement, and each other Person which may from time to time be acting as Owner Trustee in accordance with the provisions of the Operative Documents.

"Owner Trustee's Purchase Agreement" shall have the meaning specified

therefor in the Lease.

"Participation Agreement" shall have the meaning specified therefor in

the Lease.

"Parts" shall have the meaning specified therefor in the Lease.

"Pass Through Certificates" means any of the Pass Through Certificates

issued pursuant to any of the Pass Through Trust Agreements.

"Pass Through Trust" means each pass through trust created pursuant to

the related Pass Through Trust Agreement.

"Pass Through Trust Agreements" means the Pass Through Trust Agreement

dated as of February 1, 1992, as amended and restated as of May 1, 1995, between the Company and the Pass Through Trustee as supplemented by each of the two Pass Through Trust Supplements Nos. 1995- A1 and 1995-A2, each dated as of May __, 1995, as the same may from time to time be further amended, supplemented or otherwise modified.

"Pass Through Trust Supplement" shall have the meaning specified for

the term "Trust Supplement" in the Pass Through Trust Agreement.

"Pass Through Trustee" means First Security Bank of Utah, National

Association in its capacity as trustee under each Pass Through Trust Agreement, and such other Person that may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Paying Agent" means any person acting as Paying Agent hereunder

pursuant to Section 2.03.

"Permitted Investment" means each of (i) obligations of, or guaranteed

by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors Service or Standard & Poor's Corporation; provided, however, that the

aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (i) through (iv) as collateral.

"Permitted Lien" shall have the meaning specified therefor in the

Lease.

"Person" means any individual, corporation, partnership, joint

venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Pre-Commencement Date Period" means, with respect to any Certificate,

the period commencing on the date of the original issuance of such Certificate and ending on and including the day immediately preceding the Commencement Date.

"Premium" or "premium" shall have the meaning specified in Section

6.01(b) hereto.

"Premium Termination Date" means, with respect to a Certificate, the

date set forth below opposite the Maturity Date of such Certificate:

Certificates	Maturity Date	Premium Termination Date
-----	-----	-----
Series 777 B-1 Certificate	[_____]	[_____]
Series 777 B-2 Certificate	[_____]	[_____]

"Purchase Agreement" shall have the meaning specified therefor in the

Lease.

"Purchase Option Date" shall have the meaning specified therefor in

the Lease.

"Record Date" for the interest or Installment Payment Amount payable

on any Certificate on any Interest Payment Date or Installment Payment Date (other than the Maturity Date) for such Certificate, as the case may be, means the calendar day (whether or not a Business Day) which is 15 calendar days prior to the related Interest Payment Date or the related Installment Payment Date.

"Redemption Date" means the date on which the Certificates are to be

redeemed or purchased pursuant to Section 6.01 or Section 6.02, as the case may be, as specified in the notice delivered pursuant to Section 6.03 hereof.

"Redemption Price" means the price at which the Certificates are to be

redeemed or purchased, determined as of the applicable Redemption Date, pursuant to Section 6.01 or Section 6.02, as the case may be; provided, however, that in

the case of a Certificate which is issued at a discount which shall become due and payable (upon redemption, acceleration or otherwise) and shall be paid or shall be purchased during the Pre-Commencement Date Period, the Redemption Price or purchase price therefor shall be the amount payable upon such Certificate becoming due and payable and being paid during the Pre-Commencement Date Period as specified therein.

"Refinancing Date" shall mean the date designated by the Lessee as the

date for a refinancing of the Certificates in accordance with Section 17 of the Participation Agreement.

"Register" shall have the meaning specified therefor in Section 2.03.

"Registrar" means any person acting as Registrar hereunder pursuant to

Section 2.03.

"Rent" shall have the meaning specified therefor in the Lease.

"Replacement Airframe" shall have the meaning specified therefor in

the Lease.

"Replacement Engine" shall have the meaning specified therefor in the

Lease.

"Responsible Company Officer" means, with respect to the Company, its

Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer or any other management employee (a) working under the direct supervision of such Chairman of the Board, President, Senior Vice President, Chief Financial Officer, Vice President or Treasurer and (b) whose responsibilities include the administration of the transactions and agreements, including the Lease, contemplated by the Participation Agreement.

"Responsible Officer", with respect to the Owner Trustee or the

Indenture Trustee, shall mean any officer in its Corporate Trust Administration Department or any officer of the Owner Trustee or the Indenture Trustee, as the case may be, customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

"SEC" means the Securities and Exchange Commission.

"Series 1995 777 B Certificate" means any Certificate issued by the

Owner Trustee under this Agreement substantially in the form of Exhibit A-1 or A-2, and any and all of the Series 1995 777 B Certificates issued in replacement or exchange thereof in accordance with the provisions hereof.

"Special Purchase Option Date" shall have the meaning specified

therefor in the Lease.

"Stipulated Loss Value" shall have the meaning specified therefor in

the Lease.

"Supplemental Rent" shall have the meaning specified therefor in the

Lease.

"Tax Indemnity Agreement" shall have the meaning specified therefor in

the Lease.

"Termination Value" shall have the meaning specified therefor in the

Lease.

"Treasury Yield" means, with respect to each Certificate to be

redeemed or purchased, (x) in the case of a Certificate having a maturity less than one year after the applicable redemption or purchase date, the average yield to stated maturity on a government bond equivalent basis of the applicable United States Treasury Bill due the week of the maturity of such Certificate or (y) in the case of a Certificate having a maturity of one year or more after the applicable redemption or purchase date, the average yield to stated maturity of the most comparable United States Treasury Notes or Bonds as identified by an independent investment banker, corresponding in maturity to the Remaining Weighted Average Life (as defined below) of such Certificate (or, if there is no maturity corresponding to such Remaining Weighted Average Life, an interpolation of maturities by such independent investment banker), in each case under (x) and (y) above determined by such independent investment banker based on the average of the yields to stated maturity determined from the bid prices on the fourth Business Day preceding the applicable redemption or purchase date. For purposes hereof, "Remaining Weighted Average Life" means, for any Certificate, at the redemption or purchase date of such Certificate, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal, including the payment due on the maturity date of such Certificate, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between the redemption or purchase date and the regular distribution dates as of such scheduled payments of principal; by (b) the then outstanding principal amount (including accretion of discount) of such Certificate.

"Trust Agreement" shall have the meaning specified therefor in the

Lease.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as

amended.

"Trust Indenture and Mortgage" or "this Agreement" means this Trust

Indenture and Mortgage (1995 777 B), as the same may from time to time be supplemented, amended or modified.

"Trust Indenture Estate" shall have the meaning specified for the term

"Indenture Estate" hereunder.

"Trust Office" shall mean the principal corporate trust office of the

Owner Trustee located at 225 Franklin Street, Boston, Massachusetts 02110, Attention: Corporate Trust Department, or at such other office at which the Owner Trustee's corporate trust business shall be administered which the Owner Trustee shall have specified by notice in writing to the Company, the Indenture Trustee and each Holder.

"Trust Supplement" means a supplement to the Trust Agreement and this

Agreement in the form of Exhibit C hereto.

"Trustee's Liens" shall have the meaning specified therefor in Section

9.10.

"United States" or "U.S." means the United States of America.

"U.S. Government Obligations" means securities that are direct

obligations of the United States or agencies or instrumentalities thereof for the payment of which the full faith and credit of the United States are pledged which are not callable or redeemable, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt so long as such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

ARTICLE 2

THE CERTIFICATES

Section 2.01. Certificates; Title and Terms. The Certificates issued

hereunder shall be designated as Series 1995 777 B Certificates. The Installment Certificates and the Serial Certificates shall be substantially in the form set forth in Exhibit A-1 or A-2, respectively. The Certificates originally issued hereunder shall be dated the date of issuance thereof and shall be issued in the maturities and principal amounts and at the Original Issue Prices, shall provide for Commencement Date Cash Interest, if any, and shall bear interest during and after the Pre-Commencement Date Period at the rates per annum, in each case as specified in or determined pursuant to Exhibit B. The principal of each Certificate, other than Installment Certificates, shall be payable in full on the Maturity Date for such Certificate. The principal of each Installment Certificate shall be payable in installments, on each Installment Payment Date, in amounts equal to the Installment Payment Amount for such Installment Payment Date. Each Certificate shall be issued to the Pass Through Trustee under each of the Pass Through Trust Agreements, as set forth in Exhibit B-2.

The Certificates shall be issued in registered form only. The Certificates shall be issued in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000.

The Certificates are not redeemable or subject to purchase prior to maturity except as provided in this Agreement. Interest accrued on the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.02. Execution and Authentication. (a) Certificates shall

 be executed on behalf of the Owner Trustee by the manual or facsimile signature of its President, a senior vice president, a vice president, an assistant vice president, its treasurer, its secretary, an assistant secretary or an assistant treasurer.

(b) If any officer of the Owner Trustee executing the Certificates no longer holds that office at the time the Certificate is executed on behalf of the Owner Trustee, the Certificate shall be valid nevertheless.

(c) At any time and from time to time after the execution of the Certificates, the Owner Trustee may deliver such Certificates to the Indenture Trustee for authentication and, subject to the provisions of Section 2.10, the Indenture Trustee shall authenticate the Certificates by manual signature upon written orders of the Owner Trustee. Certificates shall be authenticated on behalf of the Indenture Trustee by any authorized officer or signatory of the Indenture Trustee.

(d) A Certificate shall not be valid or obligatory for any purpose or entitled to any security or benefit hereunder until executed on behalf of the Owner Trustee by the manual or facsimile signature of an officer of the Owner Trustee as provided in Section 2.02(a) and until authenticated on behalf of the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee as provided in Section 2.02(c). Such signatures shall be conclusive evidence that such Certificate has been duly executed, authenticated and issued under this Agreement.

Section 2.03. Registrar and Paying Agent. The Indenture Trustee

 shall maintain an office or agency where the Certificates may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where (subject to Sections 2.04 and 2.08) the Certificates may be presented for payment or for exchange (the "Paying Agent"). The Registrar shall keep a register (the "Register") with respect to the Certificates and to their transfer and exchange and the payments of Installment Payment Amounts thereon, if any. The Indenture Trustee may appoint one or more co-registrars (the "Co-Registrars") and one or more additional Paying Agents for the Certificates and the Indenture Trustee may terminate the appointment of any Co-Registrar or Paying Agent at any time upon written notice. The term "Registrar" includes any Co-Registrar. The term "Paying Agent" includes any additional Paying Agent.

The Indenture Trustee shall initially act as Registrar and Paying Agent.

Section 2.04. Transfer and Exchange. At the option of the Holder

 thereof, Certificates may be exchanged for an equal aggregate principal amount of other Certificates of the same maturity and type and of any authorized denominations or transferred upon surrender of the Certificates to be exchanged or transferred at the principal corporate trust office of the Indenture Trustee, or at any office or agency maintained for such purpose pursuant to Section 2.03. Whenever any Certificates are so surrendered for exchange, the Owner Trustee shall execute, and the Indenture Trustee shall authenticate and deliver, the replacement Certificates, dated the same date as the Certificate or Certificates being replaced which the Holder making the exchange is entitled to receive.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be the valid obligations of the Owner Trustee, evidencing the same obligations, and entitled to the same security and benefits under this Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Registrar) be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer or exchange of Certificates, but the Registrar may, as a condition to any transfer or exchange hereunder, require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates.

The Registrar shall not be required to register the transfer of or to exchange any Certificate called for redemption or purchase pursuant to such Section 6.01 or 6.02.

Section 2.05. Holder Lists; Ownership of Certificates. (a) The

 Indenture Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders, which list shall be available to the Owner Trustee or its representative (which may be the Owner Participant) and the Company for inspection. If the Indenture Trustee is not the Registrar, the Registrar shall be required to furnish to the Indenture Trustee semi-annually on or before each Interest Payment Date, and at such other times as the Indenture Trustee may request in writing, a list, in such form and as of such date as the Indenture Trustee may reasonably require, containing all the information in the possession or control of the Registrar as to the names and addresses of the Holders.

(b) Ownership of the Certificates shall be proved by the Register kept by the Registrar. Prior to due presentment for registration of transfer of any Certificate, the

Owner Trustee, the Owner Participant, the Company, the Indenture Trustee, the Paying Agent and the Registrar may deem and treat the Person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of receiving payment of principal (including, subject to the provisions herein regarding the applicable Record Dates, Installment Payment Amounts) of, premium, if any, and interest on such Certificate and for all other purposes whatsoever, whether or not such Certificate is overdue, and none of the Owner Trustee, the Indenture Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

Section 2.06. Mutilated, Destroyed, Lost or Stolen Certificates. If

any Certificate shall become mutilated, destroyed, lost or stolen, the Owner Trustee shall, upon the written request of the Holder of such Certificate, issue and execute, and the Indenture Trustee shall authenticate and deliver, in replacement thereof, as applicable, a new Certificate of the same type and having the same maturity, payable to the same Holder in the same principal amount and dated the same date as the Certificate so mutilated, destroyed, lost or stolen. If the Certificate being replaced has become mutilated, such Certificate shall be surrendered to the Indenture Trustee. If the Certificate being replaced has been destroyed, lost or stolen, the Holder of such Certificate shall furnish to the Owner Trustee and the Indenture Trustee such security or indemnity as may be required by it to save the Owner Trustee and the Indenture Trustee harmless and evidence satisfactory to the Owner Trustee and the Indenture Trustee of the destruction, loss or theft of such Certificate and of the ownership thereof.

Section 2.07. Cancellation. The Registrar and any Paying Agent shall

forward to the Indenture Trustee all Certificates surrendered to them for replacement, redemption, registration of transfer, exchange or payment. The Indenture Trustee shall cancel all Certificates surrendered for replacement, redemption, registration of transfer, exchange, payment or cancellation and shall destroy cancelled Certificates.

Section 2.08. Payment on Certificates; Defaulted Principal and

Interest. (a) The Indenture Trustee will arrange directly with any Paying Agent

for the payment, or the Indenture Trustee will make payment, all pursuant to Section 2.09, of the principal of, premium, if any, and interest on the Certificates at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purpose to Section 2.03 hereof. All payments in respect of the Certificates shall be made in such coin or currency of the United States as at the time of payment in legal tender for payment of public and private debts. Payments (other than on the Maturity Date therefor or on the Redemption Date in respect of the redemption in whole thereof) on Certificates shall be made to the Holder thereof at the close of business on the relevant Record Date; provided, however, that the Paying Agent will, at the

request of the Indenture Trustee and may, at its option, pay such interest, premium or principal by check mailed to such Holder's address as it appears on the Register. Principal of Certificates and premium, if any, with respect thereto, shall (except as

provided pursuant to the immediately preceding sentence) be payable only against presentation and surrender thereof at the principal corporate trust office of the Indenture Trustee or at the office of the Paying Agent maintained for such purpose pursuant to Section 2.03.

A Holder shall have no further interest in, or other right with respect to, the Indenture Estate when and if the principal amount of, premium, if any, and interest on all Certificates held by such Holder and all other sums payable to such Holder hereunder, under such Certificates and under the Participation Agreement shall have been paid in full.

(b) Any Installment Payment Amount payable on an Installment Payment Date (other than the Maturity Date with respect to a Certificate) or any interest payable on an Interest Payment Date on any Certificate which is not punctually paid on such Installment Payment Date or such Interest Payment Date, as the case may be (herein called, respectively, a "Defaulted Installment" and "Defaulted Interest"), shall forthwith cease to be payable to the Holder on the relevant Record Date by virtue of his having been such Holder; and such Defaulted Installment or Defaulted Interest may be paid by the Indenture Trustee, at its election in each case, as provided in clause (1) or (2) below:

(1) The Indenture Trustee may elect to make payment of any Defaulted Installment or Defaulted Interest, as the case may be, to the person in whose name any Certificate is registered at the close of business on a special record date for the payment of such Defaulted Installment or Defaulted Interest, as the case may be, which shall be fixed in the following manner. The Indenture Trustee shall notify the Paying Agent in writing of the amount of Defaulted Installment or Defaulted Interest, as the case may be, proposed to be paid on each such Certificate and the date of the proposed payment, and at the same time the Indenture Trustee shall make arrangements to set aside an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Installment or Defaulted Interest, as the case may be, prior to the date of the proposed payment, to be held in trust for the benefit of the Persons entitled to such Defaulted Installment or Defaulted Interest, as the case may be, as this clause provides and shall fix a special record date for the payment of such Defaulted Installment or Defaulted Interest, as the case may be, which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment. The Indenture Trustee shall promptly notify the Owner Trustee, the Company and the Registrar of such special record date and shall cause notice of the proposed payment of such Defaulted Installment or Defaulted Interest, as the case may be, and the special record date therefor to be mailed, first class postage prepaid, to each Holder at its address as it appears in the Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Installment or Defaulted Interest, as the case may be, and the special record date therefor having been mailed, as aforesaid, such Defaulted Installment or Defaulted

Interest, as the case may be, shall be paid to the Persons in whose names the applicable Certificates are registered on such special record date and shall no longer be payable pursuant to the following clause (2).

(2) The Indenture Trustee may make, or cause to be made, payment of any Defaulted Installment or Defaulted Interest, as the case may be, in any other lawful manner not inconsistent with the requirements of any securities exchange on which Certificates may be listed, and upon such notice as may be required by such exchange, if such payment shall be deemed practicable by the Indenture Trustee.

(c) The Indenture Trustee shall require each Paying Agent to agree in writing that such Paying Agent will hold in trust, for the benefit of the Holders of the Certificates and the Indenture Trustee, all money held by the Paying Agent for the payment of the principal of, premium, if any, or interest and shall give to such Indenture Trustee notice of any default in the making of any such payment upon the Certificates. The Indenture Trustee at any time may require a Paying Agent to repay to the Indenture Trustee all money held by it. Upon so doing the Paying Agent shall have no further liability for the money so paid.

Section 2.09. Payment from Indenture Estate Only; Non-Recourse

Obligations. All amounts payable by the Indenture Trustee and the Owner Trustee

under the Certificates and this Agreement shall be made only from the income and proceeds of the Indenture Estate. Each Holder of a Certificate, by its acceptance of such Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for the payment of such amounts, to the extent available for distribution to it as herein provided, and (b) none of the Owner Trustee, the Owner Participant or the Indenture Trustee is or shall be personally liable to the Holder of any Certificate for any amount payable under such Certificate or this Agreement or, except as expressly provided in this Agreement in the case of the Owner Trustee and the Indenture Trustee, for any liability thereunder.

State Street Bank and Trust Company is entering into this Agreement solely as Owner Trustee under the Trust Agreement and not in its individual capacity, and in no case whatsoever shall State Street Bank and Trust Company (or any entity acting as successor trustee under the Trust Agreement) be personally liable for, or for any loss in respect of, any statements, representations, warranties, agreements or obligations hereunder or thereunder; provided that State Street Bank and Trust Company shall be liable hereunder in

its individual capacity, (i) for the performance of its agreements in its individual capacity under Section 8 of the Participation Agreement, (ii) for its own willful misconduct or gross negligence and (iii) for the failure to use ordinary care in the disbursement of funds. If a successor Owner Trustee is appointed in accordance with the terms of the Trust Agreement and the Participation Agreement, such successor Owner Trustee shall, without any further act, succeed to all of the rights, duties, immunities and obligations hereunder, and its predecessor

Owner Trustee and State Street Bank and Trust Company shall be released from all further duties and obligations hereunder, without prejudice to any claims against State Street Bank and Trust Company or such predecessor Owner Trustee for any default by State Street Bank and Trust Company or such predecessor Owner Trustee, respectively, in the performance of its obligations hereunder prior to such appointment.

Section 2.10. Execution, Delivery and Dating of Certificates upon

Original Issuance. The Owner Trustee shall issue and execute, and the Indenture

Trustee shall authenticate and deliver, the Certificates for original issuance upon payment to the Indenture Trustee of an amount equal to its Original Issue Price. Each Certificate shall (except for those issued pursuant to Section 2.04 or Section 2.06) be dated the date of its issuance.

ARTICLE 3

RECEIPT, DISTRIBUTION AND APPLICATION
OF FUNDS IN THE INDENTURE ESTATE

Section 3.01. [Reserved for Potential Future Use]

Section 3.02. Payment in Case of Redemption or Purchase of

Certificates. Except as otherwise provided in Section 3.05, in the event the

Certificates are redeemed or purchased in accordance with the provisions of Section 6.01 or 6.02, the Indenture Trustee will apply on the Redemption Date any amounts then held by it in the Indenture Estate and received by it from or on behalf of the Company or the Owner Trustee in the following order of priority:

first, so much thereof as was received by the Indenture Trustee with

respect to the amounts due to it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts;

second, so much thereof remaining as shall be required to pay an

amount equal to the Redemption Price on the Outstanding Certificates pursuant to Section 6.01 or 6.02, as the case may be, on the Redemption Date shall be applied to the redemption or purchase of the Certificates on the Redemption Date; and

third, the balance, if any, thereof remaining thereafter shall be

distributed to the Owner Trustee to be held or distributed to the Owner Participant in accordance with the terms of the Trust Agreement.

Section 3.03. Application of Rent When No Indenture Event of Default

Is Continuing. Except as otherwise provided in Section 3.02, 3.04, 3.05 or

3.06, each amount

of Excess Amount or Rent received by the Indenture Trustee from the Owner Trustee or the Company, together with any amount received by the Indenture Trustee pursuant to Section 8.03(e) shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such aggregate amount as shall be required to pay in

full the interest, principal of, premium (to the extent received by the Indenture Trustee from the Company as Supplemental Rent), if any, then due on, all Outstanding Certificates shall be distributed to the Persons entitled thereto; and in case such payments or amounts shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such interest, principal and premium, if any, without any preference or priority of one Certificate over another, ratably according to the aggregate amount so due for interest, principal and premium, if any, at the date fixed by the Indenture Trustee for the distribution of such payments or amounts;

second, so much of such aggregate amount remaining as shall be

required to pay any amount due the Indenture Trustee pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts; and

third, the balance, if any, of such aggregate amount remaining

thereafter shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement.

Section 3.04. Application of Certain Payments in Case of Requisition

or Event of Loss. Except as otherwise provided in Section 3.05, any amounts

received directly or otherwise pursuant to the Lease from any governmental authority or other party pursuant to Section 10 of the Lease with respect to the Airframe or the Airframe and the Engines or engines then installed on the Airframe as the result of an Event of Loss, to the extent that such amounts are not at the time required to be paid to the Company pursuant to said Section 10, and any amounts of insurance proceeds for damage to the Indenture Estate received directly or otherwise pursuant to the Lease from any insurer pursuant to Section 11 of the Lease with respect thereto as the result of an Event of Loss, to the extent such amounts are not at the time required to be paid to the Company pursuant to said Section 11, shall, except as otherwise provided in the next sentence, be applied by the Indenture Trustee on behalf of the Owner Trustee in reduction of the Company's obligations to pay Stipulated Loss Value and the other amounts payable by the Company pursuant to Section 10 of the Lease and the remainder, if any, shall, except as provided in the next sentence, be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease. Any portion of any such amount referred to in the preceding sentence which is not required to be so paid to the Company pursuant to the Lease, solely because a Lease Event of Default shall have occurred and be continuing, shall be held by the Indenture Trustee on behalf of the Owner Trustee as security for the obligations of the Company under the Lease and at

such time as there shall not be continuing any Lease Event of Default or such earlier time as shall be provided for in the Lease, such portion shall be paid to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, unless the Indenture Trustee (as assignee from the Owner Trustee of the Lease) shall have theretofore declared the Lease to be in default pursuant to Section 15 thereof, in which event such portion shall be distributed forthwith upon such declaration in accordance with the provisions of Section 3.05 hereof.

Section 3.05. Payments During Continuance of Indenture Event of

Default. All payments (except Excluded Payments) received and amounts held or

realized by the Indenture Trustee after an Indenture Event of Default shall have occurred and be continuing (including any amounts realized by the Indenture Trustee from the exercise of any remedies pursuant to Article 8), as well as all payments or amounts then held or thereafter received by the Indenture Trustee as part of the Indenture Estate while such Indenture Event of Default shall be continuing, shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such payments or amounts as shall be required to

pay the Indenture Trustee all amounts then due it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts;

second, so much of such payments or amounts remaining as shall be

required to pay the expenses incurred (including unbilled expenses in respect of property delivered or contracted for or services rendered or contracted for if the amount of such expenses is liquidated) in using, operating, storing, leasing, controlling or managing the Indenture Estate, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements of and to the Indenture Estate and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine and make reports upon the properties, books and records of the Owner Trustee and, to the extent permitted under the Lease, the Company), all in accordance with Section 8.03(c), shall be applied for such purposes;

third, so much of such payments or amounts remaining as shall be

required to pay the principal of, premium, if any, to the extent payable by the Owner Trustee pursuant to Section 6.01(b)(ii) or to the extent received by the Indenture Trustee from the Company as Supplemental Rent, and accrued interest, on all Certificates Outstanding, whether by declaration of acceleration pursuant to Section 8.02 or otherwise, shall be applied to the payment of such interest, principal and premium, if any, and in case such payments or amounts shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such interest principal and premium, if any, without any preference or priority of one Certificate over another,

ratably according to the aggregate amount so due for interest, principal and premium, if any, at the date fixed by the Indenture Trustee for the distribution of such payments or amounts; and

fourth, the balance, if any, of such payments or amounts remaining

thereafter shall be held by the Indenture Trustee as collateral security for the obligations secured hereby until such time as no Indenture Event of Default shall be continuing hereunder or the Certificates have been accelerated and all amounts due thereon have been paid, at which time such payments or amounts shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement; provided that at such time as one or more

Lease Events of Default shall have occurred and any such Lease Event of Default shall have continued for a period of 180 days during which time the Certificates could, but shall not, have been accelerated pursuant to Section 8.02, such amounts shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement so long as no Indenture Event of Default exists other than by virtue of such Lease Event of Default.

Section 3.06. Payments for Which Application Is Provided in Other

Documents. Except as otherwise provided in this Agreement, any payment received

by the Indenture Trustee for which provision as to the application thereof is made in the Lease or any other Operative Document shall be distributed to the Person for whose benefit such payments were made. The Indenture Trustee shall be obligated to distribute any Excluded Payments received by the Indenture Trustee promptly upon receipt thereof by the Indenture Trustee to the Person entitled thereto.

Section 3.07. Payments for Which No Application Is Otherwise

Provided. Except as otherwise provided in Section 3.05:

(a) any payment received by the Indenture Trustee for which no provision as to the application thereof is made elsewhere in this Agreement, and

(b) any payment received and amounts realized by the Indenture Trustee with respect to the Aircraft to the extent received or realized at any time after the conditions set forth in Article 10 for the satisfaction and discharge of this Agreement or for the defeasance of the Certificates shall have been satisfied, as well as any other amounts remaining as part of the Indenture Estate after such satisfaction shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such aggregate amount as shall be required to pay

the Indenture Trustee all amounts then due it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts; and

second, the balance if any, of such aggregate amount remaining

thereafter shall be distributed to the Owner Trustee to be held or
distributed in accordance with the terms of the Trust Agreement.

ARTICLE 4

COVENANTS OF OWNER TRUSTEE

Section 4.01. Covenants of the Owner Trustee. The Owner Trustee

hereby covenants and agrees that:

(i) the Owner Trustee will duly and punctually pay the principal of,
premium, if any, and interest on and other amounts due under the
Certificates, provided it or the Indenture Trustee has funds in the Trust
Estate for this purpose;

(ii) the Owner Trustee will, in its individual capacity, not directly
or indirectly create, incur, assume or suffer to exist any Lessor Lien
attributable to it in its individual capacity with respect to any of the
properties or assets of the Indenture Estate;

(iii) in the event an officer in the Corporate Trust Department of the
Owner Trustee shall have Actual Knowledge of an Indenture Event of Default
or Indenture Default or an Event of Loss, the Owner Trustee will give prompt
written notice of such Indenture Event of Default or Indenture Default or
Event of Loss to the Indenture Trustee, the Owner Participant and the
Company;

(iv) except as contemplated by the Operative Documents, the Owner
Trustee will not contract for, create, incur, assume or permit to exist any
Debt, and will not guarantee (directly or indirectly or by an instrument
having the effect of assuring another's payment or performance on any
obligation or capability of so doing, or otherwise), endorse or otherwise be
or become contingently liable, directly or indirectly, in connection with
the Debt of any other Person; and

(v) the Owner Trustee will not enter into any business or other
activity other than owning the Aircraft, the leasing thereof to the Company
and the carrying out of the transactions contemplated hereby and by the
Participation Agreement, the Trust Agreement and the other Operative
Documents.

ARTICLE 5

DISPOSITION, SUBSTITUTION AND RELEASE
OF PROPERTY INCLUDED IN THE INDENTURE ESTATE DURING
CONTINUATION OF LEASE

Section 5.01. Disposition, Substitution and Release of Property

Included in the Indenture Estate During Continuation of Lease. So long as the

Lease is in effect:

(a) Parts. Any Parts and alterations, improvements and modifications

in and additions to the Aircraft shall, to the extent required or specified
by the Lease, become subject to the lien of this Agreement and be leased to
the Company under the Lease; provided that, to the extent permitted by and

as provided in the Lease, the Company shall have the right, at any time and
from time to time, without any release from or consent by the Owner Trustee
or the Indenture Trustee, to remove, replace and pool Parts and to make
alterations, improvements and modifications in, and additions to, the
Aircraft. The Indenture Trustee agrees that, to the extent permitted by and
as provided in the Lease, title to any such Part shall vest in the Company.
The Indenture Trustee shall from time to time execute an appropriate written
instrument or instruments to confirm the release of the security interest of
the Indenture Trustee in any Part as provided in this Section 5.01, in each
case upon receipt by the Indenture Trustee of a Company Request stating that
said action was duly taken by the Company in conformity with this Section
5.01 and that the execution of such written instrument or instruments is
appropriate to evidence such release of a security interest under this
Section 5.01.

(b) Substitution Under the Lease upon an Event of Loss Occurring to

Airframe or Engines or upon Voluntary Termination of Lease with Respect to

Engines. Upon (i) the occurrence of an Event of Loss occurring to the

Airframe or an Engine, or (ii) a voluntary termination of the Lease with
respect to an Engine, the Company, in accordance with the Lease, may, in the
case of an Event of Loss which has occurred to the Airframe, or shall,
except as provided in Section 10(b) of the Lease, in the case of an Event of
Loss which has occurred to or termination of the Lease with respect to an
Engine, substitute an airframe or engine, as the case may be, in which case,
upon satisfaction of all conditions to such substitution specified in
Section 10 of the Lease, the Indenture Trustee shall release all of its
right, interest and lien in and to the Airframe or such Engine in accordance
with the provisions of the following two sentences. The Indenture Trustee
shall execute and deliver to the Owner Trustee an instrument releasing its
lien in and to the Airframe or such Engine and shall execute for recording
in public offices, at the expense of the Owner Trustee (if requested by the
Owner Trustee) or the Company (if requested by the Company), such
instruments in writing as the Owner Trustee or the Company shall reasonably

request and as shall be reasonably acceptable to the Indenture Trustee in order to make clear upon public records that such lien has been released under the laws of the applicable jurisdiction.

Each of the Owner Trustee and the Company hereby waives and releases any and all rights existing or that may be acquired to any penalties, forfeit or damages from or against the Indenture Trustee for failure to execute and deliver any document in connection with the release of a lien or to file any certificate in compliance with any law or statute requiring the filing of the same in connection with the release of a lien, except for failure by the Indenture Trustee to execute and deliver any document or to file any certificate as may be specifically requested in writing by the Owner Trustee or the Company.

ARTICLE 6

REDEMPTION OF CERTIFICATES

Section 6.01. Redemption of Certificates upon Certain Events. (a)

 (i) If there shall be an Event of Loss to the Aircraft and the Aircraft is not replaced pursuant to Section 10(a)(ii) of the Lease, each Outstanding Certificate shall be redeemed in whole at a Redemption Price equal to 100% of the outstanding principal amount of such Certificate plus accrued and unpaid interest thereon to but excluding the applicable Redemption Date.

(ii) If there shall be an Event of Loss to any Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe and, as a result of such an Event of Loss, Lessor elects to receive payment for such Engine from Lessee pursuant to Section 10(b) of the Lease and Lessee shall not have elected to replace such Engine notwithstanding such election by Lessor, a portion of the principal of each Outstanding Certificate equal to the product obtained by multiplying the unpaid principal amount of such Certificate on the Redemption Date applicable to such partial redemption (assuming, only for the purposes of this calculation, that, if such Redemption Date is coincident with a Maturity Date or an Installment Payment Date, the scheduled principal payment due on such Redemption Date is paid prior to the time the Redemption Price is calculated pursuant to this Section 6.01(a)(ii) and applied to principal in accordance with Section 3.03 hereof) by

_____. The Redemption Price for each such Certificate shall be the sum of such portion of principal being redeemed plus the amount of interest accrued and unpaid to such Redemption Date on the principal amount of such Certificate to be redeemed on such Redemption Date (assuming, only for the purposes of this calculation, that, if, such Redemption Date is coincident with an Interest Payment Date, the interest due on such Interest Payment Date is paid prior to the time such Redemption Price is calculated pursuant to this Section 6.01(a)(ii) and applied to interest in accordance with Section 3.03 hereof); provided that each Certificate shall receive, as to the principal thereof,

the same portion of such Redemption Price as the principal value of such Certificate at such Redemption Date represents of the total principal value of all Certificates Outstanding at such Redemption Date. Upon the occurrence of any partial redemption or redemptions pursuant to the preceding sentence the principal amount of each Outstanding Certificate shall be adjusted to take account of any such partial redemption or redemptions, and the Installment Payment Percentages applicable to any Installment Certificates issued hereunder shall be adjusted as provided for in the definition thereof. The Redemption Date for Certificates to be redeemed pursuant to this Section 6.01(a) shall be the Lease Loss Payment Date.

(b) If (i) the Lease shall be terminated by the Company at its option pursuant to Section 9(b) of the Lease or upon the purchase of the Aircraft by the Company at its option on a Special Purchase Option Date or the EBO Date pursuant to Section 19(b) of the Lease (unless the Company shall have elected to assume the rights and obligations of the Owner Trustee hereunder to the extent and as provided for in Section 8(r) of the Participation Agreement) or (ii) the Owner Trustee or the Owner Participant shall have given notice of redemption or purchase to the Indenture Trustee pursuant to Section 8.03(e)(ii) at any time after one or more Lease Events of Default shall have occurred and be continuing for a period of 180 days or more but less than one year (or a period of less than 180 days if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated, each Outstanding Certificate shall be redeemed or purchased in whole on the Redemption Date and at the Redemption Price determined below. Prior to the Premium Termination Date applicable to such Certificate, the Redemption Price applicable to a redemption or purchase pursuant to this Section 6.01(b) shall be equal to an amount which an Independent Investment Banker (or, in the case of the deposit of estimated premium pursuant to Section 8.03(e)(ii), the Owner Trustee) determines to be equal to the greater of (x) the unpaid principal amount of such Certificate as at such Redemption Date together (assuming, only for the purposes of this calculation, that, if such Redemption Date is coincident with an Interest Payment Date, the interest due on such Interest Payment Date is paid prior to the time such Redemption Price is calculated pursuant to this Section 6.01(b) and applied to interest in accordance with Section 3.03 hereof) with an amount equal to the interest accrued thereon from the immediately preceding Interest Payment Date to such Redemption Date and (y) the present value (computed in accordance with generally accepted financial practices on a semiannual basis at a discount rate equal to the Treasury Yield applicable to such Certificate as of such Redemption Date) as at such Redemption Date of (A) the regularly scheduled future payments of interest on such Certificate as required by the terms thereof and of this Agreement and (B) the regularly scheduled future payments of principal payable on such Certificate (the excess, if any, of the amount referred to in clause (y) of this sentence over the amount referred to in clause (x) constituting a "premium" or a "Premium"), plus, in either case, interest on the principal of such Certificate accrued as at the immediately preceding Interest Payment Date and unpaid as of such Redemption Date. On or after the Premium Termination Date applicable to such Certificate, the Redemption Price applicable to a redemption or purchase pursuant to this

Section 6.01(b) shall equal the unpaid principal amount of such Certificate as at such Redemption Date together with an amount equal to the interest accrued thereon from the immediately preceding Interest Payment Date to such Redemption Date plus interest on the principal of such Certificate accrued as at the immediately preceding Interest Payment Date and unpaid as of such Redemption Date and, in the case of either of the two immediately preceding sentences (but without duplication), if such Redemption Date is coincident with an Interest Payment Date, the regularly scheduled interest payment due on such Interest Payment Date. The Redemption Date for Certificates to be redeemed or purchased (x) pursuant to clause (i) of this Section 6.01(b) shall be (A) in the case of a termination of the Lease pursuant to Section 9(b) thereof, the third Business Day following the Lease Termination Date, if any, or, in the case of purchase of the Aircraft by the Company pursuant to Section 19(b) of the Lease, the applicable Special Purchase Option Date or EBO Date and (y) pursuant to clause (ii) of this Section 6.01(b), shall be the same date as if the redemption had occurred pursuant to Section 6.02. If the Owner Trustee elects to purchase the Certificates under Section 8.03(e)(ii), nothing herein, including use of the terms "Redemption Date" and "Redemption Price" shall be deemed to result in a redemption of the Certificates.

(c) Certificates may be redeemed if the Company shall have requested the Owner Trustee and the Owner Participant to effect a redemption thereof pursuant to Section 17 of the Participation Agreement as part of a refunding or refinancing, and if all the conditions to such refunding or refinancing set forth in such Section 17 of the Participation Agreement shall have been satisfied. In such event, each Outstanding Certificate may be so redeemed at a Redemption Price determined in accordance with the procedures described above in Section 6.01(b); provided, however, that the applicable Redemption Date for

 Certificates to be redeemed pursuant to this Section 6.01(c) shall be the applicable Refinancing Date under Section 17 of the Participation Agreement.

Section 6.02. Redemption or Purchase of Certificates upon Certain

 Indenture Events of Default. If the Owner Trustee or the Owner Participant

 shall have given notice of redemption or purchase to the Indenture Trustee pursuant to Section 8.03(e)(ii) at any time after the Certificates shall have been accelerated pursuant to Section 8.02 or after one or more Lease Events of Default shall have occurred and be continuing for a period of one year or more (or a period of 180 days or more if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated, each Outstanding Certificate shall be redeemed or purchased in whole at a Redemption Price equal to 100% of its principal amount plus accrued and unpaid interest thereon to but excluding the applicable Redemption Date as determined below. The Redemption Date for Certificates to be redeemed or purchased pursuant to this Section 6.02 shall be the date specified in the notice given by the Owner Trustee to the Indenture Trustee pursuant to Section 8.03(e)(ii). If the Owner Trustee elects to purchase the Certificates

under Section 8.03(e)(ii), nothing herein, including use of the terms "Redemption Date" and "Redemption Price" shall be deemed to result in a redemption of the Certificates.

Section 6.03. Notice of Redemption to Holders. Notice of redemption

or purchase shall be given by first-class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the Redemption Date, to each Holder of Certificates to be redeemed or purchased, at such Holder's address appearing in the Register; provided that, in the case of a redemption pursuant to Section

6.01(b)(1) related to Lessee's exercise of its option pursuant to Section 9(b) of the Lease, such notice shall be revocable and shall be deemed revoked in the event the Lease does not in fact terminate on the related Lease Termination Date.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the applicable basis for determining the Redemption Price,

(3) that on the Redemption Date, the Redemption Price will become due and payable upon each such Certificate, and that interest on Certificates shall cease to accrue on and after such Redemption Date, and

(4) the place or places where such Certificates are to be surrendered for payment of the Redemption Price.

Notice of redemption or purchase of Certificates to be redeemed or purchased shall be given by the Indenture Trustee.

Section 6.04. Deposit of Redemption Price. On or before the

Redemption Date, the Owner Trustee (or any person on behalf of the Owner Trustee) shall, to the extent an amount equal to the Redemption Price for the Certificates to be redeemed or purchased on the Redemption Date shall not then be held in the Indenture Estate, deposit or cause to be deposited with the Indenture Trustee or the Paying Agent by 12:00 noon in immediately available funds the Redemption Price of the Certificates to be redeemed or purchased on the Redemption Date.

Section 6.05. Certificates Payable on Redemption Date. Notice of

redemption or purchase having been given as aforesaid (and not deemed revoked as contemplated in the proviso to Section 6.03), the Certificates shall, on the applicable Redemption Date, become due and payable at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purposes pursuant to Section 2.03, and from and after such Redemption Date (unless there shall be a default in the payment of the Redemption Price) any Certificates then Outstanding shall cease to bear interest. Upon surrender of any

such Certificate for redemption or purchase in accordance with said notice such Certificate shall be paid at the Redemption Price.

If any Certificate called for redemption or purchase shall not be so paid upon surrender thereof for redemption or purchase, the principal amount thereof shall, until paid, continue to bear interest from the applicable Redemption Date at the interest rate applicable to such Certificate.

ARTICLE 7

MATTERS CONCERNING THE COMPANY

Section 7.01. Repayment of Monies for Certificate Payments Held by

the Indenture Trustee. Any money held by the Indenture Trustee or any Paying

Agent in trust for any payment of the principal of, premium, if any, or interest on any Certificate, including without limitation any money deposited pursuant to Article 10 and remaining unclaimed for two years and eleven months after the due date for such payment, shall be paid to the Owner Trustee; and the Holders of any Outstanding Certificates shall thereafter, as unsecured general creditors, look only to the Company on behalf of the Owner Trustee for payment thereof, and all liability of the Indenture Trustee or any such Paying Agent with respect to such trust money shall thereupon cease; provided that the Indenture Trustee or

such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be mailed to each such Holder notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of mailing, any unclaimed balance of such money then remaining will be repaid to the Owner Trustee as provided herein.

Section 7.02. Change in Registration. The Indenture Trustee shall,

upon the request of the Company, consent to the deregistration of the Aircraft under the laws of the jurisdiction in which it is at the time registered and the registration of the Aircraft under the laws of another jurisdiction (herein called a "change in registration") provided that the following conditions are met:

(a) such change in registration complies with the provisions of the Participatioin Agreement or the Lease;

(b) no Lease Event of Default and no event which, with lapse of time or notice, or both, would become a Lease Event of Default shall have occurred and be continuing at the date of such request or at the effective date of the change in registration, provided that it shall not be necessary to comply with this condition (b) if the change in registration results in the registration of the Aircraft under the laws of

the United States or if the Indenture Trustee in its discretion believes the change in registration would be advantageous to the Holders; and

(c) the Indenture Trustee shall have received an opinion of counsel reasonably satisfactory to the Indenture Trustee to the effect that:

(i) after giving effect to the change in registration, the Lien on the Aircraft and the other property included in the Indenture Estate shall continue as a fully perfected lien and that all filing, recording or other action necessary to perfect and protect the lien of this Indenture has been accomplished (or if such opinion cannot be given at the time by which the Indenture Trustee has been requested to consent to a change in registration, (x) the opinion shall detail what filing, recording or other action is necessary and (y) the Indenture Trustee shall have received a certificate from the Company that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to the Indenture Trustee on or prior to the effective date of the change in registration); and

(ii) the terms of the Lease and this Agreement (including the governing law clauses) being legal, valid and binding and enforceable in such jurisdiction, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and by general principles of equity and except as limited by applicable laws which may affect the remedies provided in the Lease and this Agreement, respectively, which laws, however, do not in the opinion of such counsel make the remedies provided in the Lease and this Agreement, respectively, inadequate for the practical realization of the rights and benefits provided thereby.

The Indenture Trustee shall execute such documents as the Company or the Owner Trustee shall reasonably request in order to satisfy the above conditions and upon satisfaction of such conditions to effect the change in registration.

Section 7.03. Assumption of Obligations of Owner Trustee by the

Company. In the event that the Company shall have elected to assume all of the

rights and obligations of the Owner Trustee under this Agreement in respect of the Certificates in connection with the purchase by the Company of the Aircraft pursuant to Section 8(r) of the Participation Agreement and, if on or prior to the Purchase Option Date:

(a) the Company shall have delivered to the Indenture Trustee a certificate, dated the Purchase Option Date, of a Responsible Company Officer stating that the

Company has paid to the Owner Trustee all amounts required to be paid to the Owner Trustee pursuant to Section 19(b) of the Lease in connection with such purchase and assumption;

(b) no event which constitutes or, with the lapse of time or notice, or both, would become, an Event of Default under this Agreement after giving effect to the indenture supplement referred to below shall have occurred and be continuing immediately subsequent to such purchase or assumption and the Indenture Trustee shall have received a certificate, dated the Purchase Option Date, of a Responsible Company Officer to such effect;

(c) the Indenture Trustee shall have received, on or prior to the Purchase Option Date, evidence of all filings, recordings and other action referred to in the Opinion or Opinions of Counsel referred to below;

(d) the Indenture Trustee shall have received an Opinion or opinions of Counsel for the Company, dated the Purchase Option Date, which without unusual qualification shall be to the effect that, after giving effect to the indenture supplement referred to below:

(i) this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, and except as limited by applicable laws which may affect the remedies provided for in this Agreement, which laws, however, do not in the opinion of such counsel make the remedies provided for in this Agreement inadequate for the practical realization of the rights and benefits provided for in this Agreement;

(ii) the Aircraft is duly registered in compliance with applicable law;

(iii) the Lien on the Aircraft constitutes a fully perfected Lien and all filing, recording or other action (specifying the same) necessary to perfect and protect the Lien of this Agreement has been accomplished;

(iv) the Indenture Trustee would be entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft; provided that such opinion may contain qualifications of the tenor

 contained in the opinion of special counsel for the Company delivered pursuant to Section 4(a)(xi)(b) of the Participation Agreement on the Delivery Date; and

(v) no Holder will be required to recognize gain or loss for tax purposes in connection with such assumption; and

(e) an indenture supplement reasonably satisfactory to the Indenture Trustee, dated the Purchase Option Date, shall have been executed by the Indenture Trustee and any other parties necessary thereto and shall have been delivered to the Indenture Trustee;

then, automatically and without the requirement of further action by any Person, effective as of the Purchase Option Date, the Owner Trustee shall be released from all of its obligations under the Agreement in respect of the Certificates or otherwise (other than any obligations or liabilities of the Owner Trustee in its individual capacity incurred on or prior to the Purchase Option Date or arising out of or based upon events occurring on or prior to the Purchase Option Date, which obligations and liabilities shall remain the sole responsibility of the Owner Trustee).

If, concurrent with an assumption pursuant to this Section 7.03, the Aircraft is being reregistered the Company must comply with the provisions of Section 7.02 hereof.

ARTICLE 8

DEFAULTS AND REMEDIES

Section 8.01. Indenture Events of Default. The following events

shall constitute "Indenture Events of Default" under this Agreement (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Indenture Event of Default shall be deemed to exist so long as, but only so long as, it shall not be remedied:

(a) any amount of interest upon any Certificate or of principal of any Certificate or of premium, if any, in respect of any Certificate shall not be paid when due and payable (whether upon redemption or purchase, final maturity, acceleration or otherwise) and such default in payment shall continue for more than 10 days after such amount shall have become due and payable; or

(b) any failure by the Owner Trustee, in its individual capacity or as Owner Trustee, as the case may be, to observe or perform in any material respect any covenant or obligation required pursuant to Article 4 or clauses 1-5 under the Habendum Clause hereof or Section 8(b), 8(c), 8(g), 8(n) or 10 of the Participation Agreement or the failure by the Owner Participant to observe or perform in any

material respect any covenant or obligation of it required pursuant to Section 8(b), 8(g) or 10 of the Participation Agreement, or, to the extent that the interest of the Indenture Trustee or any Holder of an Outstanding Certificate is adversely affected by such failure, in Section 4.01(a) of the Trust Agreement or the termination or revocation by the Owner Participant of the trust created by the Trust Agreement without the Indenture Trustee's prior written consent if, but only if, such failure or termination or revocation is not remedied within a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; provided that no Indenture Event of

 Default shall arise under this Section 8.01(b) solely as a result of a failure by the Owner Participant or the Owner Trustee to observe or perform any covenant contained in Section 8(g) of the Participation Agreement if all action necessary to discharge all Lessor Liens referred to in such Section shall have been taken and the Indenture Trustee and the Indenture Estate shall have been compensated for all claims, losses and expenses arising from the failure of the Owner Trustee or the Owner Participant, as the case may be, to observe and perform any such covenant; or

(c) any failure by the Owner Trustee, in its individual capacity or as Owner Trustee, to observe or perform any other covenant or obligation of the Owner Trustee contained in this Agreement or in the Participation Agreement or any failure by the Owner Participant to observe or perform any other covenant or obligation of the Owner Participant contained in the Participation Agreement which failure, in any case and either individually or together with other then existing failures, shall have a material adverse effect on the rights and interests of the Holders and is not remedied within a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; provided, however, that, if the Owner Trustee, in its

 individual capacity or as Owner Trustee, or the Owner Participant shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of any of them in attempting to cure such failure, such failure is not cured within said 30 day period but is curable with future due diligence, there shall exist no Indenture Event of Default as a consequence of such failure so long as the Owner Trustee in its individual capacity or as Owner Trustee or the Owner Participant is proceeding with due diligence to cure such failure, there exists no adverse effect on the Lien of this Agreement and such failure is in fact cured within a further period of 30 days; or

(d) any material representation or warranty made by the Owner Trustee, in its individual capacity or as Owner Trustee, or by the Owner Participant under the Participation Agreement, or by the Owner Trustee hereunder, or by the Owner Trustee, in its individual capacity or as Owner Trustee, or by the Owner Participant in any document or certificate furnished to the Indenture Trustee in connection herewith or therewith or pursuant hereto or hereto, shall prove at any time to have been incorrect in any material respect as of the date made and such incorrectness shall remain material at the date of the notice referred to below and such incorrectness shall continue unremedied for a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such incorrectness and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; or

(e) there shall be a Lease Event of Default other than any such Lease Event of Default arising by reason of nonpayment of any Excluded Payments when due; provided that any Lease Event of Default shall be deemed to exist

and continue so long as, but only so long as, it shall not be remedied; or

(f) either the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, shall (i) file, or consent by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, or (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or any substantial part of its property; provided that an

event referred to in this Section 8.01(f) with respect to the Owner Participant shall not constitute an Indenture Event of Default if (A) an order, judgment or decree shall be entered in a proceeding by a court or a trustee, custodian, receiver or liquidator which is either final and non-appealable or has not been stayed pending any appeal, or (B) an opinion of counsel satisfactory to the Indenture Trustee shall be provided by the Owner Participant, in each case to the effect that no part of the Trust Estate created by the Trust Agreement (except for the Owner Participant's beneficial interest in such Trust Estate) and no right, title or interest under the Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 8.01(f); or

(g) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as

the case may be, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, and any such order or petition is not dismissed or stayed within 90 days after the earlier of the entering of any such order or the approval of any such petition; provided that an event referred to in this Section 8.01(g) with

 respect to the Owner Participant shall not constitute an Indenture Event of Default if (A) an order, judgment or decree shall be entered in a proceeding by a court or a trustee, custodian, receiver or liquidator which is either final and non-appealable or has not been stayed pending an appeal, or (B) an opinion of counsel satisfactory to the Indenture Trustee shall be provided by Owner Participant, in each case to the effect that no part of the Trust Estate created by the Trust Agreement (except for the Owner Participant's beneficial interest in such Trust Estate) and no right, title or interest under the Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to, the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 8.01(g).

Section 8.02. Acceleration; Rescission and Annulment. If an

 Indenture Event of Default occurs and is continuing, either the Indenture Trustee, by notice to the Company and the Owner Trustee, or the Holders of at least 25% in aggregate principal amount of Outstanding Certificates, by notice to the Company, the Indenture Trustee, the Owner Trustee and the Owner Participant, may declare the principal of all the Certificates to be due and payable. Upon such declaration, the principal of all Certificates together with accrued interest thereon from the date in respect of which interest was last paid hereunder to the date payment of such principal has been made or duly provided for, shall be immediately due and payable. At any time after such declaration and prior to the sale or disposition of the Indenture Estate, the Holders of a majority in aggregate principal amount of all of the Outstanding Certificates, by notice to the Indenture Trustee, the Company, the Owner Trustee and the Owner Participant, may rescind such a declaration and thereby annul its consequences if (i) an amount sufficient to pay all principal on any Certificates which have become due otherwise than by such declaration and any interest thereon and interest due or past due, if any, and all sums due and payable to the Indenture Trustee have been deposited with the Indenture Trustee, (ii) the rescission would not conflict with any judgment or decree and (iii) all existing Indenture Defaults and Indenture Events of Default under this Agreement have been cured or waived except nonpayment of principal of, or interest on, the Certificates that has become due solely because of such acceleration.

Section 8.03. Other Remedies Available to Indenture Trustee. (a)

After an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, then and in every such case the Indenture Trustee, as trustee of an express trust and as assignee hereunder of the Lease or as holder of a security interest in the Aircraft or Engines or otherwise, may, and when required pursuant to the provisions of Article 9 shall, exercise, subject to Sections 8.03(b), 8.03(e), 8.03(f) and 8.03(h), any or all of the rights and powers and pursue any and all of the remedies accorded to the Owner Trustee pursuant to Section 15 of the Lease and this Article 8, may recover judgment in its own name as Indenture Trustee against the Indenture Estate and may take possession of all or any part of the Indenture Estate and may exclude the Owner Trustee and the Owner Participant and all persons claiming under any of them wholly or partly therefrom.

(b) After an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, subject to Sections 8.03(e), 8.03(f) and 8.03(h), the Indenture Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Owner Trustee, the Owner Participant and the Company once at least 30 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Indenture Estate, or any part thereof, or interest therein, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Indenture Trustee may determine, and at any place (whether or not it be the location of the Indenture Estate or any part thereof) and time designated in the notice above referred to; provided, however, that, notwithstanding any provision

herein to the contrary, the Indenture Trustee may not provide the notice provided for above of its intention to sell any of the Indenture Estate, exercise remedies under the Lease or exercise other remedies against the Indenture Estate seeking to deprive the Owner Trustee or the Owner Participant of its rights therein unless a declaration of acceleration has been made pursuant to Section 8.02 or the Certificates have otherwise theretofore become due and payable through redemption or otherwise. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Indenture Trustee and the Holder or Holders of any Certificates, or any interest therein, may bid and become the purchaser at any such sale. No such sale may be consummated if the Owner Trustee shall, prior to the consummation thereof, have given notice pursuant to and made the deposit required by Section 8.03(e)(ii). The Indenture Trustee may exercise such right without possession or production of the Certificates or proof of ownership thereof, and as representative of the Holders may exercise such right without notice to the Holders or including the Holders as parties to any suit or proceeding relating to foreclosure of any property in the Indenture Estate. The Owner Trustee hereby irrevocably constitutes the Indenture Trustee the true and lawful attorney-in-fact of the Owner Trustee (in the name of the Owner Trustee or otherwise)

for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the lien created under this Agreement, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Indenture Trustee may consider necessary or appropriate, with full power of substitution, the Owner Trustee hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Indenture Trustee or any purchaser, the Owner Trustee shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Indenture Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(c) Subject to Sections 8.03(e) and 8.03(f), if an Indenture Event of Default has occurred and is continuing, the Owner Trustee shall, at the request of the Indenture Trustee, promptly execute and deliver to the Indenture Trustee such instruments of title or other documents as the Indenture Trustee may deem necessary or advisable to enable the Indenture Trustee or an agent or representative designated by the Indenture Trustee, at such time or times and place or places as the Indenture Trustee may specify, to obtain possession of all or any part of the Indenture Estate. If the Owner Trustee shall for any reason fail to execute and deliver such instruments and documents after such request by the Indenture Trustee, the Indenture Trustee shall be entitled, in a proceeding to which the Owner Trustee will be a necessary party, to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Indenture Trustee the right to immediate possession and requiring the Owner Trustee to execute and deliver such instruments and documents to the Indenture Trustee. The Indenture Trustee shall also be entitled to pursue all or any part of the Indenture Estate wherever it may be found and may enter any of the premises of the Owner Trustee or any other Person wherever the Indenture Estate may be or be supposed to be and search for the Indenture Estate and take possession of any item of the Indenture Estate pursuant to this Section 8.03(c). The Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, lease, control or manage the Indenture Estate, and to exercise all rights and powers of the Owner Trustee relating to the Indenture Estate as the Indenture Trustee shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Indenture Estate or any part thereof; and the Indenture Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), issues, profits, products, pursuant to this Section 8.03(c). The Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, lease, control or manage the Indenture Estate, and to exercise all rights and

powers of the Owner Trustee relating to the Indenture Estate as the Indenture Trustee shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Indenture Estate or any part thereof; and the Indenture Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), issues, profits, products, revenues and other income of the Indenture Estate and every part thereof, without prejudice, however, to the right of the Indenture Trustee under any provision of this Agreement to collect and receive all cash held by, or required to be deposited with, the Indenture Trustee hereunder. In accordance with the terms of this Section 8.03(c), such tolls, rents (including Rent), issues, profits, products, revenues and other income shall be applied to pay the expenses of using, operating, storing, leasing, controlling or managing the Indenture Estate, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner Trustee and, to the extent permitted by the Lease, the Company), and all other payments which the Indenture Trustee may be required or authorized to make under any provision of this Agreement, including this Section 8.03(c), as well as just and reasonable compensation for the services of the Indenture Trustee, and of all persons properly engaged and employed by the Indenture Trustee.

If an Indenture Event of Default occurs and is continuing and the Indenture Trustee shall have obtained possession of or title to the Aircraft, the Indenture Trustee shall not be obligated to use or operate the Aircraft or cause the Aircraft to be used or operated directly or indirectly by itself or through agents or other representatives or to lease, license or otherwise permit or provide for the use or operation of the Aircraft by any other Person unless (i) the Indenture Trustee shall have been able to obtain insurance in kinds, at rates and in amounts satisfactory to it in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all liability for loss or damage to the Aircraft and for public liability and property damage resulting from use or operation of the Aircraft and (ii) funds are available in the Indenture Estate to pay for all such insurance or, in lieu of such insurance, the Indenture Trustee is furnished with indemnification from the Holders or any other Person upon terms and in amounts satisfactory to the Indenture Trustee in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all such liabilities.

(d) Subject to Sections 8.03(b), 8.03(e) and 8.03(f), the Indenture Trustee may proceed to protect and enforce this Agreement and the Certificates by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Indenture Estate or any part thereof, or for the recovery of judgment for the indebtedness

secured by the Lien created under this Agreement or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) (i) If the Company shall fail to make any payment of Basic Rent under the Lease when the same shall become due, and if such failure of the Company to make such payment of Basic Rent shall not constitute the fourth consecutive such failure or the seventh or subsequent cumulative such failure, then as long as no Indenture Event of Default (other than arising from a Lease Event of Default not involving any failure to make any payments to which the Indenture Trustee or any Holder is entitled hereunder when due) shall have occurred and be continuing, the Owner Participant or the Owner Trustee may (but need not) pay to the Indenture Trustee, at any time prior to the day which is the later of (x) the 11th day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and (y) the sixth day subsequent to the expiration of the grace period provided for in Section 14(a) of the Lease with respect to the payment of Basic Rent (and the Indenture Trustee shall not (without the prior written consent of the Owner Trustee) declare the Lease in default pursuant to Section 15 thereof or exercise any of the rights, powers or remedies pursuant to such Section 15 or this Section 8 prior to the occurrence of such later date), an amount equal to the full amount of such payment of Basic Rent, together with any interest due thereon on account of the delayed payment thereof to the date of such payment, and such payment by the Owner Participant or the Owner Trustee shall be deemed to cure as of the date of such payment any Indenture Event of Default which arose from such failure of the Company (including any Lease Event of Default arising from the Lessee's failure to pay interest in respect of such overdue Basic Rent for the period commencing on the date of such payment), but such cure shall not relieve the Company of any of its obligations. If the Company shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it under the Lease, and if (but only if) the performance or observance thereof can be effected by the payment of money alone (it being understood that actions such as the obtaining of insurance and the procurement of maintenance services can be so effected), then as long as no other Indenture Event of Default (other than those arising from a Lease Event of Default) shall have occurred and be continuing, the Owner Participant or the Owner Trustee may (but need not) pay to the Indenture Trustee (or to such other person as may be entitled to receive the same), at any time prior to the day which is the later of (x) the 11th day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and (y) the sixth day subsequent to the expiration of the grace period, if any, provided with respect to such failure on the part of the Company in Section 14 of the Lease (and the Indenture Trustee shall not (without the prior written consent of the Owner Trustee) declare the Lease in default pursuant to Section 15 thereof or exercise any of the rights, powers or remedies pursuant to such Section 15 or this Section 8 prior to the occurrence of such later date), all sums necessary to effect the performance or observance of such covenant or agreement of the Company, together with any interest due thereon on account of the delayed payment thereof to the date of such payments and such payment by the Owner Participant or the Owner Trustee shall be deemed to cure as of the

date of such payment any Indenture Event of Default which arose from such failure of the Company (including any Lease Event of Default arising from the Lessee's failure to pay interest in respect of such overdue payment for the period commencing on the date of such payment), but such cure shall not relieve the Company of any of its obligations. Upon any payment of Basic Rent by the Owner Participant or the Owner Trustee in accordance with the first sentence of this Section 8.03(e)(i), or upon any payment of any other sums by the Owner Participant or the Owner Trustee in accordance with the second sentence of this Section 8.03(e)(i), the Owner Participant or the Owner Trustee shall, to the extent of their respective payments, be subrogated, in the case of any such payment in accordance with such first sentence, to the rights of the Indenture Trustee, as assignee hereunder of the Owner Trustee, or, in the case of any such payment in accordance with such second sentence, to the rights of the Indenture Trustee or such other person as the case may be, which actually received such payment, to receive such payment of Basic Rent or such other payment, as the case may be (and any interest due thereon on account of the delayed payment thereof), and shall be entitled to receive such payment upon its receipt by the Indenture Trustee or such other person, as aforesaid (but in each case only if all amounts of principal of, and interest at the time due and payable on, the Certificates together with interest due thereon on account of the delayed payment thereof shall have been paid in full); provided that neither the Owner

Participant nor the Owner Trustee shall attempt to recover any such amount paid by it on behalf of the Company pursuant to this Section 8.03(e)(i) except by demanding of the Company payment of such amount or by proceeding by appropriate court action against the Company to enforce the payment of such amount pursuant to Section 15(f), but only said Section 15(f), of the Lease.

(ii) In the event that (A) at any time one or more Lease Events of Default shall have occurred and be continuing for a period of 180 days or more but less than one year (or a period of less than 180 days if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated or (B) the Certificates shall have been accelerated pursuant to Section 8.02 or after one or more Lease Events of Default shall have occurred and be continuing for a period of one year or more (or a period of 180 days or more, if such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease), the Owner Trustee or the Owner Participant may, at its option, give at least 30 days' prior irrevocable notice to the Indenture Trustee that the Owner Trustee or the Owner Participant will redeem or purchase all Certificates then outstanding on the Business Day specified in such notice and, concurrently with such notice, the Owner Trustee or the Owner Participant will deposit with the Indenture Trustee an amount sufficient to redeem or purchase at the applicable Redemption Price determined consistently with the applicable provisions of Article 6 all Certificates then outstanding (including, if Section 6.01(b) is applicable, an estimate of the premium to be paid on the Redemption Date computed using the Treasury Yield determined as if the Redemption Date were the date of such notice) and to pay the Indenture Trustee all amounts then due it hereunder, which funds shall be held by the Indenture Trustee as

provided in Section 9.04. Upon the giving of such notice and the receipt by the Indenture Trustee of such deposit, the Indenture Trustee shall deem all instructions received from the Owner Trustee as having been given by the Holders of 100% of the outstanding principal amount of Certificates for all purposes of this Indenture. If such notice is given, the Owner Trustee further agrees that it will deposit or cause to be deposited with the Indenture Trustee, on or prior to the Business Day preceding the applicable Redemption Date, whether or not an Indenture Event of Default is then continuing, funds sufficient, when added to the funds already held by the Indenture Trustee for such purpose, to redeem or purchase at the applicable Redemption Price (including the premium actually payable in respect thereof) on such Redemption Date all Certificates then outstanding and to pay the Indenture Trustee all amounts then due it hereunder.

(iii) Anything in this Agreement to the contrary notwithstanding the Indenture Trustee shall not be entitled to exercise any remedy hereunder as a result of an Indenture Event of Default which arises solely by reason of one or more events or circumstances which constitute a Lease Event of Default unless the Indenture Trustee as security assignee of the Owner Trustee shall have exercised or concurrently be exercising one or more of the remedies provided for in Section 15(a)-(f) of the Lease with respect to the Aircraft; provided,

 however, that such requirement to exercise one or more of such remedies under

the Lease shall not apply in circumstances where the Indenture Trustee is, and has been, for a continuous period in excess of 60 days or such other period as may be specified in section 1110(a)(1)(A) of the Bankruptcy Code (such 60-day or other period being the "Section 1110 Period"), involuntarily stayed or prohibited by applicable law or court order from exercising such remedies under the Lease (a "Continuous Stay Period"); provided further, however, that the

 requirement to exercise one or more of such remedies under the Lease shall nonetheless be applicable during a Continuous Stay Period subsequent to the expiration of the Section 1110 Period to the extent that the continuation of such Continuous Stay Period subsequent to the expiration of the Section 1110 Period (A) results from an agreement by the trustee or the debtor-in possession in such proceeding during the Section 1110 Period with the approval of the relevant court to perform the Lease in accordance with Section 1110(a)(1)(A) of the Bankruptcy Code and continues to perform as required by Section 1110(a)(1)(A-B) of the Bankruptcy Code or (B) is an extension of the Section 1110 Period with the consent of the Indenture Trustee pursuant to Section 1110(b) of the Bankruptcy Code or (C) results from the Company's assumption during the Section 1110 period with the approval of the relevant court of the Lease pursuant to Section 365 of the Bankruptcy Code or (D) is the consequence of the Indenture Trustee's own failure to give any requisite notice to any person or (E) is pursuant to a judicial stay pending the resolution of litigation with respect to the applicability of Section 1110 of the Bankruptcy Code and there is either no Lease Event of Default other than one arising solely from the Company's bankruptcy or any such other Lease Event of Default has been cured; provided, further, however, that the requirement to exercise one or more

 of such remedies under the Lease during a Continuous Stay Period subsequent to the expiration of the Section 1110 period

based upon a judicial stay as provided for in this clause (E) shall in any event cease to be applicable subsequent to the 120th day of such Continuous Stay Period. If the limitation upon cures of the Lessee's failure to pay Basic Rent as provided in Section 8.03(e)(i) would otherwise prohibit the Owner Participant or the Owner Trustee from making a payment to cure a Lease Event of Default for purposes of clause (E) above, the Owner Participant or the Owner Trustee shall nonetheless be entitled to make such payment. If the Indenture Trustee shall acquire title to the Aircraft through foreclosure during a Continuous Stay period without having exercised one or more of such remedies under the Lease by virtue of the Continuous Stay Period having continued beyond its 120th day as provided above in clause (E) and the Indenture Trustee shall have received prior to the 183rd day subsequent to its acquisition of title to the Aircraft, the proceeds from its sale of the Aircraft, the Indenture Trustee shall, notwithstanding any other provision of this Indenture, distribute to the Owner Trustee the amount, if any, by which such proceeds (net of the Indenture Trustee's costs and expenses (including the fees and expenses of counsel and other experts and agents retained by it), commissions and other costs and expenses with respect to such foreclosure, the maintenance and preservation of the Aircraft and such sale (including amounts in respect of any thereof paid by others to whom the Indenture Trustee has a reimbursement obligation) and any other amounts to which the Indenture Trustee is entitled pursuant to Section 9.06 or otherwise) exceed an amount equal to the aggregate of the principal amount of the Certificates outstanding on the date of such foreclosure, together with interest accrued thereon to such foreclosure date and an amount equal to the amount of interest that would have accrued (at the rate per annum applicable under the Certificates) on such principal amount from the date of such foreclosure to the date of the distribution by the Indenture Trustee of such proceeds for the benefit of the Holders if such principal amount had remained outstanding. References in this subsection (iii) to particular sections of the Bankruptcy Code as in effect on the date of the amendment and restatement of this Indenture shall include any substantially similar successor provisions.

(f) Notwithstanding any provision of this Agreement to the contrary, including, without limitation, Sections 8.03(b), 8.03(c) and 8.03(d), as long as no Lease Event of Default shall have occurred and be continuing, neither the Indenture Trustee nor the Owner Trustee shall take any action in violation of the Company's rights under the Lease, including, without limitation, (x) the right to receive all monies due and payable to it in accordance with the provisions of the Lease and (y) the Company's rights to possession and use of, and of quiet enjoyment of, the Aircraft.

(g) Each and every right, power and remedy herein given to the Indenture Trustee specifically or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often in such order as may be deemed expedient by the Indenture Trustee, and the exercise

or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Indenture Trustee in the exercise of any right, remedy or power or in pursuing any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner Trustee or the Company or to be an acquiescence therein.

(h) Notwithstanding anything contained herein to the contrary, so long as the Pass Through Trustee is a Holder, the Indenture Trustee is not authorized or empowered to acquire title to the Indenture Estate, or to take any action with respect to any of the Indenture Estate so acquired by it, if such acquisition or action would cause any Pass Through Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

Section 8.04. Waiver of Owner Trustee. To the extent now or at any

time hereafter enforceable under applicable law, the Owner Trustee covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Indenture Estate or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or prior to any applicable decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Owner Trustee acquiring any interest in or title to the Indenture Estate or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. Nothing in this Section 8.04 shall be deemed to be a waiver by the Owner Trustee of its rights under Section 8.03(e).

The Indenture Trustee may maintain such a pleading, or, in any manner whatsoever, claim or take any benefit or advantage of or from any law now or hereafter in force even if it does not possess any of the Certificates or does not produce any of them in the proceeding. A delay or omission by the Indenture Trustee or any Holder in exercising any right or remedy accruing upon an Indenture Event of Default under this Agreement shall not impair the right or remedy or constitute a waiver of or acquiescence in such Indenture Event of Default.

Section 8.05. Waiver of Existing Defaults. The Holders of a majority

in the aggregate principal amount of the Outstanding Certificates by notice to the Indenture Trustee may waive on behalf of the Holders an existing Indenture Default or Indenture Event of Default and its consequences except (i) an Indenture Default or Indenture Event of Default in

the payment of the principal of or interest on any Certificate or (ii) in respect of a covenant or provision hereof which pursuant to Section 11.02 cannot be amended or modified without the consent of the Holder affected.

Section 8.06. Control by Majority. (a) The Holders of a majority in

aggregate principal amount of the Outstanding Certificates may direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on it by this Agreement. However, the Indenture Trustee may refuse to follow any direction that conflicts with law or this Agreement, that is unduly prejudicial to the rights of the Holders so affected, or that would subject the Indenture Trustee to personal liability.

(b) The Owner Trustee may pursuant to the direction and instruction of the Owner Participant by delivery of written notice to the Indenture Trustee set a record date to determine the Holders entitled to give any consent, request, demand, authorization, direction, notice, waiver or other act. Such record date shall be the record date specified in such Officers' Certificate which shall be a date not more than 30 days prior to the first solicitation of Holders in connection therewith. If such a record date is fixed, such consent, request, demand, authorization, direction, notice, waiver or other act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders holding the requisite proportion of certificates have authorized or agreed or consented to such consent, request, demand, authorization, direction, notice, waiver or other act, and for that purpose the Outstanding Certificates shall be computed as of such record date; provided that no such consent, request, demand, authorization, direction, notice, waiver or other act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after the record date.

Section 8.07. Limitation on Suits by Holders. A Holder may pursue a

remedy under this Agreement or thereunder only if:

(1) the Holder gives to the Indenture Trustee written notice of a continuing Indenture Event of Default under this Agreement;

(2) the Holders of at least 25% in aggregate principal amount of the Outstanding Certificates make a written request to the Indenture Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Indenture Trustee indemnity satisfactory to the Indenture Trustee against any loss, liability or expense to be, or which may be, incurred by the Indenture Trustee in pursuing the remedy;

(4) the Indenture Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period the Holders of a majority in aggregate principal amount of the Outstanding Certificates do not give the Indenture Trustee a direction inconsistent with the request.

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

Section 8.08. Rights of Holders to Receive Payment. Notwithstanding

any other provision of this Agreement the right of any Holder to receive payment of principal of, premium, if any, and interest on such Certificate on or after the respective due dates expressed in such Certificate, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 8.09. Indenture Trustee May File Proofs of Claim. The

Indenture Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee and of the Holders allowed in any judicial proceedings relating to any obligor on the Certificates, its creditors, or its property.

ARTICLE 9

INDENTURE TRUSTEE

Section 9.01. Duties of Indenture Trustee. (a) The Indenture

Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(b) Subject to the provisions of Section 9.04, the Indenture Trustee shall not be liable for interest on any money received except as otherwise provided in any other Operative Document. Money held in trust by the Indenture Trustee need not be segregated from other funds except to the extent required by law.

Section 9.02. Rights of Indenture Trustee. (a) The Indenture

Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in the document.

(b) Before the Indenture Trustee acts or refrains from acting, it may consult with counsel or require an Officer's Certificate or an Opinion of Counsel from the Company or the Owner Trustee after which it will take such action or refrain from acting as it deems appropriate. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith and in accordance herewith in reliance on a resolution of the Board of Directors of the Company, the written advice of counsel acceptable to the Owner Trustee, the Company and the Indenture Trustee, officer's certificates or opinions of counsel provided by the Company or the Owner Trustee.

(c) The Indenture Trustee may act through agents and shall not be responsible for the misconduct or negligence of any such agent appointed with due care; provided that, so long as no Lease Event of Default shall have

occurred and be continuing no such agents shall be appointed by the Indenture Trustee without the consent of the Company and the Owner Trustee, which consent shall, in each case, not be unreasonably withheld.

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

(e) If an Indenture Event of Default under this Agreement has occurred and is continuing, the Indenture Trustee shall exercise its rights and powers under this Agreement, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Section 9.03. Individual Rights of Indenture Trustee. The Indenture

Trustee in its individual or any other capacity may become the owner or pledgee of Certificates and may otherwise deal with the Owner Trustee, the Company or an Affiliate of the Owner Trustee or the Company or a subsidiary of the Owner Trustee or the Company with the same rights it would have if it were not the Indenture Trustee. Any Agent may do the same with like rights.

Section 9.04. Funds May Be Held by Indenture Trustee or Paying Agent;

Investments. Any monies (including without limitation for purpose of this

Section 9.04 Permitted Investments constituting the proceeds of the maturity, sale or other disposition of any Permitted Investment) held by the Indenture Trustee or the Paying Agent hereunder as part of the Indenture Estate, until paid out by the Indenture Trustee or the Paying Agent as herein provided, (i) subject to clause (ii) below, may be carried by the Indenture Trustee or the Paying Agent on deposit with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and neither the Indenture Trustee nor the Paying Agent shall have any liability for interest upon any such monies except as otherwise agreed in writing or (ii) at any time and from time to time, so long as no Lease Event of

Default shall have occurred and be continuing, at the request (given directly by the Company to the Indenture Trustee) of the Company acting as the Agent of the Owner Trustee, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and such Permitted Investments shall be held by the Indenture Trustee in trust as part of the Indenture Estate until so sold; provided that the Company pursuant to Section 22 of the Lease, on

behalf of the Owner Trustee, as agent of the Owner Trustee, shall upon demand pay to the Indenture Trustee the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment and, so long as no Lease Event of Default shall have occurred and be continuing, be entitled to receive from the Indenture Trustee, and the Indenture Trustee shall promptly pay to the Company, on behalf of the Owner Trustee, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. If any Lease Event of Default shall have occurred and be continuing, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Indenture Estate and shall be applied by the Indenture Trustee at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain was realized are required to be distributed in accordance with the provisions hereof or of the Lease pursuant to which such amounts were required to be held. The Indenture Trustee shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 9.04.

Section 9.05. Notice of Defaults. If an Indenture Event of Default

under this Agreement occurs and is continuing and the Indenture Trustee has Actual Knowledge of same, the Indenture Trustee shall (i) promptly send written notice thereof by telecopier to the Company, the Owner Trustee and the Owner Participant and (ii) within 90 days after it occurs, mail to each Holder notice of all uncured Indenture Events of Default under this Agreement. Except in the case of a default in the payment of the principal of, premium, if any, or interest on any Certificate, the Indenture Trustee shall be protected in withholding the notice required under clause (ii) above if and so long as the executive committee or trust committee of directors of the Indenture Trustee and/or Responsible Officers thereof in good faith determines that withholding such notice is in the interest of the Holders. In addition, if an Indenture Default under this Agreement occurs and is continuing and if the Indenture Trustee has Actual Knowledge of same, the Indenture Trustee shall promptly send written notice thereof by telecopier to the Company, the Owner Trustee and the Owner Participant.

Section 9.06. Compensation and Indemnity. (a) The Owner Trustee

shall pay to the Indenture Trustee from time to time (i) reasonable compensation for its services, which compensation shall not be limited by any law on compensation of a trustee of an express trust, (ii) reimbursement for all reasonable out-of-pocket expenses incurred by the Indenture Trustee in connection with the performance of its duties under this Agreement (including the

reasonable compensation and expenses of the Indenture Trustee's counsel and any agent appointed in accordance with Section 9.02(c)), and (iii) indemnification against any loss or liability incurred by it arising out of or in connection with its acceptance or administration of the trust or trusts hereunder except (A) as such expenses or loss or liability might result from the negligence or willful misconduct of the Indenture Trustee or the inaccuracy of any representation or warranty of the Indenture Trustee in its individual capacity in Section 8 of the Participation Agreement, (B) as otherwise provided in Section 9.10 hereof and (C) as otherwise excluded by the terms of Sections 7(b) and 7(c) of the Participation Agreement from the Company's indemnities under said Sections; provided that the Indenture Trustee shall not make any claim

under this Section 9.06(a) for any claim or expense indemnified against by the Company under the Participation Agreement without first making demand on the Company for payment of such claim or expense. The Indenture Trustee shall notify the Owner Trustee and the Company promptly of any claim for which it is entitled to be indemnified hereunder. Subject to the conditions and procedures equivalent to those set forth in Sections 7(b) and 7(c) of the Participation Agreement, the Owner Trustee shall defend the claim and the Indenture Trustee shall cooperate in the defense. The Indenture Trustee may have separate counsel and the Owner Trustee shall pay the reasonable fees and expenses of such counsel. The Owner Trustee need not pay for any settlement made without its and the Company's consent.

(b) To secure the payment obligations of the Owner Trustee pursuant to this Section 9.06, the Indenture Trustee shall have a lien prior to that of the Holders of the Certificates on all money or property held or collected by the Indenture Trustee, except that held in trust to pay the principal of and interest and premium, if any, on the Certificates.

Section 9.07. Replacement of Indenture Trustee. (a) The resignation

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

(b) The Indenture Trustee may resign by giving at least 30 days' prior written notice to the Company and the Owner Trustee. The Holders of a majority in aggregate principal amount of the Outstanding Certificates may remove the Indenture Trustee by giving at least 30 days' prior written notice to the Indenture Trustee, the Owner Trustee and the Company and may appoint a successor Indenture Trustee for such Certificates with the Owner Trustee's and (so long as no Lease Event of Default is continuing) the Company's consent. The Owner Trustee may remove the Indenture Trustee if:

- (1) the Indenture Trustee fails to comply with Section 9.09;
- (2) the Indenture Trustee is adjudged a bankrupt or an insolvent;

(3) a receiver or public officer takes charge of the Indenture Trustee or its property; or

(4) the Indenture Trustee becomes incapable of acting.

(c) If the Indenture Trustee resigns or is removed, or if a vacancy exists in the office of Indenture Trustee for any reason, the Owner Trustee shall promptly appoint a successor Indenture Trustee which will (so long as no Lease Event of Default is continuing) be approved by the Company.

(d) If a successor Indenture Trustee does not take office within 30 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Company, the Owner Trustee or the Holders of a majority in aggregate principal amount of the Outstanding Certificates may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 9.09, any Holder may petition any court of competent jurisdiction for the removal of such Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee, to the Company and to the Owner Trustee. Thereupon, the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the retiring Indenture Trustee for which the successor Indenture Trustee is to be acting as Indenture Trustee under this Agreement. The retiring Indenture Trustee shall promptly transfer all property and all books and records relating to the administration of the Indenture Estate held by it as Indenture Trustee to the successor Indenture Trustee subject to the lien provided for in Section 9.06. The Company shall give notice of each appointment of a successor Indenture Trustee if there are Certificates outstanding, by mailing written notice of such event by first-class mail to the Holders.

(g) All provisions of this Section 9.07 except subparagraphs (b)(1) and (e) and the words "subject to the lien provided for in Section 9.06" in subparagraph (f) shall apply also to any Paying Agent.

Section 9.08. Successor Indenture Trustee, Agents by Merger, etc. If

the Indenture Trustee or any Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business assets to, another corporation, the successor corporation, without any further act, shall be the successor Indenture Trustee or Agent, as the case may be.

Section 9.09. Eligibility; Disqualification. This Agreement shall at

 all times have an Indenture Trustee which (i) shall have a combined capital and surplus of at least \$75,000,000 or (ii) shall have a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States, any State or Territory thereof or of the District of Columbia and having a combined capital and surplus of at least \$75,000,000, and which, in any case, shall be a Citizen of the United States. If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of Federal, State, Territorial, or District of Columbia supervising or examining authority, then for the purposes of this Section 9.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Indenture Trustee shall cease to be eligible in accordance with the provisions of this Section 9.09, the Indenture Trustee shall resign immediately in the manner and with the effect specified in Section 9.07.

Section 9.10. Trustee's Liens. The Indenture Trustee in its

 individual capacity agrees that it will at its own cost and expense promptly take such action as may be necessary to duly discharge and satisfy in full all Liens ("Trustee's Liens") on the Indenture Estate which are either (i) attributable to the Indenture Trustee in its individual capacity and which are unrelated to the transactions contemplated by the Operative Documents, or (ii) which are attributable to the Indenture Trustee as trustee hereunder or in its individual capacity and which arise out of acts or omissions which are not expressly contemplated by this Agreement.

Section 9.11. Withholding Taxes; Information Reporting. The

 Indenture Trustee shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due hereunder or under the Certificates any and all withholding taxes applicable thereto as required by law. The Indenture Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect to the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Holders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each Holder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Holders may reasonably request from time to time. The Indenture Trustee agrees to file any other information reports as it may be required to file under United States law. Such withholding by the Indenture Trustee shall in no event give rise to an Indenture Event of Default.

Section 9.12. Additional Collateral. (a) From time to time the

 Owner Participant may pledge Additional Collateral to the Indenture Trustee as part of the Indenture Estate and in connection with such Additional Collateral shall deliver to the Indenture Trustee evidence of such filings and recordings necessary to establish and perfect the Lien of this Indenture in such Additional Collateral. Such Additional Collateral shall be held in trust by the Indenture Trustee as part of the Indenture Estate until released by the Indenture Trustee pursuant to clause (b) below or otherwise in accordance with the applicable security agreement.

(b) Provided that all payments of principal and interest on the Certificates due and payable on the tenth Interest Payment Date have been made, on such Interest Payment Date, the Indenture Trustee shall, unless otherwise directed by the Owner Trustee or the Owner Participant, release any Additional Collateral from the Lien of this Indenture, provided, however, that the Owner

 Trustee or the Owner Participant shall be responsible for the preparation and recording of all filings and recordings necessary to release such Additional Collateral from the Lien of this Indenture.

ARTICLE 10

SATISFACTION AND DISCHARGE; DEFEASANCE; TERMINATION OF OBLIGATIONS

Section 10.01. Satisfaction and Discharge of Agreement; Defeasance;

 Termination of Obligations. Subject to Section 10.02, this Agreement shall

 cease to be of further effect, and the Owner Trustee and the Indenture Trustee shall, except as herein provided, be deemed to have been discharged from their respective obligations with respect to the Certificates (and the Indenture Trustee, on demand and at the expense of the Owner Trustee, shall execute proper instruments acknowledging satisfaction and discharge of this Agreement in respect of the Certificates), when

(a) (i) all Certificates theretofore executed and delivered (other than (A) Certificates which have been mutilated, destroyed, lost or stolen and which have been replaced or exchanged as provided in Section 2.06 and (B) Certificates for the payment of which money held in trust hereunder has been paid and discharged from such trust, as provided in Section 7.01) have been delivered to the Indenture Trustee for cancellation; or

(ii) all Certificates not theretofore delivered to the Indenture Trustee for cancellation

(A) have become due and payable (whether upon stated maturity or as a result of redemption), or

(B) will become due and payable (including as a result of redemption in respect of which irrevocable notice has been given to the Indenture Trustee on or prior to the date of such deposit and such redemption either is a redemption without possibility of premium or, as of the date of such deposit, any premium which may be payable in connection therewith has been actually determined) at maturity or on a Redemption Date within one year,

and there has been deposited with the Indenture Trustee in trust for the purpose of paying and discharging the entire indebtedness on the Certificates not theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation, an amount sufficient to discharge such indebtedness, including the principal of, the actual premium, if any, and interest on the Certificates to the date of such deposit (in the case of Certificates which have become due and payable), or to the maturity thereof or to the Redemption Date thereof, as the case may be; or

(iii) (A) the Owner Trustee, subsequent to the Commencement Date, has deposited or caused to be deposited irrevocably (except as provided in Section 10.04) with the Indenture Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders, (1) money in an amount, or (2) U.S. Government Obligations which, through the payment of interest and principal in respect thereof in accordance with their terms, will provide (not later than one Business Day before the due date of any payment referred to below in this paragraph) money in an amount, or (3) a combination of money and U.S. Government Obligations referred to in the foregoing clause (2), sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Indenture Trustee, to pay and discharge each installment of principal of and interest on the Outstanding Certificates on the dates such payments of principal or interest are due (including as a result of redemption without the possibility of the payment of premium in respect of which irrevocable notice has been given to the Indenture Trustee on or prior to the date of such deposit), and no Lease Event of Default under either Section 14(f) or 14(g) of the Lease shall have occurred and be continuing on the date of such deposit or at any time during the period ending on the 91st day after such date; provided, however, that, upon the making of the deposit referred to

 above in this clause (A), the right of the Owner Trustee or the Company to cause the redemption of Certificates (except a redemption in respect of which irrevocable notice has theretofore been given) shall terminate;

(B) such deposit will not result in a breach or violation of, or constitute an Indenture Default or Indenture Event of Default under, this Agreement or a default or event of default under any other agreement or instrument to which the Owner Trustee or the Company is a party or by which it is bound; and

(C) the Company on behalf of the Owner Trustee has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel to the effect that there has been published by the Internal Revenue Service a ruling to the effect that Holders will not recognize income, gain or loss for Federal income tax purposes as a result of the exercise by the Owner Trustee of its option under this Section 10.01(a)(iii) and will be subject to Federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such option had not been exercised;

(b) all other amounts then due and payable hereunder have been paid and no notice of a redemption of the Certificates with the possibility of the payment of premium has been delivered by the Indenture Trustee; and

(c) the Company on behalf of the Owner Trustee has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the satisfaction and discharge of this Agreement contemplated by this Section 10.01, have been complied with.

Section 10.02. Survival of Certain Obligations. Notwithstanding the

provisions of Section 10.01, the obligations of the Indenture Trustee contained in Sections 2.01 through 2.08, Section 7.01, Section 9.11, Section 10.03 and Section 10.04, the rights, duties, immunities and privileges hereunder of the Indenture Trustee shall survive.

Section 10.03. Monies to Be Held in Trust. All moneys and U.S.

Government Obligations deposited with the Indenture Trustee pursuant to Section 10.01 shall be held in trust and applied by it, in accordance with the provisions of the Certificates and this Agreement, to the payment either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders, of all sums due and to become due thereon for principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

Section 10.04. Monies to Be Returned to Owner Trustee. The Indenture

Trustee and any Paying Agent shall promptly pay or return to the Owner Trustee upon request of the Owner Trustee any money or U.S. Government Obligations held by them at any time that are not required for the payment of the amounts described above in Section 10.03 on the Certificates for which money or U.S. Government Obligations have been deposited pursuant to Section 10.01.

ARTICLE 11

AMENDMENTS AND WAIVERS

Section 11.01. Amendments to this Agreement Without Consent of

 Holders. The Owner Trustee and the Indenture Trustee may enter into one or more

 agreements supplemental hereto without the consent of any Holder for any of the
 following purposes:

(1) to correct any mistake or cure any ambiguity, defect or
 inconsistency herein or in the Certificates or to make any change not
 inconsistent with the provisions hereof; provided that such change does not

 adversely affect the interests of any Holder;

(2) to evidence the succession of another party as the Owner Trustee
 in accordance with the terms of the Trust Agreement or to evidence (in
 accordance with Article 9) the succession of a new trustee hereunder, the
 removal of the trustee hereunder or the appointment of any co-trustee or co-
 trustees or any separate or additional trustee or trustees;

(3) to convey, transfer, assign, mortgage or pledge any property to or
 with the Indenture Trustee or to make any other provisions with respect to
 matters or questions arising hereunder so long as such action shall not
 adversely affect the interests of the Holders;

(4) to correct or amplify the description of any property at any time
 subject to the lien of this Agreement or better to assure, convey and
 confirm unto the Indenture Trustee any property subject or required to be
 subject to the lien of this Agreement or to subject to the lien of this
 Agreement the Airframe or Engines or airframe or engines substituted for the
 Airframe or Engines in accordance herewith or with the Lease; provided that

 Trust Supplements entered into for the purpose of subjecting to the lien of
 this Agreement the Airframe or Engines in accordance with the Lease need
 only be executed by the Owner Trustee and the Indenture Trustee;

(5) to add to the covenants of the Owner Trustee, for the benefit of
 the Holders, or to surrender any rights or power herein conferred upon the
 Owner Trustee or the Owner Participant;

(6) to add to the rights of the Holders;

(7) to provide for the assumption by the Company of the obligations of the Owner Trustee hereunder in accordance with the terms and conditions applicable thereto specified in Section 7.03; or

(8) to include on the Certificates any legend as may be required by applicable law.

Section 11.02. Amendments to this Agreement with Consent of Holders.

(a) With the written consent of the Holders of a majority of the aggregate principal amount of the Outstanding Certificates, the Owner Trustee and the Indenture Trustee may enter into such supplemental agreements to add any provisions to or to change or eliminate any provisions of this Agreement or of any such supplemental agreements or to modify the rights of the Holders; provided, however, that, an amendment under this Section 11.02 may not:

(1) reduce the principal amount of, premium, if any, or any installment of interest on, any Certificate; or

(2) change the date on which any principal amount of, any Installment Payment Amount payable with respect to, premium, if any, or interest on any Certificate, is due or payable; or

(3) create any Lien on the Indenture Estate prior to or pari passu with the Lien thereon under this Agreement except such as are permitted by this Agreement, or deprive any Holder of the benefit of the Lien on the Indenture Estate created by this Agreement; or

(4) reduce the percentage in principal amount of the Outstanding Certificates, the consent of whose holders is required for any such supplemental agreement, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Agreement or of certain defaults hereunder or their consequences) provided for in this Agreement; or

(5) make any change in Sections 8.05, 8.08 or Section 11.02(a).

(b) It is not necessary under this Section 11.02 for the Holders to consent to the particular form of any proposed supplemental agreement, but it is sufficient if they consent to the substance thereof.

(c) Promptly after the execution by the Owner Trustee and the Indenture Trustee of any supplemental agreement pursuant to the provisions of this Section 11.02, the Indenture Trustee shall transmit by first-class mail a notice, setting forth in general terms the substance of such supplemental agreement, to all Holders, as the names and addresses of

such Holders appear on the Register. Any failure of the Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

Section 11.03. Revocation and Effect of Consents. Until an amendment

 or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder, even if notation of the consent is not made on any Certificate. However, any such Holder or subsequent Holder may revoke the consent as to his Certificate if the Indenture Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Holder affected by such amendment or waiver.

Section 11.04. Notation on or Exchange of Certificates. The

 Indenture Trustee may place an appropriate notation about an amendment or waiver on any Certificate thereafter executed. The Indenture Trustee in exchange for such Certificates may execute new Certificates that reflect the amendment or waiver.

Section 11.05. Indenture Trustee Protected. The Indenture Trustee

 need not sign any supplemental agreement that adversely affects its rights.

Section 11.06. Amendments, Waivers, etc. of Other Operative

 Documents. (a) Subject to Section 11.01, without the consent of the Holders of

 a majority in principal amount of Outstanding Certificates, the respective parties to the Participation Agreement, the Lease and the Trust Agreement may not modify, amend or supplement any of said agreements, or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder; provided, however, that the actions specified in subsection (b) of

 this Section 11.06 may be taken without the consent of the Indenture Trustee or any Holder.

(b) Subject to the provisions of subsection (c) of this Section 11.06, the respective parties to the Participation Agreement, the Lease and the Trust Agreement, at any time and from time to time without the consent of the Indenture Trustee or of any Holder may:

(1) so long as no Indenture Event of Default shall have occurred and be continuing, modify, amend or supplement the Lease, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 11.06 the parties to the Lease shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties

thereunder, with respect to the following provisions of the Lease as originally executed: Section 2, Section 3(a) (if the result thereof would be to shorten the Term of the Lease to a period shorter than the period ending with the Maturity Date of the Certificates), Section 3(d) (except to the extent such Section relates to amounts payable (whether directly or pursuant to the Indenture) to Persons other than Holders and the Indenture Trustee in its individual capacity), Section 3(e) (except insofar as it relates to the address or account information of the Owner Trustee or the Indenture Trustee) (other than as such Sections 3(a), 3(d) and 3(e) may be amended pursuant to Section 3(c) of the Lease as originally executed), Section 4, Section 6, Sections 9(b) through (d) (except that further restrictions may be imposed on the Company), Section 10 (except that additional requirements may be imposed on the Company), Section 11 (except for Section 11(e) and except that additional insurance requirements may be imposed on the Company), Section 12 (except in order to increase the Company's liabilities or enhance the Lessor's rights thereunder), Section 13 (except in the case of an assignment by the Lessor in circumstances where the Aircraft shall remain registrable under the Federal Aviation Act), Section 14 (except to impose additional or more stringent Lease Events of Default), Section 15 (except to impose additional remedies), Section 16 (except to impose additional requirements on the Company), Section 18, Section 20, Section 22 and any definition of terms used in the Lease, to the extent that any modification of such definition would result in a modification of the Lease not permitted pursuant to this subsection (b);

provided that in the event an Indenture Event of Default shall have occurred

 and be continuing, the Indenture Trustee shall have all rights of the Owner Trustee as "Lessor" under the Lease to modify, amend or supplement the Lease or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the "Lessor" thereunder; provided further that without the prior consent of

 the Owner Trustee, and whether or not an Indenture Event of Default shall have occurred and be continuing, no such action shall be taken with respect to any of the provisions of Sections 1 (to the extent any modification of a definition contained therein would result in a modification of the Lease not permitted by this proviso), 3(c), 4, 5, 6 (to the extent such action would reduce the Company's obligations), 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 (insofar as it relates to the Lessor), 18, 19 and 21 of the Lease, or any other Section of the Lease to the extent such action shall affect the amount or timing of any amounts payable by the Company under the Lease as originally executed (or as subsequently modified with the consent of the Owner Trustee) which, absent the occurrence and continuance of an Indenture Event of Default, will be distributable to the Owner Trustee under Article 3; and provided further that the parties to the Lease may take any such

 action without the consent of the Indenture Trustee or any Holder to the extent such action relates to the payment of amounts constituting, or the Owner Trustee's, the Owner Participant's or the Company's rights or obligations with respect to, Excluded Payments;

(2) modify, amend or supplement the Trust Agreement, or give any consent, waiver, authorization or approval with respect thereto, in each case only to the extent any such action shall not adversely impact the interests of the Holders;

(3) modify, amend or supplement the Participation Agreement, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 11.06 the parties to the Participation Agreement shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder, with respect to the following provisions of the Participation Agreement as originally executed: Sections 1(b), Section 7 (insofar as such Section 7 relates to the Indenture Trustee and the Holders), Section 8, Section 11 and any definition of terms used in the Participation Agreement, to the extent that any modification of such definition would result in a modification of the Participation Agreement not permitted pursuant to this subsection (b); and

(4) modify, amend or supplement any of said agreements in order to cure any ambiguity, to correct or supplement any provisions thereof which may be defective or inconsistent with any other provision thereof or of any provision of this Indenture, or to make any other provision with respect to matters or questions arising thereunder or under this Agreement which shall not be inconsistent with the provisions of this Agreement, provided the making of any such other provision shall not adversely affect the interests of the Holders.

(c) No modification, amendment, supplement, consent, waiver, authorization or approval with respect to the Lease or the Participation Agreement, whether effected pursuant to subsection (a) or pursuant to subsection (b) of this Section 11.06 and anything in such subsections or elsewhere in this Agreement to the contrary notwithstanding, shall, without the consent of the Holder of each Outstanding Certificate affected thereby,

(1) modify, amend or supplement the Lease in such a way as to extend the time of payment of Basic Rent or stipulated Loss Value or any other amounts payable to the Indenture Trustee for its own account or for the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon the occurrence of an Event of Loss or Termination Value and any other amounts payable to the Indenture Trustee for its own account or for the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon termination of the Lease with respect to the Aircraft, payable under, or as provided in, the Lease as originally executed, or reduce the amount of any installment of Basic Rent or Supplemental Rent so that the same is less than the payment of principal of, premium, if any, and interest on the Certificates, as the case may be, to be made from such installment of Basic Rent or

Supplemental Rent, or reduce the aggregate amount of Stipulated Loss Value, EBO Percentage, Special Termination Value Percentages, or any other amounts payable under, or as provided in, the Lease as originally executed upon the occurrence of an Event of Loss so that the same is less than the accrued interest on and the principal as of the Lease Loss Payment Date, and premium, if any, of the Certificates at the time Outstanding or reduce the amount of Termination Value and any other amounts payable under, or as provided in, the Lease as originally executed upon termination of the Lease with respect to the Aircraft so that the same is less than the accrued interest on and principal as of the Lease Termination Date and premium, if any, of Certificates at the time Outstanding, or

(2) modify, amend or supplement the Lease in such a way as to, or consent to any assignment of the Lease or give any consent, waiver, authorization or approval which would, release the Company from its obligations in respect of payment of Basic Rent or Supplemental Rent, or Stipulated Loss Value and any other amounts payable to the Indenture Trustee for its own account or the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon the occurrence of an Event of Loss, or Termination Value and any other amounts payable to the Indenture Trustee for its own account or the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) of the Lease with respect to the Aircraft, payable under, or as provided in, the Lease as originally executed, except for any such assignment pursuant to Section 8(u) of the Participation Agreement, and except as provided in the Lease as originally executed.

For the purposes of this Article 11, during the Pre-Commencement Date Period, the "principal amount" of Outstanding Certificates shall include the amount equal to that portion of the difference between the Original Issue Price and the Original Principal. Amount for any Certificate originally issued at a discount which corresponds to the period from the date of issuance thereof to and including the Commencement Date.

ARTICLE 12

MISCELLANEOUS

Section 12.01. Notices. (a) Unless otherwise specifically provided

for herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by hand-delivery, overnight courier service, mail, telex or telecopier addressed as indicated below and any such notice shall be effective, in the case of hand-delivery, when delivered, in the case of overnight courier service, one Business Day after delivery with charges paid to a courier service with instructions for overnight delivery, in the case of mail, three Business Days after delivery to

the postal service with certified or registered mail charges paid, in the case of telex, upon receipt of a telex answerback and, in the case of telecopier, upon transmittal:

if to the Company, to:

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666
Attention: Vice President and Treasurer
Telecopier: (708) 952-5204

or if by overnight courier, to:

1200 East Algonquin Road
Elk Grove Township, Illinois 60007
Attn: Vice President and Treasurer
Telecopier: (708) 952-5204

if to the Indenture Trustee, to:

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department
Telecopier: (801) 246-5053
Telex No.: 3789450

if to the Owner Trustee, to:

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

or if by overnight courier, to:

Two International Place
Boston, Massachusetts 02110
Telecopier: (617) 664-5371

with a copy to the Owner Participant

if to the Owner Participant, to:

[_____]

(b) The Company, the Owner Trustee, the Indenture Trustee or the Owner Participant by notice to the others may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Holders of the Certificates shall be mailed by first-class mail to the addresses for Holders shown on the Register kept by the Registrar and to addresses filed with the Indenture Trustee for other Holders. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders of such Certificates of that or any other Series entitled to receive notice.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Holders, it shall mail a copy to the Indenture Trustee and to each Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Indenture Trustee shall be deemed to be given only when received by a Responsible Officer of the Indenture Trustee.

Section 12.02. [Reserved for Potential Future Use]

Section 12.03. [Reserved for Potential Future Use]

Section 12.04. Rules by Indenture Trustee and Agents. The Indenture

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

Section 12.05. Non-Business Days. If a payment date is not a

Business Day at a place of payment, payment may be made at such place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

Section 12.06. GOVERNING LAW. THIS AGREEMENT AND THE CERTIFICATES

SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE

WITH THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

Section 12.07. No Recourse Against Others. No director, officer,

 employee or stockholder, as such, of the Company, the Owner Trustee or the Owner Participant, as the case may be, shall have any liability for any obligations of the Company, the Owner Trustee or the Owner Participant, as the case may be, under this Agreement or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Certificate waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Certificates.

Section 12.08. Execution in Counterparts. This Agreement may be

 executed in any number of counterparts, each of which shall be an original but such counterparts shall together constitute but one instrument.

ARTICLE 13

ACTIONS TO BE TAKEN UPON TERMINATION OF LEASE

Section 13.01. Actions to Be Taken upon Termination of Lease. Upon

 any of:

(a) the voluntary termination of the Lease by the Company pursuant to Section 9(b) thereof on the Lease Termination Date, and upon payment to the Indenture Trustee of an amount equal to the Redemption Price of all Outstanding Certificates, or

(b) the purchase of the Aircraft by the Company at its option pursuant to Section 19(b) of the Lease on a Special Purchase Option Date or the EBO Date as the case may be (unless the Company shall have elected to assume all of the rights and obligations of the Owner Trustee hereunder as provided for in Section 8(r) of the Participation Agreement), and upon payment to the Indenture Trustee of an amount equal to the Redemption Price as at the applicable Redemption Date of all Outstanding Certificates, or

(c) the termination of the Lease, on the Lease Loss Payment Date, following an Event of Loss suffered by the Airframe under circumstances where the Company does not exercise its option to substitute a Replacement Airframe therefor pursuant to Section 10(a)(ii) of the Lease, and upon payment to the Indenture Trustee of an amount equal to the Redemption Price as at the Redemption Date of all Outstanding Certificates, or

(d) the satisfaction, discharge, defeasance and termination of obligations under this Agreement in accordance with Section 10.01, or

(e) the voluntary termination of the Lease with respect to an Engine pursuant to Section 10(b) thereof, and upon the payment of Stipulated Loss Value with respect to such Engine,

the Lien of this Agreement on the Indenture Estate, in the case of (a), (b), (c) and (d) above, and on such Engine, in the case of (e) above shall terminate (except for the Lien on funds held by the Indenture Trustee to pay the Certificates and the Lien on amounts due from the Company under the Lease necessary to pay the Certificates or the Indenture Trustee) and the Indenture Trustee shall execute such instruments as may be requested by the Company or the Owner Trustee to evidence such termination.

IN WITNESS WHEREOF, the Owner Trustee and the Indenture Trustee have caused this Trust Indenture and Mortgage to be duly executed by their respective officers thereunto duly authorized.

STATE STREET BANK AND TRUST
COMPANY

not in its individual capacity,
except as expressly provided herein,
but solely as Owner Trustee

By: _____

Name:

Title:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
as Indenture Trustee

By: _____

Name:

Title:

Exhibit A-1 to
Trust Indenture and
Mortgage

Form of Series 1995 777 B Installment Certificates

\$ _____ (Original Issue Price) No. _____

\$ _____ (Original Principal Amount)

SERIES 1995 777 B CERTIFICATE

STATE STREET BANK AND TRUST COMPANY
Not in its Individual Capacity
but Solely as Owner Trustee Under the
Trust Agreement (1995 777 B)
Dated as of May 1, 1995

Issued in connection with Aircraft N766UA
Leased to
UNITED AIR LINES, INC.

Date of Issuance: _____, 1995

MATURITY DATE

_____, 20__

INTEREST RATE PER ANNUM: __%

COMMENCEMENT DATE

CASH INTEREST: \$ _____

State Street Bank and Trust Company, not in its individual capacity, but solely as owner trustee (the "Owner Trustee") under that certain Trust Agreement (1995 777 B), dated as of May 1, 1995, between the Owner Trustee in its individual capacity and the institution referred to therein as the "Owner Participant" (herein as such Trust Agreement may be amended or supplemented from time to time called the "Trust Agreement") for value received, hereby promises to pay to _____ or registered assigns the principal sum in Dollars equal to the Original Principal Amount specified above in installments on each Installment Payment Date as provided for herein below with the final installment due and payable on the Maturity Date specified above (provided, however, that,

if the obligations evidenced by this Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the principal amount hereof to be paid shall be the Original Issue Price specified above, together with the portion of the difference between such Original Issuer Price and the Original Principal Amount specified above which corresponds to the period from the date of issuance hereof to

the date of such payment) and to pay interest (x) in the amount of the Commencement Date Cash Interest specified above, payable on the Commencement Date, and (y) at the Interest Rate Per Annum specified above on the Original Principal Amount specified above from time to time outstanding in respect of the period commencing on and including the Commencement Date and ending on the date when the principal amount hereof shall have been paid in full, payable on each October 19 and April 19 in each year, commencing on October 19, 1995 (provided,

 however, that, if the obligations evidenced by this Certificate shall become due
 - - - - -

and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the amount thereof in respect of interest shall be an amount equal to the portion of such Commencement Date Cash Interest which corresponds to the period from the date of issuance hereof to the date of such payment). All amounts payable by the Owner Trustee hereunder and under the Trust Indenture and Mortgage (1995 777 B), dated as of May 1, 1995 (as the same may hereafter be further amended or supplemented from time to time, as the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), by and among the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee thereunder, shall be made only from the income and proceeds of the Indenture Estate. Each Holder hereof, by its acceptance of this Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for payment of such amounts, to the extent available for distribution to the Holder hereof as provided in the Indenture and (b) none of the Owner Participant, the Owner Trustee or the Indenture Trustee is or shall be personally liable to the Holder hereof for any amount payable hereunder or under the Indenture or, except as provided in the Indenture in the case of the Indenture Trustee and the Owner Trustee, for any liability under the Indenture.

The interest or Installment Payment Amount (other than that payable on the Maturity Date hereof) so payable, and punctually paid or duly provided for, on the applicable Interest Payment Date or Installment Payment Date, as the case may be, will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest or Installment Payment Amount, which shall be the fifteenth day (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date or Installment Payment Date, as the case may be. Any such interest or Installment Payment Amount not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder hereof on the such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Installment or Defaulted Interest to be fixed by the Indenture Trustee pursuant to Section 2.08 of the Indenture, notice whereof shall be given to Holders of Certificates entitled thereto not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may

be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, premiums if any, and interest on this Certificate will be made at the principal corporate trust office of the Indenture Trustee, or the office or agency maintained by the Indenture Trustee for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest and Installment Payment Amounts

(other than that payable on the Maturity Date hereof) may be made at the option of the Indenture Trustee or the Paying Agent by check mailed to the address of the Holder entitled thereto as such address shall appear on the Register.

This Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of an authorized officer of the Owner Trustee, and authenticated by the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee, in each case as specified in Section 2.02 of the Indenture.

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties thereby conveyed, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owner Trustee, the Indenture Trustee and the Holders of the Certificates, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

As more fully provided in the Indenture, on each Installment Payment Date, the Holder hereof will receive a payment of principal equal to the Installment Payment Date, the Holder hereof will receive a payment of principal equal to the Installment Payment Percentage for such Installment Payment Date as specified on Exhibit B-1 hereto (provided that, after the occurrence of any

partial redemption or redemption pursuant to clause (ii) of Section 6.01(a) of the Indenture, the "Installment Payment Percentage" for each Installment Payment Date subsequent to the applicable Redemption Date shall be redetermined as provided for in the Indenture) multiplied by the Original Principal Amount of this Certificate specified above.

As more fully provided in the Indenture, the Certificates are subject to redemption or partial redemption on not less than 25 nor more than 60 days' notice by mail, under the circumstances set forth in the Indenture, at a redemption price equal to the unpaid

principal amount thereof, premium if any, plus accrued interest thereon to the Redemption Date.

If an Indenture Event of Default shall occur and be continuing, the principal amount remaining unpaid of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. If, and only if, such an event of default constitutes an event of default by the Company under the Lease, the Indenture Trustee may declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease. Such remedies include the right to repossess and use or operate the Aircraft, to sell or relet the Aircraft free and clear of the Company's rights and retain the proceeds and to require the Company to pay as liquidated damages (i) any unpaid Basic Rent plus an amount equal to the excess of the Stipulated Loss Value of the Aircraft over the aggregate fair market rental value thereof for the remainder of the term for the Aircraft, (ii) any unpaid Basic Rent plus the excess of the Stipulated Loss Value of the Aircraft over the fair market sales value thereof or (iii) if the Aircraft has been sold, any unpaid Basic Rent plus the excess of the Stipulated Loss Value thereof over the net sales proceeds.

By acceptance of this Certificate, the Holder hereof agrees to be bound by the provisions of the Participation Agreement applicable to Holders.

The Owner Trustee or the Owner Participant may, in their sole discretion, in certain circumstances cure any default by the Company under the Lease arising from the failure of the Company to make any payment of Basic Rent under the Lease. The Owner Trustee or the Owner Participant may in their sole discretion in certain circumstances cure any other default by the Company in the performance of its Obligations under the Lease which can be cured by the payment of money, by making such payment on behalf of the Company.

The right of the Holder of this Certificate to institute action for any remedy under the Indenture, including the enforcement of payment of any amount due hereon, is subject to certain restrictions specified in the Indenture.

The Owner Trustee and the Indenture Trustee will be discharged from their respective obligations in respect of the Certificates (except for certain matters, including obligations to register the transfer or exchange of Certificates, replace stolen, lost or mutilated Certificates, maintain paying agencies and hold moneys for payment in trust), and the Indenture Trustee may thereupon cause the release of the Indenture Estate from the lien of the Indenture, if (a) the Owner Trustee deposits or causes to be deposited irrevocably with the Indenture Trustee, in trust, money or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay principal of, premiums, if any, and interest on

the Outstanding Certificates on the dates such payments are due in accordance with the terms of such Certificates and (b) certain other conditions are satisfied, including the publication by the United States Internal Revenue Service of a ruling to the effect that the deposit and related defeasance would not cause the Holders of the Certificates to recognize income, gain or loss for Federal income tax purposes.

As provided in the Indenture, in certain circumstances this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Registrar, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder or his attorney duly authorized in writing, one or more new Certificates of the same maturity and type and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates. The Certificates are issuable in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Certificates are exchangeable for a like aggregate principal amount of Certificates of the same maturity and type and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Registrar, or at an office or agency maintained for such purpose.

No service charge shall be made for any such registration of transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this Certificate and for all other purposes whatsoever whether or not this Certificate be overdue, and neither the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar nor the Company shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the Owner Trustee has caused this instrument to be duly executed.

STATE STREET BANK AND TRUST
COMPANY
not in its individual capacity,
but solely as Owner Trustee

By: _____
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Indenture.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
as Indenture Trustee

By: _____
Authorized officer and signatory

Exhibit A-2 to
Trust Indenture and
Mortgage

Form of Series 1995 777 B Serial Certificates

\$ _____ (Original Issue Price) No. _____

\$ _____ (Original Principal Amount)

SERIES 1995 777 B CERTIFICATE

STATE STREET BANK AND TRUST COMPANY
Not in its Individual Capacity
but Solely as Owner Trustee Under the
Trust Agreement (1995 777 B)
Dated as of May 1, 1995

Issued in connection with Aircraft N766UA
Leased to
UNITED AIR LINES, INC.

Date of Issuance: _____, 1995

MATURITY DATE

_____, 199__

INTEREST RATE PER ANNUM: ____%

COMMENCEMENT DATE

CASH INTEREST: \$ _____

State Street Bank and Trust Company, not in its individual capacity,
but solely as owner trustee (the "Owner Trustee") under that certain Trust
Agreement (1995 777 B), dated as of May 1, 1995, between the Owner Trustee in
its individual capacity and the institution referred to therein as the "Owner
Participant" (herein as such Trust Agreement may be amended or supplemented from
time to time called the "Trust Agreement"), for value received, hereby promises
to pay to _____ or registered assigns the principal sum in dollars
equal to the Original Principal Amount specified above on the Maturity Date
specified above (provided, however, that, if the obligations evidenced by this

Certificate shall become due and payable (upon redemption or acceleration or
otherwise) and shall be paid during the Pre-Commencement Date Period, the
principal amount hereof to be paid shall be the Original Issue Price specified
above, together with the portion of the difference between such Original Issue
Price and the Original Principal Amount specified above which

corresponds to the period from the date of issuance hereof to the date of such payment) and to pay interest (x) in the amount of the Commencement Date Cash Interest specified above, payable on the Commencement Date, and (y) at the Interest Rate Per Annum specified above on the Original Principal Amount specified above from time to time outstanding in respect of the period commencing on and including the Commencement Date and ending on the date when the principal amount hereof shall have been paid in full, payable on each October 19 and April 19 in each year, commencing on October 19, 1995 (provided,

 however, that, if the obligations evidenced by this Certificate shall become due
 - - - - -

and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the amount thereof in respect of interest shall be the amount equal to the portion of such Commencement Date Cash Interest which corresponds to the period from the date of issuance hereof to the date of such payment the accrual at the Interest Rate Per Annum specified above of interest on the Original Issue Price specified above from the date of issuance of this Certificate to the date of such payment). All amounts payable by the Owner Trustee hereunder and under the Trust Indenture and Mortgage (1995 777 B), dated as of May 1, 1995 (as the same may hereafter be further amended or supplemented from time to time, as the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), by and among the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee thereunder, shall be made only from the income and proceeds of the Indenture Estate. Each Holder hereof, by its acceptance of this Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for payment of such amounts, to the extent available for distribution to the Holder hereof as provided in the Indenture and (b) none of the Owner Participant, the Owner Trustee or the Indenture Trustee is or shall be personally liable to the Holder hereof for any amount payable hereunder or under the Indenture or, except as provided in the Indenture in the case of the Indenture Trustee and the Owner Trustee, for any liability under the Indenture.

The interest so payable and punctually paid or duly provided for, on the applicable Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest, which shall be the fifteenth day (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder hereof on the such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Interest to be fixed by the Indenture Trustee pursuant to Section 2.08 of the Indenture, notice whereof shall be given to Holders of Certificates entitled thereto not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may be listed, and

upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, premium if any, and interest on this Certificate will be made at the principal corporate trust office of the Indenture Trustee, or the office or agency maintained by the Indenture Trustee for such purpose in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option of the

 Indenture Trustee or the Paying Agent by check mailed to the address of the Holder entitled thereto as such address shall appear on the Register.

This Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of an authorized officer of the Owner Trustee, and authenticated by the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee, in each case as specified in Section 2.02 of the Indenture.

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties thereby conveyed, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owner Trustee, the Company, the Indenture Trustee and the Holders of the Certificates, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

As more fully provided in the Indenture, the Certificates are subject to redemption or partial redemption, on not less than 25 nor more than 60 days' notice by mail, under the circumstances set forth in the Indenture, at a redemption price equal to the unpaid principal amount thereof, premium, if any, plus accrued interest thereon to the Redemption Date.

If an Indenture Event of Default shall occur and be continuing, the principal of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. If, and only if, such an event of default constitutes an event of default by the Company under the Lease, the Indenture Trustee may declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease. Such remedies include the right to repossess and use or operate the Aircraft, to sell or relet the Aircraft free and clear of the Company's rights and retain the proceeds and to require the Company to pay as liquidated damages (i) any

unpaid Basic Rent plus an amount equal to the excess of the Stipulated Loss Value of the Aircraft over the aggregate fair market rental value thereof for the remainder of the term for the Aircraft, (ii) any unpaid Basic Rent plus the excess of the Stipulated Loss Value of the Aircraft over the fair market sales value thereof or (iii) if the Aircraft has been sold, any unpaid Basic Rent plus the excess of the Stipulated Loss Value thereof over the net sales proceeds.

By acceptance of this Certificate, the Holder hereof agrees to be bound by the provisions of the Participation Agreement applicable to Holders.

The Owner Trustee or the Owner Participant may, in their sole discretion, in certain circumstances cure any default by the Company under the Lease arising from the failure of the Company to make any payment of Basic Rent under the Lease. The Owner Trustee or the Owner Participant may in their sole discretion in certain circumstances cure any other default by the Company in the performance of its obligations under the Lease which can be cured by the payment of money, by making such payment on behalf of the Company.

The right of the Holder of this Certificate to institute action for any remedy under the Indenture, including the enforcement of payment of any amount due hereon, is subject to certain restrictions specified in the Indenture.

The Owner Trustee and the Indenture Trustee will be discharged from their respective obligations in respect of the Certificates (except for certain matters, including obligations to register the transfer or exchange of Certificates, replace stolen, lost or mutilated Certificates, maintain paying agencies and hold moneys for payment in trust), and the Indenture Trustee may thereupon cause the release of the Indenture Estate from the lien of the Indenture, if (a) the Owner Trustee deposits or causes to be deposited irrevocably with the Indenture Trustee, in trust, money or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay principal of, premium, if any, and interest on the Outstanding Certificates on the dates such payments are due in accordance with the terms of such Certificates and (b) certain other conditions are satisfied, including the publication by the United States Internal Revenue Service of a ruling to the effect that the deposit and related defeasance would not cause the Holders of the Certificates to recognize income, gain or loss for Federal income tax purposes.

As provided in the Indenture, in certain circumstances this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Registrar, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder or his attorney duly authorized in

writing, one or more new Certificates of the same maturity and type and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates. The Certificates are issuable in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Certificates are exchangeable for a like aggregate principal amount of Certificates of the same maturity and type and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Registrar, or at an office or agency maintained for such purpose.

No service charge shall be made for any such registration of transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this Certificate and for all other purposes whatsoever whether or not this Certificate be overdue, and neither the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar nor the Company shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the Owner Trustee has caused this instrument to be duly executed.

STATE STREET BANK AND TRUST
COMPANY
not in its individual capacity,
but solely as Owner Trustee

By: _____
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Indenture.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
as Indenture Trustee

By _____
Authorized Officer or signatory
Title:

Exhibit B to
Trust Indenture and
Mortgage

MATURITY DATES, PRINCIPAL AMOUNTS AND

INTEREST RATES OF SERIES 1995 777 B CERTIFICATES

	MATURITY DATE	PRINCIPAL AMOUNT	ORIGINAL ISSUE PRICE	COMMENCEMENT DATE CASH INTEREST	INTEREST RATE PER ANNUM
	-----	-----	-----	-----	-----
Series 1995 777 B1	[_____]	\$_[_____]	\$_[_____]	\$_[_____]	\$_[_____]
Series 1995 777 B2	[_____]	\$_[_____]	\$_[_____]	\$_[_____]	\$_[_____]

Trust Indenture and
Mortgage

Installment Payment Dates and Installment Payment Percentages

Installment Certificates shall be those
Certificates with the following Maturity Dates:

Installment Certificate No. 1 - Maturity Date: [_____]

Installment Payment Date	Installment Payment Percentage	Corresponding Aggregate Installment Payment Amount
[]	[]%	[\$]
[]	[]%	[]
TOTAL	100.00000000% -----	[\$] -----

Installment Certificate No. 2 - Maturity Date: [_____]

Installment Payment	Installment Payment	Corresponding ----- Aggregate Installment
Date	Percentage	Payment Amount
----	-----	-----
	%	
TOTAL	100.00000000%	\$
	-----	-----

Exhibit B-2 to
Trust Indenture and
Mortgage

Issuance of Series 1995 777 B Certificates

The Series 1995 777 B Certificates issued hereunder shall be issued to and shall be payable to each of the Pass Through Trustees under the Pass Through Trust Agreements with respect to the grantor trusts created thereby, in each case as set forth below:

1995-A1 Trust:

[_____] % Certificate due [_____]

1995-A2 Trust:

[_____] % Certificate due [_____]

EXHIBIT C

TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT

(1995 777 B)

This TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1995 777 B), dated May __, 1995 (herein called the "Trust Supplement") of STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee"), under the Trust Agreement (1995 777 B), dated as of May 1, 1995 (herein called the "Trust Agreement") , between the Owner Trustee and the Owner Participant named therein.

WITNESSETH:

WHEREAS, the Trust Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Aircraft (such term and other terms defined in the Trust Indenture referred to below used herein as therein defined) included in the property covered by the Trust Agreement;

WHEREAS, the Trust Indenture and Mortgage (1995 777 B), dated as of May 1, 1995 (herein called the "Trust Indenture"), between the Owner Trustee and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Indenture Trustee (herein called the "Indenture Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Indenture Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document;

NOW, THEREFORE, this Trust Supplement Witnesseth, that the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the following described property:

[Trust Indenture and Mortgage (1995 777 B)]

AIRFRAME

One Airframe Identified as follows:

Manufacturer -----	Model -----	FAA Registration Number -----	Manufacturer's Serial Number -----
The Boeing Company	777-222	N766UA	26917

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, whether or not such engines shall be installed in or attached to the Airframe or any other airframe, identified as follows:

Manufacturer -----	Model -----	Manufacturer's Serial Number -----
Pratt & Whitney	PW4084	[]
Pratt & Whitney	PW4084	[]

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the equal and proportionate benefit and security of the and the holders from time to time of the Certificates outstanding, without any

[Trust Indenture and Mortgage (1995 777 B)]

preference, distinction or priority of any one Certificate over any other by reason of series, priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust supplement shall be construed as Supplemental to the Trust Indenture and to the Trust Agreement and shall form a part of each, and the Trust Agreement and the Trust Indenture are each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

* * *

[Trust Indenture and Mortgage (1995 777 B)]

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

STATE STREET BANK AND TRUST
COMPANY
not in its individual capacity but solely
as Owner Trustee

By: _____
Title:

=====
THIRD AMENDED AND RESTATED
TRUST INDENTURE AND MORTGAGE

(1993 747 A)

Dated as of May 1, 1995

between

STATE STREET BANK AND TRUST COMPANY,

not in its individual capacity except as expressly set forth herein,
but solely as Owner Trustee,

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,

as Indenture Trustee

One Boeing 747-422 Aircraft N189UA

United Air Lines, Inc.
Series 1993 747 A Certificates

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TABLE OF CONTENTS

	Page

RECITALS.....	1
GRANTING CLAUSE.....	2
HABENDUM CLAUSE.....	5
ARTICLE 1 DEFINITIONS.....	7
1.01. Definitions.....	7
ARTICLE 2 THE CERTIFICATES.....	20
2.01. Certificates; Title and Terms.....	20
2.02. Execution and Authentication.....	21
2.03. Registrar and Paying Agent.....	22
2.04. Transfer and Exchange.....	22
2.05. Holder Lists; Ownership of Certificates.....	23
2.06. Mutilated, Destroyed, Lost or Stolen Certificates.....	23
2.07. Cancellation.....	23
2.08. Payment on Certificates; Defaulted Principal and Interest....	24
2.09. Payment from Indenture Estate Only; Non-Recourse Obligations.	25
2.10. Execution, Delivery and Dating of Certificates upon Original Issuance.....	26
ARTICLE 3 RECEIPT, DISTRIBUTION AND APPLICATION OF FUNDS IN THE INDENTURE ESTATE.....	26
3.01. [Reserved for Potential Future Use].....	26
3.02. Payment in Case of Redemption or Purchase of Certificates....	26
3.03. Application of Rent When No Indenture Event of Default Is Continuing.....	27
3.04. Application of Certain Payments in Case of Requisition or Event of Loss.....	27
3.05. Payments During Continuance of Indenture Event of Default....	28
3.06. Payments for Which Application Is Provided in Other Documents	29
3.07. Payments for Which No Application Is Otherwise Provided.....	29
ARTICLE 4 COVENANTS OF OWNER TRUSTEE.....	30
4.01. Covenants of the Owner Trustee.....	30
ARTICLE 5 DISPOSITION, SUBSTITUTION AND RELEASE OF PROPERTY INCLUDED IN THE INDENTURE ESTATE DURING CONTINUATION OF LEASE.....	31

5.01.	Disposition, Substitution and Release of Property Included in the Indenture Estate During Continuation of Lease.....	31
ARTICLE 6	REDEMPTION OF CERTIFICATES.....	32
6.01.	Redemption of Certificates upon Certain Events.....	32
6.02.	Redemption or Purchase of Certificates upon Certain Indenture Events of Default.....	34
6.03.	Notice of Redemption to Holders.....	35
6.04.	Deposit of Redemption Price.....	35
6.05.	Certificates Payable on Redemption Date.....	36
ARTICLE 7	MATTERS CONCERNING THE COMPANY.....	36
7.01.	Repayment of Monies for Certificate Payments Held by the Indenture Trustee.....	36
7.02.	Change in Registration.....	36
7.03.	Assumption of Obligations of Owner Trustee by the Company....	37
ARTICLE 8	DEFAULTS AND REMEDIES.....	39
8.01.	Indenture Events of Default.....	39
8.02.	Acceleration; Rescission and Annulment.....	42
8.03.	Other Remedies Available to Indenture Trustee.....	43
8.04.	Waiver of Owner Trustee.....	50
8.05.	Waiver of Existing Defaults.....	51
8.06.	Control by Majority.....	51
8.07.	Limitation on Suits by Holders.....	51
8.08.	Rights of Holders to Receive Payment.....	52
8.09.	Indenture Trustee May File Proofs of Claim.....	52
ARTICLE 9	INDENTURE TRUSTEE.....	52
9.01.	Duties of Indenture Trustee.....	52
9.02.	Rights of Indenture Trustee.....	53
9.03.	Individual Rights of Indenture Trustee.....	53
9.04.	Funds May Be Held by Indenture Trustee or Paying Agent; Investments.....	53
9.05.	Notice of Defaults.....	54
9.06.	Compensation and Indemnity.....	55
9.07.	Replacement of Indenture Trustee.....	55
9.08.	Successor Indenture Trustee, Agents by Merger, etc.....	57
9.09.	Eligibility; Disqualification.....	57
9.10.	Trustee's Liens.....	57
9.11.	Withholding Taxes; Information Reporting.....	57

9.12.	Additional Collateral.....	58
ARTICLE 10	SATISFACTION AND DISCHARGE; DEFEASANCE; TERMINATION OF OBLIGATIONS.....	58
10.01.	Satisfaction and Discharge of Agreement; Defeasance; Termination of Obligations.....	58
10.02.	Survival of Certain Obligations.....	60
10.03.	Monies to Be Held in Trust.....	60
10.04.	Monies to Be Returned to Owner Trustee.....	61
ARTICLE 11	AMENDMENTS AND WAIVERS.....	61
11.01.	Amendments to this Agreement Without Consent of Holders.....	61
11.02.	Amendments to this Agreement with Consent of Holders.....	62
11.03.	Revocation and Effect of Consents.....	63
11.04.	Notation on or Exchange of Certificates.....	63
11.05.	Indenture Trustee Protected.....	63
11.06.	Amendments, Waivers, etc. of Other Operative Documents.....	63
ARTICLE 12	MISCELLANEOUS.....	67
12.01.	Notices.....	67
12.02.	[Reserved for Potential Future Use].....	69
12.03.	[Reserved for Potential Future Use].....	69
12.04.	Rules by Indenture Trustee and Agents.....	69
12.05.	Non-Business Days.....	69
12.06.	GOVERNING LAW.....	69
12.07.	No Recourse Against Others.....	69
12.08.	Execution in Counterparts.....	69
ARTICLE 13	ACTIONS TO BE TAKEN UPON TERMINATION OF LEASE.....	70
13.01.	Actions to Be Taken upon Termination of Lease.....	70

SIGNATURES..... 71

Exhibit A-1 Form of Series 1993 747 A Installment Certificates
Exhibit A-2 Form of Series 1993 747 A Serial Certificates
Exhibit B Maturity Dates, Original Issue Prices, Principal Amounts and
Interest Rates of Series 1993 747 A Certificates
Exhibit B-1 Installment Payment Dates and Installment Payment Percentages
Exhibit B-2 Issuance of Series 1993 747 A Certificates
Exhibit C Form of Trust Agreement and Third Amended and Restated Trust
Indenture and Mortgage Supplement

THIRD AMENDED AND RESTATED
TRUST INDENTURE AND MORTGAGE (1993 747 A)

This THIRD AMENDED AND RESTATED TRUST INDENTURE AND MORTGAGE (1993 747 A), dated as of May 1, 1995, between STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company corporation, not in its individual capacity except as otherwise expressly provided herein, but solely as Owner Trustee under the Trust Agreement (capitalized terms used herein having the respective meanings specified therefor in Article 1), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee hereunder.

W I T N E S S E T H:

WHEREAS, the Owner Participant and the Owner Trustee in its individual capacity have entered into the Trust Agreement whereby, among other things, (i) the Owner Trustee has established a certain trust for the use and benefit of the Owner Participant, subject, however, to the Indenture Estate created pursuant hereto for the use and benefit of, and with the priority of payment to, the holders of the Certificates issued hereunder, and (ii) the Owner Trustee has been authorized and directed pursuant to the Redemption and Refinancing Agreement to execute and deliver this Third Amended and Restated Trust Indenture and Mortgage;

WHEREAS, all capitalized terms used herein shall have the respective meanings set forth or referred to in Article 1 hereof;

WHEREAS, the Owner Trustee and the Indenture Trustee entered into that certain Trust Indenture and Mortgage (1993 747 A), dated as of April 1, 1993 (the "Original Indenture"), which Original Indenture was recorded with the Federal Aviation Administration on April 21, 1993 and was assigned Conveyance No. FF08935;

WHEREAS, the Owner Trustee and the Indenture Trustee entered into that certain First Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of April 1, 1993 (the "First Amended and Restated Indenture"), thereby amending and restating in its entirety the Original Indenture, which First Amended and Restated Indenture was recorded with the Federal Aviation Administration on May 6, 1993 and was assigned Conveyance No. VV003010;

WHEREAS, the Owner Trustee and the Indenture Trustee entered into that certain Second Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of July 1, 1994, thereby amending and restating in its entirety the Original Indenture, which

Second Amended and Restated Indenture was recorded with the Federal Aviation Administration on August 10, 1994 and was assigned Conveyance No. ZZ006617 and which was further amended by the First Amendment to Second Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated September 27, 1994 and assigned conveyance No. JJ12459 (the "Amended Indenture");

WHEREAS, the parties desire by this Agreement, among other things, (i) to further amend and restate in its entirety the Amended Indenture, (ii) to provide for the issuance by the Owner Trustee of the Series 1993 747 A Certificates evidencing the loans made by the Pass Through Trustees to finance the Owner Trustee's payment of Lessor's Cost, as provided in the Redemption and Refinancing Agreement, and (iii) to provide for the assignment, mortgage and pledge by the Owner Trustee to the Indenture Trustee, as part of the Indenture Estate hereunder, among other things, of certain of the Owner Trustee's right, title and interest in and to the Aircraft and the Operative Documents and certain payments and other amounts received hereunder or thereunder in accordance with the terms hereof, as security for, among other things, the Owner Trustee's obligations to the Indenture Trustee, for the ratable benefit and security of the Holders;

WHEREAS, all things have been done to make the Certificates, when executed by the Owner Trustee and authenticated and delivered by the Indenture Trustee hereunder, the valid, binding and enforceable obligations of the Owner Trustee; and

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

GRANTING CLAUSE

NOW, THEREFORE, THIS TRUST INDENTURE AND MORTGAGE WITNESSETH, that, to secure the prompt payment of the principal of, premium, if any, and interest on, and all other amounts due with respect to, all Certificates from time to time Outstanding and the performance and observance by the Owner Trustee of all the agreements, covenants and provisions contained herein and in the Operative Documents to which it is a party, for the benefit of the Holders, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Certificates by the Holders, and of other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, the Owner Trustee has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Indenture Trustee, its successors and assigns, for the

security and benefit of the Holders from time to time, a security interest in and mortgage lien on all estate, right, title and interest of the Owner Trustee in, to and under the following described property, rights, interests and privileges (which collectively, including all property hereafter specifically subjected to the lien of this Agreement by any instrument supplemental hereto, but excluding the Excluded Payments, are herein called the "Indenture Estate"):

(1) the Airframe and Engines (each such Engine having 750 or more rated take-off horsepower or the equivalent thereof) and all replacements thereof and substitutions therefor in which the Owner Trustee shall from time to time acquire an interest in accordance with the Lease, as more particularly described in the Trust Supplement and the Lease Supplement executed and delivered with respect to the Aircraft or any such replacements or substitutions therefor, as provided in this Agreement and the Lease;

(2) the Lease and all Rent thereunder, including, without limitation, all amounts of Basic Rent, Supplemental Rent, and payments of any kind required to be made by the Company thereunder; all amounts payable to the Owner Trustee under the Participation Agreement that do not constitute Excluded Payments; the Purchase Agreement (to the extent assigned by the Owner Trustee's Purchase Agreement), the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale and any and all contracts relating to the Airframe and Engines or any rights or interest therein to which the Owner Trustee is now or may hereafter be a party; including, without limitation, all rights of the Owner Trustee to receive any payments or other amounts or to exercise any election or option or to make any decision or determination or to give or receive any notice, consent, waiver or approval or to take any other action under or in respect of any such document or to accept surrender or redelivery of the Aircraft or any part thereof, as well as all the rights, powers and remedies on the part of the Owner Trustee, whether acting under any such document or by statute or at law or in equity, or otherwise, arising out of any Lease Event of Default (other than the rights of the Owner Trustee provided for hereunder);

(3) all rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Agreement;

(4) all requisition proceeds with respect to the Aircraft or any part thereof (to the extent of the Owner Trustee's interest therein pursuant to the terms of the Lease) and all insurance proceeds with respect to the Aircraft or any part thereof from insurance required to be maintained by the Company under Section 11 of the Lease, but excluding any insurance maintained by the Company and not required under Section 11 of the Lease;

(5) all moneys and securities now or hereafter paid or deposited or required to be paid or deposited to or with the Indenture Trustee by or for the account of the Owner Trustee pursuant to any term of any Operative Document and held or required to be held by the Indenture Trustee hereunder;

(6) all proceeds of the foregoing; and

(7) the Additional Collateral, if any.

Notwithstanding the foregoing provisions:

(a) there shall be excluded from the security interest granted by this Agreement all Excluded Payments;

(b) (i) whether or not a Lease Event of Default or an Indenture Event of Default shall occur and be continuing, the Owner Trustee and the Owner Participant shall at all times retain the right, to the exclusion of the Indenture Trustee (a) to Excluded Payments and to commence an action at law to obtain such Excluded Payments, (b) to adjust Basic Rent and the percentages relating to Stipulated Loss Value and Termination Value, the Special Termination Value Percentage and the EBO Percentages as provided in Section 3(c) of the Lease and Section 18 of the Participation Agreement, (c) to exercise any election or option to make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of, but in each case only to the extent relating to, Excluded Payments, (d) to retain the rights of the "Lessor" with respect to solicitations of bids, and the election to retain the Aircraft pursuant to Section 9 of the Lease, (e) to exercise the right of "Lessor" to determine the fair market rental value or fair market sales value pursuant to Section 19 of the Lease, (f) to exercise all rights with respect to insurance maintained for its own account which Section 11(e) of the Lease specifically confers on the "Lessor" and (g) to exercise, to the extent necessary to enable it to exercise its rights under Section 8.03(e)(i) hereof, the rights of the "Lessor" under Section 21 of the Lease;

(ii) whether or not a Lease Event of Default or Indenture Event of Default shall occur and be continuing, the Owner Trustee and the Indenture Trustee shall each have the right separately but not to the exclusion of the other, (a) to receive from the Company all notices, certificates, reports, filings, Opinions of Counsel, copies of all documents and all information which the Company is permitted or required to give or furnish to the "Lessor" pursuant to the Lease or to the Owner Trustee pursuant to any other Operative Document, (b) to exercise inspection rights pursuant to Section 12 of the Lease, (c) to maintain separate insurance pursuant to Section 11(e) of the Lease and to retain all rights with respect to such insurance maintained for its own account,

(d) to give any notice of default under Section 15 of the Lease and to declare the Lease in default in respect thereof, (e) to cause the Company to take any action and execute and deliver such documents and assurances as the "Lessor" may from time to time reasonably request pursuant to Section 16 of the Lease; (f) to consent (with the concurrent consent of the other such party to the extent such consent is required) to changes to the list of countries on Exhibit F or G to the Lease and (g) to purchase an engine pursuant to Section 5(e) of the Lease;

(iii) so long as no Indenture Event of Default shall have occurred and be continuing (but subject to the provisions of Section 11.06), the Owner Trustee shall retain the right, to the exclusion of the Indenture Trustee, to exercise the following rights of the "Lessor" under the Lease: (a) the right to approve as satisfactory any accountants, engineers or counsel to render services for or issue opinions to the Owner Trustee pursuant to express provisions of the Operative Documents, (b) the right to waive the opinion required pursuant to Section 8(e)(ii)(C) of the Participation Agreement in connection with an Event of Loss relating only to one or more Engines and (c) the right to elect (or not to elect) under Section 10(b) of the Lease to require the Company to pay the amounts set forth in clauses (A) and (B) of Section 10(b);

(c) the leasehold interest granted to the Company by the Lease shall not be subject to the security interest granted by this Agreement, and nothing in this Agreement shall affect the rights of the Company under the Lease so long as no Lease Event of Default has occurred and is continuing; and

(d) as between the Owner Trustee and the Indenture Trustee, nothing contained in this Granting Clause shall prevent the Owner Trustee, as the "Lessor" under the Lease, from seeking specific performance of the covenants of the Company under the Lease relating to the protection, insurance, maintenance, possession and use of the Aircraft and from maintaining separate insurance with respect to the Aircraft to the extent permitted by Section 11 of the Lease.

None of the payments and rights described in the foregoing clauses (a) through (d) shall be included in the Indenture Estate.

HABENDUM CLAUSE

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, in trust for the benefit and security of the Indenture Trustee and the Holders from time to time, without any priority of any one Certificate over any other, and for the uses and purposes and subject to the terms and provisions set forth in this Agreement.

1. The Owner Trustee agrees that this Agreement creates and grants and is intended to and shall create and grant a security interest in the Aircraft to the Indenture Trustee, which security interest attached on the Delivery Date. The security interest created by this Agreement and granted to the Indenture Trustee hereunder in the Indenture Estate other than in the Aircraft attached upon the delivery of the Original Indenture Agreement.

2. It is expressly agreed that anything herein contained to the contrary notwithstanding, the Owner Trustee shall remain liable under each of the Operative Documents to which it is a party to perform all of its obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Indenture Trustee and the Holders shall have no obligation or liability under any of the Operative Documents to which the Owner Trustee is a party by reason of or arising out of the assignment hereunder, nor shall the Indenture Trustee (except as to the Indenture Trustee, if the Indenture Trustee shall have become the "Lessor" under the Lease) or the Holders be required or obligated in any manner to perform or fulfill any obligations of the Owner Trustee under any of the Operative Documents to which the Owner Trustee is a party, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

3. The Owner Trustee does hereby constitute the Indenture Trustee the true and lawful attorney of the Owner Trustee, irrevocably, with full power (in the name of the Owner Trustee or otherwise) subject to the terms and conditions of this Indenture, to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due to the Owner Trustee (other than Excluded Payments) under or arising out of the Lease (subject to Section 11.06(b)(1)), the Purchase Agreement and the Owner Trustee's Purchase Agreement, to endorse any checks or other instruments or orders in connection therewith and, to file any claims or take any action or institute any proceedings which the Indenture Trustee may deem to be necessary or advisable in the premises. The Owner Trustee has directed the Company to make all payments of Rent (other than Excluded Payments) payable to the Owner Trustee by the Company and all other amounts which are required to be paid to or deposited with the Owner Trustee pursuant to the Lease directly to the Indenture Trustee at such address as the Indenture Trustee shall specify, for application as provided in this Agreement. The Owner Trustee agrees that promptly on receipt thereof, it will transfer to the Indenture Trustee any and all moneys from time to time received by it constituting part of the Indenture Estate, for distribution by the Indenture Trustee pursuant to this Agreement, except that the Owner Trustee shall accept for distribution pursuant to the Trust Agreement any amounts distributed to it by the Indenture Trustee as expressly provided in this Agreement and any Excluded Payments.

4. The Owner Trustee agrees that at any time and from time to time, upon the written request of the Indenture Trustee, the Owner Trustee will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Indenture Trustee may reasonably deem desirable in obtaining the full benefits of the assignment hereunder and of the rights and powers herein granted; provided,

 however, that the Owner Trustee shall have no obligation to execute and

 deliver or cause to be executed or delivered to the Indenture Trustee any such instrument or document if such execution and delivery would result in the imposition of additional liabilities on the Owner Trustee or the Owner Participant and would result in a burden on the Owner Participant's business activities, unless the Owner Trustee or the Owner Participant, as the case may be, is indemnified to its reasonable satisfaction against any losses, liabilities and expenses incurred in connection with such execution and delivery pursuant to any Operative Document.

5. The Owner Trustee does hereby warrant and represent that it has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as the assignment hereunder shall remain in effect, any of its right, title or interest hereby assigned, to any Person other than the Indenture Trustee, and that it will not, except as provided in or permitted by this Agreement, accept any payment from the Company, enter into an agreement amending or supplementing any of the Operative Documents, execute any waiver or modification of, or consent under the terms of any of the Operative Documents, settle or compromise any claim (other than claims in respect of Excluded Payments) against the Company arising under any of the Operative Documents, or submit or consent to the submission of any dispute, difference or other matter arising under or in respect of any of the Operative Documents, to arbitration thereunder.

IT IS HEREBY FURTHER COVENANTED AND AGREED by and among the parties hereto as follows:

ARTICLE 1

DEFINITIONS

Section 1.01. Definitions. (a) For all purposes of this

 Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article 1 have the meanings assigned to them in this Article 1, and include the plural as well as the singular;

(2) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States;

(3) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; and

(4) all references in this Agreement to Articles, Sections and Exhibits refer to Articles, Sections and Exhibits of this Agreement.

(b) For all purposes of this Agreement, the following capitalized terms have the following respective meanings:

"Actual Knowledge" means, (i) as it applies to the Owner

Trustee or Indenture Trustee, as the case may be, actual knowledge of a responsible officer in the Corporate Trust Department or the Corporate Trust Office, as the case may be, and (ii) as it applies to the Owner Participant, actual knowledge of a Vice President or more senior officer of the Owner Participant or other officer of the Owner Participant in each case having responsibility for the transactions contemplated by the Operative Documents; provided that each of the Owner Trustee, the Indenture Trustee and the Owner Participant shall be deemed to have "Actual Knowledge" of any matter as to which it has been given notice by any of Lessee, the Owner Participant, any Holder, the Owner Trustee or the Indenture Trustee, such notice having been given pursuant to and in accordance with Section 12.01.

"Additional Collateral" means any property in addition to the

collateral listed in clauses (1) through (5) of the Granting Clause which may be added to the Indenture Estate from time to time by the Owner Participant in accordance with Section 9.12 hereof for so long as such property is to be included in the Indenture Estate in accordance with the grant made in said Section 9.12.

"Affiliate" with respect to a specified Person, means any other

Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Paying Agent or Registrar.

"Aircraft" shall have the meaning specified therefor in the

Lease.

"Airframe" shall have the meaning specified therefor in the

Lease.

"Appraiser" means a Person engaged in the business of making

appraisals and, in the case of the Aircraft, familiar with commercial aviation equipment.

"Bankruptcy Code" shall have the meaning specified therefor in

the Lease.

"Basic Rent" shall have the meaning specified therefor in the

Lease.

"Business Day" shall have the meaning specified therefor in the

Lease.

"Certificate" or "Certificates" means any Certificate

issued under this Agreement, including the Series 1993 747 A Certificates issued hereunder substantially in the form of Exhibits A-1 and A-2 hereto as such form may be varied pursuant to the terms hereof and any and all Certificates issued in replacement or exchange therein in accordance with the provisions hereof.

"Certificate Holder" shall have the meaning specified for the

term "Holder" hereunder.

"Citizen of the United States" shall have the meaning specified

therefor in the Lease.

"Commencement Date" shall have the meaning specified therefor

in the Lease.

"Commencement Date Cash Interest" when used with respect to a

Certificate, shall be such Certificate's pro rata portion of the

aggregate commencement date cash interest as determined on the basis of the data included in Exhibit B.

"Company" means United Air Lines, Inc., a Delaware corporation,

and, subject to the provisions of the Participation Agreement, its permitted successors and assigns.

"Company Request" means a written request of the Company

executed on its behalf by a Responsible Company Officer.

"Co-Registrar" shall have the meaning specified therefor in

Section 2.03.

"Debt" shall mean any liability for borrowed money, or any

liability for the payment of money in connection with any letter of credit transaction, or other liabilities evidenced or to be evidenced by bonds, debentures, notes or other similar instruments.

"Defaulted Installment" shall have the meaning specified

therefor in Section 2.08.

"Defaulted Interest" shall have the meaning specified therefor

in Section 2.08.

"Delivery Date" shall have the meaning specified therefor in

the Lease.

"EBO Date" shall have the meaning specified therefor in the

Lease.

"Engine" shall have the meaning specified therefor in the

Lease.

"Event of Loss" shall have the meaning specified therefor in

the Lease.

"Excess Amount" shall have the meaning specified therefor in

the Lease.

"Excluded Payments" means (i) any right, title or interest of

the Owner Trustee in its individual capacity, the Owner Participant or their respective Affiliates or of their respective successors, permitted assigns, directors, officers, employees, servants and agents to any payment which by the terms of Section 7(b) or 7(c) of the Participation Agreement, Section 5.03 or 7.01 of the Trust Agreement or any section of the Tax Indemnity Agreement or any corresponding payment under Section 3(d) of the Lease is payable to such Person, (ii) any insurance proceeds payable under insurance maintained by the Owner Trustee in its individual capacity or the Owner Participant (whether directly or through the Owner Trustee), or to their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents, (iii) any insurance proceeds (or proceeds of governmental indemnities in lieu thereof) payable to the Owner Trustee in its individual capacity or to the Owner Participant, or to their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents, under any liability insurance maintained by the Company pursuant to Section 11 of the Lease or by any other Person (or proceeds of governmental indemnities in lieu thereof), (iv) any rights of the Owner Participant or the Owner Trustee to demand, collect, sue for, or otherwise receive and enforce payment of the foregoing amounts (including interest thereon to the extent provided in the applicable provisions of the Operative Documents) and the right to declare an Event of Default under the Lease in respect of any of the foregoing amounts, but not including the right to exercise any remedies under the Lease except for those specifically provided for in this clause (iv), (v) payments to the Owner Participant by the Owner Trustee pursuant to Section 2 of the Participation Agreement and any funds held by the Owner Trustee or payable to the Owner Participant pursuant to any funding letter entered into in lieu of the provisions of Section 2 of the Participation Agreement, (vi) if the Lessee has assumed the obligations of the Owner Trustee in respect of the Certificates in accordance with Section 7.03 hereof and Section 8(r) of the Participation Agreement, the amount payable as purchase price pursuant to Section 19(b) of the Lease, (vii) Transaction Expenses or other

amounts or expenses paid or payable to, or for the benefit of, the Owner Participant pursuant to the Participation Agreement, (viii) the respective rights of the Owner Trustee in its individual capacity or the Owner Participant to the proceeds of the foregoing and (ix) any right to demand, collect or otherwise receive and enforce the payment of any amount described in clauses (i) through (viii) above.

"Federal Aviation Act" shall have the meaning specified

therefor in the Lease.

"Federal Aviation Administration" and "FAA" shall have the

meaning specified therefor in the Lease.

"Holder" means a person in whose name a Certificate is

registered on the Register including, so long as it holds any Certificate issued hereunder, the respective Pass Through Trustee under each Pass Through Trust Agreement.

"Indenture Default" means any event which is, or after

notice or passage of time, or both, would be, an Indenture Event of Default.

"Indenture Estate" shall have the meaning specified therefor in

the Granting Clause hereof.

"Indenture Event of Default" shall have the meaning

specified therefor in Article 8.

"Indenture Trustee" means (x) with respect to any time

prior to the execution and delivery of the Redemption and Refinancing Agreement, State Street Bank and Trust Company of Connecticut, National Association, a national banking association, and (y) at the time of the execution and delivery of the Redemption and Refinancing Agreement and thereafter, First Security Bank of Utah, National Association, a national banking association, each and each other Person which may from time to time be acting as Indenture Trustee in accordance with the provisions of this Agreement.

"Independent" when used with respect to an engineer,

Appraiser or other expert, means an engineer, Appraiser or other expert who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Company or any Affiliate of the Company, and (iii) is not connected with the Company or any Affiliate of the Company as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"Independent Investment Banker" shall mean an independent

investment banking institution of national standing appointed by (i) the Company on behalf of the Owner Trustee or (ii) in the case of a redemption or purchase of the Certificates under

Section 6.01(b) pursuant to Section 8.03(e)(ii), the Owner Trustee; provided that, if the Indenture Trustee shall not have received written

 notice of such an appointment at least 10 days prior to the relevant Redemption Date or if a Lease Event of Default shall have occurred and be continuing, "Independent Investment Banker" shall mean such an institution

 appointed by the Indenture Trustee.

"Installment Certificate" shall mean a Certificate

 substantially in the form of Exhibit A-1, should any such Certificate be issued hereunder.

"Installment Payment Amount" means, with respect to each

 Installment Certificate, the amount of the installment payment of principal due and payable on each Installment Payment Date, which amount shall be equal to the product of the original principal amount of such Certificate and the Installment Payment Percentage for such Installment Payment Date.

"Installment Payment Date" means each date on which an

 installment payment of principal is due and payable on any Installment Certificate, as set forth in Exhibit B-1.

"Installment Payment Percentage" means, with respect to

 each Installment Payment Date, the percentage set forth opposite such Installment Payment Date in Exhibit B-1;

provided that, after the occurrence of any partial redemption or

 redemptions pursuant to clause (ii) of Section 6.01(a), the "Installment

 Payment Percentage" for each Installment Payment Date subsequent to the

 applicable Redemption Date shall be equal to the percentage obtained from the following calculation:

$$\frac{(p - n) \times y}{p \times s}$$

where, for Installment Certificates maturing on the same Maturity Date:

p = the sum of the original principal amounts of all Installment Certificates maturing on such Maturity Date as reflected on Exhibit B hereto;

n = the sum of the principal amounts paid to all holders of Installment Certificates maturing on such Maturity Date as a result of all such partial redemptions (excluding any Installment Payment Amounts paid on a Redemption Date as a result of any such Redemption Date occurring on an Installment Payment Date) and all payments of principal paid on Installment Payment Dates on or prior to the applicable Redemption Date;

y = the Installment Payment Percentage set forth in such Exhibit B-1 applicable to the Installment Payment Date for which this calculation is being performed; and

s = the sum of the Installment Payment Percentages for Installment Payment Dates related to such Installment Certificates maturing on such Maturity Date and subsequent to the applicable Redemption Date.

"Interest Payment Date" means each [October 19] and

[April 19], commencing on the Commencement Date.

"Lease" means (x) with respect to any time prior to the

execution and delivery of the Redemption and Refinancing Agreement, that certain Lease Agreement (1993 747 A), dated as of April 1, 1993, between the Original Owner Trustee, as lessor, and the Company, as lessee, recorded by the FAA on April 21, 1993, and assigned Conveyance No. FF08936, as amended and restated by the First Amended and Restated Lease Agreement (1993 747 A), dated as of April 1, 1993, between the Original Owner Trustee, as lessor, and the Company, as lessee, recorded by the FAA on May 6, 1993 and assigned Conveyance No. VV003011 and as amended by the First Amendment to First Amended and Restated Lease Agreement (1993 747 A), dated as of April 19, 1994, between the Original Owner Trustee, as lessor, and the Company, as lessee, recorded by the FAA on June 15, 1994 and assigned Conveyance No. HK002085, and as amended by the Second Amendment to First Amended and Restated Lease Agreement (1993 747 A), dated as of July 1, 1994, between the Original Owner Trustee, as lessor, and the Company, as lessee, recorded by the FAA on August 10, 1994 and assigned Conveyance No. ZZ000018, as amended by the Third Amendment to First Amended and Restated Lease Agreement (1993 747 A), dated July 22, 1994, between the Original Owner Trustee, as lessor, and the Company, as lessee, recorded by the FAA on August 18, 1994 and assigned Conveyance No. ZZ006619 (the "Restated Lease") and (y) at the time of the execution and delivery of the Redemption and Refinancing Agreement and thereafter, the Restated Lease, as Amended and Restated by the Second Amended and Restated Lease Agreement (1993 747 A), dated May 1, 1995, as such Lease Agreement may from time to time be further supplemented, amended or modified in accordance with the terms thereof and this Agreement. The term "Lease" shall also include each Lease Supplement

entered into pursuant to the terms of the Lease.

"Lease Event of Default" shall have the meaning specified

for the term "Event of Default" in the Lease.

"Lease Loss Payment Date" shall have the meaning specified

for the term "Loss Payment Date" in the Lease.

"Lease Supplement" shall have the meaning specified

therefor in the Lease.

"Lease Termination Date" shall have the meaning

specified for the term "Termination Date" in the Lease.

"Lessor Liens" shall have the meaning specified therefor in

the Lease.

"Lien" means any mortgage, pledge, lien, charge, encumbrance,

lease, exercise of rights, security interest or claim.

"Loan Certificate" shall have the meaning specified for

the term "Certificate" hereunder.

"Maturity Date" means each of the dates specified in

Exhibit B as a maturity date of one or more of the Certificates.

"Officers' Certificate" means a certificate signed, in the

case of the Company, by (i) the Chairman of the Board of Directors, the President, or any Senior Vice President of the Company, signing alone, or (ii) any Vice President signing together with the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer of the Company or, in the case of the Owner Trustee, a Responsible Officer of the Owner Trustee.

"Operative Documents" means this Agreement, the

Participation Agreement, the Redemption and Refinancing Agreement, the Lease, the Tax Indemnity Agreement, the Consent and Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale, the Acceptance Certificate, the Purchase Agreement (to the extent assigned by the Owner Trustee's Purchase Agreement), the Owner Trustee's Purchase Agreement, the Certificates, the Trust Agreement, the Trust Supplement and the Redemption and Refinancing Agreement.

"Opinion of Counsel" means a written opinion of legal

counsel, who in the case of counsel for the Company may be (i) the senior attorney employed by the Company, (ii) Vedder, Price, Kaufman & Kammholz or (iii) other counsel designated by the Company and who shall be reasonably satisfactory to the Indenture Trustee or, in the case of legal counsel for the Owner Trustee, may be (x) Bingham, Dana & Gould or (y) other counsel designated by the Owner Trustee and who shall be reasonably satisfactory to the Indenture Trustee.

"Original Issue Price", when used with respect to a

Certificate, shall be such Certificate's pro rata portion of the

aggregate original issue price as determined on the basis of the data included in Exhibit B hereto.

"Outstanding", when used with respect to Certificates,

means, as of the date of determination, all Certificates theretofore executed and delivered under this Agreement other than:

(i) Certificates theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 2.07 or otherwise;

(ii) Certificates for whose payment or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee in trust for the Holders of such Certificates; provided that

if such Certificates are to be redeemed, notice of such redemption has been duly given pursuant to this Agreement or provision therefor satisfactory to the Indenture Trustee has been made; and

(iii) Certificates in exchange for or in lieu of which other Certificates have been executed and delivered pursuant to this Agreement;

provided, however, that in determining whether the Holders of the

requisite aggregate principal amount of Certificates Outstanding have given any request, demand, authorization, declaration, direction, notice, consent or waiver hereunder, Certificates owned by or pledged to the Company or any Affiliate of the Company or the Owner Trustee or the Owner Participant or any Affiliate thereof, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Indenture Trustee shall be protected in relying upon any such request, demand, authorization, declaration, direction, notice, consent or waiver, only Certificates which the Indenture Trustee knows to be so owned or so pledged shall be disregarded. Certificates owned by the Company, or the Owner Trustee or the Owner Participant, which have been pledged in good faith may be regarded as Outstanding if the Company, or the Owner Trustee or the Owner Participant, as the case may be, establishes to the satisfaction of the Indenture Trustee the pledgee's right to act with respect to such Certificates and that the pledgee is not the Company, or the Owner Trustee or the Owner Participant or any Affiliate thereof.

"Owner Participant" shall be the party specified as the

"Owner Participant" in the Participation Agreement, its successors and, to the extent permitted by Article VIII of the Trust Agreement and Section 8(1) of the Participation Agreement, its permitted successors and assigns.

"Owner Trustee" means (x) with respect to any time prior to

the execution and delivery of the Redemption and Refinancing Agreement, Wilmington Trust Company, a Delaware banking corporation, and (y) at the time of the execution and delivery of the Redemption and Refinancing Agreement and thereafter, State Street Bank and Trust Company, a Massachusetts trust company, not in its individual capacity, but solely as trustee

under the Trust Agreement, and each other Person which may from time to time be acting as Owner Trustee in accordance with the provisions of the Operative Documents.

"Owner Trustee's Purchase Agreement" shall have the meaning

specified therefor in the Lease.

"Participation Agreement" shall have the meaning specified

therefor in the Lease.

"Parts" shall have the meaning specified therefor in the

Lease.

"Pass Through Certificates" means any of the Pass Through

Certificates issued pursuant to any of the Pass Through Trust Agreements.

"Pass Through Trust" means each pass through trust created

pursuant to the related Pass Through Trust Agreement.

"Pass Through Trust Agreements" means the Pass Through Trust

Agreement, dated as of February 1, 1992, as amended and restated as of May 1, 1995, between the Company and the Pass Through Trustee as supplemented by each of the two Pass Through Trust Supplements Nos. 1995 A-1 and 1995 A-2, each dated as of May [], 1995, as the same may from time to time be further amended, supplemented or otherwise modified.

"Pass Through Trust Supplement" shall have the meaning

specified for the term "Trust Supplement" in the Pass Through Trust Agreement.

"Pass Through Trustee" means First Security Bank of Utah,

National Association in its capacity as trustee under each Pass Through Trust Agreement, and such other Person that may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Paying Agent" means any person acting as Paying Agent

hereunder pursuant to Section 2.03.

"Permitted Investment" means each of (i) obligations of, or

guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-2 or its equivalent by Moody's Investors Service, Inc. or at least A-2 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors

Service or Standard & Poor's Corporation; provided, however, that

the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in clause (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (i) through (iv) as collateral.

"Permitted Lien" shall have the meaning specified therefor

in the Lease.

"Person" means any individual, corporation, partnership,

joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Pre-Commencement Date Period" means, with respect to any

Certificate, the period commencing on the date of the original issuance of such Certificate and ending on and including the day immediately preceding the Commencement Date.

"Premium" or "premium" shall have the meaning specified

in Section 6.01(b) hereto.

"Premium Termination Date" means, with respect to a

Certificate, the date set forth below opposite the Maturity Date of such Certificate:

Certificates	Maturity Date	Premium Termination Date
-----	-----	-----
Series [1993 747 A-1] Certificate	[_____]	[_____]
Series [1993 747 A-2] Certificate	[_____]	[_____]

"Purchase Agreement" shall have the meaning specified

therefor in the Lease.

"Purchase Option Date" shall have the meaning specified

therefor in the Lease.

"Record Date" for the interest or Installment Payment

Amount payable on any Certificate on any Interest Payment Date or Installment Payment Date (other than the Maturity Date) for such Certificate, as the case may be, means the calendar day (whether or not a Business Day) which is 15 calendar days prior to the related Interest Payment Date or the related Installment Payment Date.

"Redemption and Refinancing Agreement" shall have the meaning

specified therefor in the lease.

"Redemption Date" means the date on which the Certificates

are to be redeemed or purchased pursuant to Section 6.01 or Section 6.02, as the case may be, as specified in the notice delivered pursuant to Section 6.03 hereof.

"Redemption Price" means the price at which the

Certificates are to be redeemed or purchased, determined as of the applicable Redemption Date, pursuant to Section 6.01 or Section 6.02, as the case may be; provided, however, that in the case of a Certificate which is

issued at a discount which shall become due and payable (upon redemption, acceleration or otherwise) and shall be paid or shall be purchased during the Pre-Commencement Date Period, the Redemption Price or purchase price therefor shall be the amount payable upon such Certificate becoming due and payable and being paid during the Pre-Commencement Date Period as specified therein.

"Refinancing Date" shall mean the date designated by the

Lessee as the date for a refinancing of the Certificates in accordance with Section 17 of the Participation Agreement.

"Register" shall have the meaning specified therefor in

Section 2.03.

"Registrar" means any person acting as Registrar hereunder

pursuant to Section 2.03.

"Rent" shall have the meaning specified therefor in the Lease.

"Replacement Airframe" shall have the meaning specified

therefor in the Lease.

"Replacement Engine" shall have the meaning specified

therefor in the Lease.

"Responsible Company Officer" means, with respect to the

Company, its Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer or any other management employee (a) working under the direct supervision of such Chairman of the Board, President, Senior Vice President, Chief Financial Officer, Vice President or Treasurer and (b) whose responsibilities include the administration of the transactions and agreements, including the Lease, contemplated by the Participation Agreement.

"Responsible Officer", with respect to the Owner Trustee or

the Indenture Trustee, shall mean any officer in its Corporate Trust Administration Department or any

officer of the Owner Trustee or the Indenture Trustee, as the case may be, customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

"SEC" means the Securities and Exchange Commission.

"Series 1993 747 A Certificate" means any Certificate

issued by the Owner Trustee under this Agreement substantially in the form of Exhibit A-1 or A-2, and any and all of the Series 1993 747 A Certificates issued in replacement or exchange thereof in accordance with the provisions hereof.

"Special Purchase Option Date" shall have the meaning

specified therefor in the Lease.

"Stipulated Loss Value" shall have the meaning specified

therefor in the Lease.

"Supplemental Rent" shall have the meaning specified

therefor in the Lease.

"Tax Indemnity Agreement" shall have the meaning specified

therefor in the Lease.

"Termination Value" shall have the meaning specified

therefor in the Lease.

"Treasury Yield" means, with respect to each Certificate to be

redeemed or purchased, (x) in the case of a Certificate having a maturity less than one year after the applicable redemption or purchase date, the average yield to stated maturity on a government bond equivalent basis of the applicable United States Treasury Bill due the week of the maturity of such Certificate or (y) in the case of a Certificate having a maturity of one year or more after the applicable redemption or purchase date, the average yield to stated maturity of the most comparable United States Treasury Notes or Bonds as identified by an independent investment banker, corresponding in maturity to the Remaining Weighted Average Life (as defined below) of such Certificate (or, if there is no maturity corresponding to such Remaining Weighted Average Life, an interpolation of maturities by such independent investment banker), in each case under (x) and (y) above determined by such independent investment banker based on the average of the yields to stated maturity determined from the bid prices on the fourth Business Day preceding the applicable redemption or purchase date. For purposes hereof, "Remaining Weighted Average Life" means, for any Certificate, at the redemption or purchase date of such Certificate, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal, including the payment due on the maturity date of such Certificate, by (ii) the number of years (calculated to the

nearest one-twelfth) which will elapse between the redemption or purchase date and the regular distribution dates as of such scheduled payments of principal, by (b) the then outstanding principal amount (including accretion of discount) of such Certificate.

"Trust Agreement" shall have the meaning specified therefor

in the Lease.

"Trust Indenture Act" means the Trust Indenture Act of

1939, as amended.

"Trust Indenture and Mortgage" or "this Agreement"

means this Third Amended and Restated Trust Indenture and Mortgage (1993 747 A), as the same may from time to time be supplemented, amended or modified.

"Trust Indenture Estate" shall have the meaning specified

for the term "Indenture Estate" hereunder.

"Trust Office" shall mean the principal corporate trust

office of the Owner Trustee located at 225 Franklin Street, Boston, Massachusetts 02110, Attention: Corporate Trust Department, or at such other office at which the Owner Trustee's corporate trust business shall be administered which the Owner Trustee shall have specified by notice in writing to the Company, the Indenture Trustee and each Holder.

"Trust Supplement" means a supplement to the Trust

Agreement and this Agreement in the form of Exhibit C hereto.

"Trustee's Liens" shall have the meaning specified therefor

in Section 9.10.

"United States" or "U.S." means the United States of

America.

"U.S. Government Obligations" means securities that are

direct obligations of the United States or agencies or instrumentalities thereof for the payment of which the full faith and credit of the United States are pledged which are not callable or redeemable, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt so long as such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

ARTICLE 2

THE CERTIFICATES

Section 2.01. Certificates; Title and Terms. The

 Certificates issued hereunder shall be designated as Series 1993 747 A Certificates. The Installment Certificates and the Serial Certificates shall be substantially in the form set forth in Exhibit A-1 or A-2, respectively. The Certificates originally issued hereunder shall be dated the date of issuance thereof and shall be issued in the maturities and principal amounts and at the Original Issue Prices, shall provide for Commencement Date Cash Interest, if any, and shall bear interest during and after the Pre-Commencement Date Period at the rates per annum, in each case as specified in or determined pursuant to Exhibit B. The principal of each Certificate, other than Installment Certificates, shall be payable in full on the Maturity Date for such Certificate. The principal of each Installment Certificate shall be payable in installments, on each Installment Payment Date, in amounts equal to the Installment Payment Amount for such Installment Payment Date. Each Certificate shall be issued to the Pass Through Trustee under each of the Pass Through Trust Agreements, as set forth in Exhibit B-2.

The Certificates shall be issued in registered form only. The Certificates shall be issued in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000.

The Certificates are not redeemable or subject to purchase prior to maturity except as provided in this Agreement. Interest accrued on the Certificates shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.02. Execution and Authentication. (a)

 Certificates shall be executed on behalf of the Owner Trustee by the manual or facsimile signature of its President, a senior vice president, a vice president, an assistant vice president, its treasurer, its secretary, an assistant secretary or an assistant treasurer.

(b) If any officer of the Owner Trustee executing the Certificates no longer holds that office at the time the Certificate is executed on behalf of the Owner Trustee, the Certificate shall be valid nevertheless.

(c) At any time and from time to time after the execution of the Certificates, the Owner Trustee may deliver such Certificates to the Indenture Trustee for authentication and, subject to the provisions of Section 2.10, the Indenture Trustee shall authenticate the Certificates by manual signature upon written orders of the Owner Trustee. Certificates shall be authenticated on behalf of the Indenture Trustee by any authorized officer or signatory of the Indenture Trustee.

(d) A Certificate shall not be valid or obligatory for any purpose or entitled to any security or benefit hereunder until executed on behalf of the Owner Trustee by the manual or facsimile signature of an officer of the Owner Trustee as provided in Section 2.02(a) and until authenticated on behalf of the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee as provided in Section 2.02(c). Such signatures shall be conclusive evidence that such Certificate has been duly executed, authenticated and issued under this Agreement.

Section 2.03. Registrar and Paying Agent. The Indenture

Trustee shall maintain an office or agency where the Certificates may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where (subject to Sections 2.04 and 2.08) the Certificates may be presented for payment or for exchange (the "Paying Agent"). The Registrar shall keep a register (the "Register") with respect to the Certificates and to their transfer and exchange and the payments of Installment Payment Amounts thereon, if any. The Indenture Trustee may appoint one or more co-registrars (the "Co-Registrars") and one or more additional Paying Agents for the Certificates and the Indenture Trustee may terminate the appointment of any Co-Registrar or Paying Agent at any time upon written notice. The term "Registrar" includes any Co-Registrar. The term "Paying Agent" includes any additional Paying Agent.

The Indenture Trustee shall initially act as Registrar and Paying Agent.

Section 2.04. Transfer and Exchange. At the option of the

Holder thereof, Certificates may be exchanged for an equal aggregate principal amount of other Certificates of the same maturity and type and of any authorized denominations or transferred upon surrender of the Certificates to be exchanged or transferred at the principal corporate trust office of the Indenture Trustee, or at any office or agency maintained for such purpose pursuant to Section 2.03. Whenever any Certificates are so surrendered for exchange, the Owner Trustee shall execute, and the Indenture Trustee shall authenticate and deliver, the replacement Certificates, dated the same date as the Certificate or Certificates being replaced which the Holder making the exchange is entitled to receive.

All Certificates issued upon any registration of transfer or exchange of Certificates shall be the valid obligations of the Owner Trustee, evidencing the same obligations, and entitled to the same security and benefits under this Agreement, as the Certificates surrendered upon such registration of transfer or exchange.

Every Certificate presented or surrendered for registration of transfer or exchange shall (if so required by the Registrar) be duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer or exchange of Certificates, but the Registrar may, as a condition to any transfer or exchange hereunder, require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Certificates.

The Registrar shall not be required to register the transfer of or to exchange any Certificate called for redemption or purchase pursuant to such Section 6.01 or 6.02.

Section 2.05. Holder Lists; Ownership of Certificates.

(a) The Indenture Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders, which list shall be available to the Owner Trustee or its representative (which may be the Owner Participant) and the Company for inspection. If the Indenture Trustee is not the Registrar, the Registrar shall be required to furnish to the Indenture Trustee semi-annually on or before each Interest Payment Date, and at such other times as the Indenture Trustee may request in writing, a list, in such form and as of such date as the Indenture Trustee may reasonably require, containing all the information in the possession or control of the Registrar as to the names and addresses of the Holders.

(b) Ownership of the Certificates shall be proved by the Register kept by the Registrar. Prior to due presentment for registration of transfer of any Certificate, the Owner Trustee, the Owner Participant, the Company, the Indenture Trustee, the Paying Agent and the Registrar may deem and treat the Person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of receiving payment of principal (including, subject to the provisions herein regarding the applicable Record Dates, Installment Payment Amounts) of, premium, if any, and interest on such Certificate and for all other purposes whatsoever, whether or not such Certificate is overdue, and none of the Owner Trustee, the Indenture Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

Section 2.06. Mutilated, Destroyed, Lost or Stolen

Certificates. If any Certificate shall become mutilated, destroyed, lost

or stolen, the Owner Trustee shall, upon the written request of the Holder of such Certificate, issue and execute, and the Indenture Trustee shall authenticate and deliver, in replacement thereof, as applicable, a new Certificate of the same type and having the same maturity, payable to the same Holder in the same principal amount and dated the same date as the Certificate so mutilated, destroyed, lost or stolen. If the Certificate being replaced has become mutilated, such Certificate shall be surrendered to the Indenture Trustee. If the Certificate being replaced has been destroyed, lost or stolen, the Holder of such Certificate shall furnish to the Owner Trustee and the Indenture Trustee such security or indemnity as may be required by it to save the Owner Trustee and the Indenture Trustee harmless and evidence satisfactory to the Owner

Trustee and the Indenture Trustee of the destruction, loss or theft of such Certificate and of the ownership thereof.

Section 2.07. Cancellation. The Registrar and any Paying

Agent shall forward to the Indenture Trustee all Certificates surrendered to them for replacement, redemption, registration of transfer, exchange or payment. The Indenture Trustee shall cancel all Certificates surrendered for replacement, redemption, registration of transfer, exchange, payment or cancellation and shall destroy cancelled Certificates.

Section 2.08. Payment on Certificates; Defaulted Principal and

Interest. (a) The Indenture Trustee will arrange directly with any

Paying Agent for the payment, or the Indenture Trustee will make payment, all pursuant to Section 2.09, of the principal of, premium, if any, and interest on the Certificates at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purpose to Section 2.03 hereof. All payments in respect of the Certificates shall be made in such coin or currency of the United States as at the time of payment in legal tender for payment of public and private debts. Payments (other than on the Maturity Date therefor or on the Redemption Date in respect of the redemption in whole thereof) on Certificates shall be made to the Holder thereof at the close of business on the relevant Record Date; provided, however, that the

Paying Agent will, at the request of the Indenture Trustee and may, at its option, pay such interest, premium or principal by check mailed to such Holder's address as it appears on the Register. Principal of Certificates and premium, if any, with respect thereto, shall (except as provided pursuant to the immediately preceding sentence) be payable only against presentation and surrender thereof at the principal corporate trust office of the Indenture Trustee or at the office of the Paying Agent maintained for such purpose pursuant to Section 2.03.

A Holder shall have no further interest in, or other right with respect to, the Indenture Estate when and if the principal amount of, premium, if any, and interest on all Certificates held by such Holder and all other sums payable to such Holder hereunder, under such Certificates and under the Participation Agreement shall have been paid in full.

(b) Any Installment Payment Amount payable on an Installment Payment Date (other than the Maturity Date with respect to a Certificate) or any interest payable on an Interest Payment Date on any Certificate which is not punctually paid on such Installment Payment Date or such Interest Payment Date, as the case may be (herein called, respectively, a "Defaulted Installment" and "Defaulted Interest"), shall forthwith cease to be payable to the Holder on the relevant Record Date by virtue of his having been such Holder; and such Defaulted Installment or Defaulted Interest may be paid by the Indenture Trustee, at its election in each case, as provided in clause (1) or (2) below:

(1) The Indenture Trustee may elect to make payment of any Defaulted Installment or Defaulted Interest, as the case may be, to the person in whose name any Certificate is registered at the close of business on a special record date for the payment of such Defaulted Installment or Defaulted Interest, as the case may be, which shall be fixed in the following manner. The Indenture Trustee shall notify the Paying Agent in writing of the amount of Defaulted Installment or Defaulted Interest, as the case may be, proposed to be paid on each such Certificate and the date of the proposed payment, and at the same time the Indenture Trustee shall make arrangements to set aside an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Installment or Defaulted Interest, as the case may be, prior to the date of the proposed payment, to be held in trust for the benefit of the Persons entitled to such Defaulted Installment or Defaulted Interest, as the case may be, as this clause provides and shall fix a special record date for the payment of such Defaulted Installment or Defaulted Interest, as the case may be, which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment. The Indenture Trustee shall promptly notify the Owner Trustee, the Company and the Registrar of such special record date and shall cause notice of the proposed payment of such Defaulted Installment or Defaulted Interest, as the case may be, and the special record date therefor to be mailed, first class postage prepaid, to each Holder at its address as it appears in the Register, not less than 10 days prior to such special record date. Notice of the proposed payment of such Defaulted Installment or Defaulted Interest, as the case may be, and the special record date therefor having been mailed, as aforesaid, such Defaulted Installment or Defaulted Interest, as the case may be, shall be paid to the Persons in whose names the applicable Certificates are registered on such special record date and shall no longer be payable pursuant to the following clause (2).

(2) The Indenture Trustee may make, or cause to be made, payment of any Defaulted Installment or Defaulted Interest, as the case may be, in any other lawful manner not inconsistent with the requirements of any securities exchange on which Certificates may be listed, and upon such notice as may be required by such exchange, if such payment shall be deemed practicable by the Indenture Trustee.

(c) The Indenture Trustee shall require each Paying Agent to agree in writing that such Paying Agent will hold in trust, for the benefit of the Holders of the Certificates and the Indenture Trustee, all money held by the Paying Agent for the payment of the principal of, premium, if any, or interest and shall give to such Indenture Trustee notice of any default in the making of any such payment upon the Certificates. The Indenture Trustee at any time may require a Paying Agent to repay to the Indenture Trustee all money held by it. Upon so doing the Paying Agent shall have no further liability for the money so paid.

Section 2.09. Payment from Indenture Estate Only; Non-Recourse

 Obligations. All amounts payable by the Indenture Trustee and the Owner

Trustee under the Certificates and this Agreement shall be made only from the income and proceeds of the Indenture Estate. Each Holder of a Certificate, by its acceptance of such Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for the payment of such amounts, to the extent available for distribution to it as herein provided, and (b) none of the Owner Trustee, the Owner Participant or the Indenture Trustee is or shall be personally liable to the Holder of any Certificate for any amount payable under such Certificate or this Agreement or, except as expressly provided in this Agreement in the case of the Owner Trustee and the Indenture Trustee, for any liability thereunder.

State Street Bank and Trust Company is entering into this Agreement solely as Owner Trustee under the Trust Agreement and not in its individual capacity, and in no case whatsoever shall State Street Bank and Trust Company (or any entity acting as successor trustee under the Trust Agreement) be personally liable for, or for any loss in respect of, any statements, representations, warranties, agreements or obligations hereunder or thereunder; provided that State Street Bank and Trust Company shall be liable hereunder

 in its individual capacity, (i) for the performance of its agreements in its individual capacity under Section 8 of the Participation Agreement, (ii) for its own willful misconduct or gross negligence, and (iii) for the failure to use ordinary care in the disbursement of funds. If a successor Owner Trustee is appointed in accordance with the terms of the Trust Agreement and the Participation Agreement, such successor Owner Trustee shall, without any further act, succeed to all of the rights, duties, immunities and obligations hereunder, and its predecessor Owner Trustee and State Street Bank and Trust Company shall be released from all further duties and obligations hereunder, without prejudice to any claims against State Street Bank and Trust Company or such predecessor Owner Trustee for any default by State Street Bank and Trust Company or such predecessor Owner Trustee, respectively, in the performance of its obligations hereunder prior to such appointment.

Section 2.10. Execution, Delivery and Dating of Certificates

 upon Original Issuance. The Owner Trustee shall issue and execute, and

the Indenture Trustee shall authenticate and deliver, the Certificates for original issuance upon payment to the Indenture Trustee of an amount equal to its Original Issue Price. Each Certificate shall (except for those issued pursuant to Section 2.04 or Section 2.06) be dated the date of its issuance.

ARTICLE 3

RECEIPT, DISTRIBUTION AND APPLICATION
 OF FUNDS IN THE INDENTURE ESTATE

Section 3.01. [Reserved for Potential Future Use]

Section 3.02. Payment in Case of Redemption or Purchase of

 Certificates. Except as otherwise provided in Section 3.05, in the event the

Certificates are redeemed or purchased in accordance with the provisions of Section 6.01 or 6.02, the Indenture Trustee will apply on the Redemption Date any amounts then held by it in the Indenture Estate and received by it from or on behalf of the Company or the Owner Trustee in the following order of priority:

first, so much thereof as was received by the Indenture

Trustee with respect to the amounts due to it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts;

second, so much thereof remaining as shall be required to

pay an amount equal to the Redemption Price on the Outstanding Certificates pursuant to Section 6.01 or 6.02, as the case may be, on the Redemption Date shall be applied to the redemption or purchase of the Certificates on the Redemption Date; and

third, the balance, if any, thereof remaining thereafter

shall be distributed to the Owner Trustee to be held or distributed to the Owner Participant in accordance with the terms of the Trust Agreement.

Section 3.03. Application of Rent When No Indenture Event of

 Default Is Continuing. Except as otherwise provided in Section 3.02, 3.04,

3.05 or 3.06, each amount of Excess Amount or Rent received by the Indenture Trustee from the Owner Trustee or the Company, together with any amount received by the Indenture Trustee pursuant to Section 8.03(e) shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such aggregate amount as shall be

required to pay in full the interest, principal of, premium (to the extent received by the Indenture Trustee from the Company as Supplemental Rent), if any, then due on, all Outstanding Certificates shall be distributed to the Persons entitled thereto; and in case such payments or amounts shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such interest, principal and premium, if any, without any preference or priority of one Certificate over another, ratably according to the aggregate amount so due for interest, principal and premium, if any, at the date fixed by the Indenture Trustee for the distribution of such payments or amounts;

second, so much of such aggregate amount remaining as shall

be required to pay any amount due the Indenture Trustee pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts; and

third, the balance, if any, of such aggregate amount

 remaining thereafter shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement.

Section 3.04. Application of Certain Payments in Case of

 Requisition or Event of Loss. Except as otherwise provided in Section 3.05,

any amounts received directly or otherwise pursuant to the Lease from any governmental authority or other party pursuant to Section 10 of the Lease with respect to the Airframe or the Airframe and the Engines or engines then installed on the Airframe as the result of an Event of Loss, to the extent that such amounts are not at the time required to be paid to the Company pursuant to said Section 10, and any amounts of insurance proceeds for damage to the Indenture Estate received directly or otherwise pursuant to the Lease from any insurer pursuant to Section 11 of the Lease with respect thereto as the result of an Event of Loss, to the extent such amounts are not at the time required to be paid to the Company pursuant to said Section 11, shall, except as otherwise provided in the next sentence, be applied by the Indenture Trustee on behalf of the Owner Trustee in reduction of the Company's obligations to pay Stipulated Loss Value and the other amounts payable by the Company pursuant to Section 10 of the Lease and the remainder, if any, shall, except as provided in the next sentence, be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease. Any portion of any such amount referred to in the preceding sentence which is not required to be so paid to the Company pursuant to the Lease, solely because a Lease Event of Default shall have occurred and be continuing, shall be held by the Indenture Trustee on behalf of the Owner Trustee as security for the obligations of the Company under the Lease and at such time as there shall not be continuing any Lease Event of Default or such earlier time as shall be provided for in the Lease, such portion shall be paid to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, unless the Indenture Trustee (as assignee from the Owner Trustee of the Lease) shall have theretofore declared the Lease to be in default pursuant to Section 15 thereof, in which event such portion shall be distributed forthwith upon such declaration in accordance with the provisions of Section 3.05 hereof.

Section 3.05. Payments During Continuance of Indenture Event of

 Default. All payments (except Excluded Payments) received and amounts

held or realized by the Indenture Trustee after an Indenture Event of Default shall have occurred and be continuing (including any amounts realized by the Indenture Trustee from the exercise of any remedies pursuant to Article 8), as well as all payments or amounts then held or thereafter received by the Indenture Trustee as part of the Indenture Estate while such Indenture Event of Default shall be continuing, shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such payments or amounts as shall be

 required to pay the Indenture Trustee all amounts then due it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts;

second, so much of such payments or amounts remaining as

 shall be required to pay the expenses incurred (including unbilled expenses in respect of property delivered or contracted for or services rendered or contracted for if the amount of such expenses is liquidated) in using, operating, storing, leasing, controlling or managing the Indenture Estate, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements of and to the Indenture Estate and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine and make reports upon the properties, books and records of the Owner Trustee and, to the extent permitted under the Lease, the Company), all in accordance with Section 8.03(c), shall be applied for such purposes;

third, so much of such payments or amounts remaining as

 shall be required to pay the principal of, premium, if any, to the extent payable by the Owner Trustee pursuant to Section 6.01(b)(ii) or to the extent received by the Indenture Trustee from the Company as Supplemental Rent, and accrued interest, on all Certificates Outstanding, whether by declaration of acceleration pursuant to Section 8.02 or otherwise, shall be applied to the payment of such interest, principal and premium, if any, and in case such payments or amounts shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment of such interest principal and premium, if any, without any preference or priority of one Certificate over another, ratably according to the aggregate amount so due for interest, principal and premium, if any, at the date fixed by the Indenture Trustee for the distribution of such payments or amounts; and

fourth, the balance, if any, of such payments or amounts

 remaining thereafter shall be held by the Indenture Trustee as collateral security for the obligations secured hereby until such time as no Indenture Event of Default shall be continuing hereunder or the Certificates have been accelerated and all amounts due thereon have been paid, at which time such payments or amounts shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement; provided that at such time as one or more Lease Events of Default

 shall have occurred and any such Lease Event of Default shall have continued for a period of 180 days during which time the Certificates could, but shall not, have been accelerated pursuant to Section 8.02, such amounts shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Lease, the Participation Agreement and the Trust Agreement so long as no Indenture Event of Default exists other than by virtue of such Lease Event of Default.

Section 3.06. Payments for Which Application Is Provided in

 Other Documents. Except as otherwise provided in this Agreement, any payment

 received by the

Indenture Trustee for which provision as to the application thereof is made in the Lease or any other Operative Document shall be distributed to the Person for whose benefit such payments were made. The Indenture Trustee shall be obligated to distribute any Excluded Payments received by the Indenture Trustee promptly upon receipt thereof by the Indenture Trustee to the Person entitled thereto.

Section 3.07. Payments for Which No Application Is Otherwise

Provided. Except as otherwise provided in Section 3.05:

(a) any payment received by the Indenture Trustee for which no provision as to the application thereof is made elsewhere in this Agreement, and

(b) any payment received and amounts realized by the Indenture Trustee with respect to the Aircraft to the extent received or realized at any time after the conditions set forth in Article 10 for the satisfaction and discharge of this Agreement or for the defeasance of the Certificates shall have been satisfied, as well as any other amounts remaining as part of the Indenture Estate after such satisfaction shall be distributed by the Indenture Trustee in the following order of priority:

first, so much of such aggregate amount as shall be

required to pay the Indenture Trustee all amounts then due it pursuant to Section 9.06 shall be applied to pay the Indenture Trustee such amounts; and

second, the balance if any, of such aggregate amount

remaining thereafter shall be distributed to the Owner Trustee to be held or distributed in accordance with the terms of the Trust Agreement.

ARTICLE 4

COVENANTS OF OWNER TRUSTEE

Section 4.01. Covenants of the Owner Trustee. The Owner

Trustee hereby covenants and agrees that:

(i) the Owner Trustee will duly and punctually pay the principal of, premium, if any, and interest on and other amounts due under the Certificates, provided it or the Indenture Trustee has funds in the Trust Estate for this purpose;

(ii) the Owner Trustee will, in its individual capacity, not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it in

its individual capacity with respect to any of the properties or assets of the Indenture Estate;

(iii) in the event an officer in the Corporate Trust Department of the Owner Trustee shall have Actual Knowledge of an Indenture Event of Default or Indenture Default or an Event of Loss, the Owner Trustee will give prompt written notice of such Indenture Event of Default or Indenture Default or Event of Loss to the Indenture Trustee, the Owner Participant and the Company;

(iv) except as contemplated by the Operative Documents, the Owner Trustee will not contract for, create, incur, assume or permit to exist any Debt, and will not guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing, or otherwise), endorse or otherwise be or become contingently liable, directly or indirectly, in connection with the Debt of any other Person; and

(v) the Owner Trustee will not enter into any business or other activity other than owning the Aircraft, the leasing thereof to the Company and the carrying out of the transactions contemplated hereby and by the Participation Agreement, the Trust Agreement and the other Operative Documents.

ARTICLE 5

DISPOSITION, SUBSTITUTION AND RELEASE OF PROPERTY INCLUDED IN THE INDENTURE ESTATE DURING CONTINUATION OF LEASE

Section 5.01. Disposition, Substitution and Release of Property

Included in the Indenture Estate During Continuation of Lease. So long

as the Lease is in effect:

(a) Parts. Any Parts and alterations, improvements and modifications in and additions to the Aircraft shall, to the extent required or specified by the Lease, become subject to the lien of this Agreement and be leased to the Company under the Lease; provided

that, to the extent permitted by and as provided in the Lease, the Company shall have the right, at any time and from time to time, without any release from or consent by the Owner Trustee or the Indenture Trustee, to remove, replace and pool Parts and to make alterations, improvements and modifications in, and additions to, the Aircraft. The Indenture Trustee agrees that, to the extent permitted by and as provided in the Lease, title to any such Part shall vest in the Company. The Indenture Trustee shall from time to time execute an appropriate written instrument or instruments to confirm the release of the security interest of the

Indenture Trustee in any Part as provided in this Section 5.01, in each case upon receipt by the Indenture Trustee of a Company Request stating that said action was duly taken by the Company in conformity with this Section 5.01 and that the execution of such written instrument or instruments is appropriate to evidence such release of a security interest under this Section 5.01.

(b) Substitution Under the Lease upon an Event of Loss

 Occurring to Airframe or Engines or upon Voluntary Termination of Lease

with Respect to Engines. Upon (i) the occurrence of an Event of Loss

occurring to the Airframe or an Engine, or (ii) a voluntary termination of the Lease with respect to an Engine, the Company, in accordance with the Lease, may, in the case of an Event of Loss which has occurred to the Airframe, or shall, except as provided in Section 10(b) of the Lease, in the case of an Event of Loss which has occurred to or termination of the Lease with respect to an Engine, substitute an airframe or engine, as the case may be, in which case, upon satisfaction of all conditions to such substitution specified in Section 10 of the Lease, the Indenture Trustee shall release all of its right, interest and lien in and to the Airframe or such Engine in accordance with the provisions of the following two sentences. The Indenture Trustee shall execute and deliver to the Owner Trustee an instrument releasing its lien in and to the Airframe or such Engine and shall execute for recording in public offices, at the expense of the Owner Trustee (if requested by the Owner Trustee) or the Company (if requested by the Company), such instruments in writing as the Owner Trustee or the Company shall reasonably request and as shall be reasonably acceptable to the Indenture Trustee in order to make clear upon public records that such lien has been released under the laws of the applicable jurisdiction.

Each of the Owner Trustee and the Company hereby waives and releases any and all rights existing or that may be acquired to any penalties, forfeit or damages from or against the Indenture Trustee for failure to execute and deliver any document in connection with the release of a lien or to file any certificate in compliance with any law or statute requiring the filing of the same in connection with the release of a lien, except for failure by the Indenture Trustee to execute and deliver any document or to file any certificate as may be specifically requested in writing by the Owner Trustee or the Company.

ARTICLE 6

REDEMPTION OF CERTIFICATES

Section 6.01. Redemption of Certificates upon Certain

 Events. (a) (i) If there shall be an Event of Loss to the Aircraft and the Aircraft is not replaced pursuant to Section 10(a)(ii) of the Lease, each Outstanding Certificate shall be redeemed in whole at a

Redemption Price equal to 100% of the outstanding principal amount of such Certificate plus accrued and unpaid interest thereon to but excluding the applicable Redemption Date.

(ii) If there shall be an Event of Loss to any Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe and, as a result of such an Event of Loss, Lessor elects to receive payment for such Engine from Lessee pursuant to Section 10(b) of the Lease and Lessee shall not have elected to replace such Engine notwithstanding such election by Lessor, a portion of the principal of each Outstanding Certificate equal to the product obtained by multiplying the unpaid principal amount of such Certificate on the Redemption Date applicable to such partial redemption (assuming, only for the purposes of this calculation, that, if such Redemption Date is coincident with a Maturity Date or an Installment Payment Date, the scheduled principal payment due on such Redemption Date is paid prior to the time the Redemption Price is calculated pursuant to this Section 6.01(a)(ii) and applied to principal in accordance with Section 3.03 hereof) by _____ . The Redemption Price for each such Certificate shall be the sum of such portion of principal being redeemed plus the amount of interest accrued and unpaid to such Redemption Date on the principal amount of such Certificate to be redeemed on such Redemption Date (assuming, only for the purposes of this calculation, that, if, such Redemption Date is coincident with an Interest Payment Date, the interest due on such Interest Payment Date is paid prior to the time such Redemption Price is calculated pursuant to this Section 6.01(a)(ii) and applied to interest in accordance with Section 3.03 hereof); provided that each Certificate shall receive, as to the principal

thereof, the same portion of such Redemption Price as the principal value of such Certificate at such Redemption Date represents of the total principal value of all Certificates Outstanding at such Redemption Date. Upon the occurrence of any partial redemption or redemptions pursuant to the preceding sentence the principal amount of each Outstanding Certificate shall be adjusted to take account of any such partial redemption or redemptions, and the Installment Payment Percentages applicable to any Installment Certificates issued hereunder shall be adjusted as provided for in the definition thereof. The Redemption Date for Certificates to be redeemed pursuant to this Section 6.01(a) shall be the Lease Loss Payment Date.

(b) If (i) the Lease shall be terminated by the Company at its option pursuant to Section 9(b) of the Lease or upon the purchase of the Aircraft by the Company at its option on a Special Purchase Option Date or the EBO Date pursuant to Section 19(b) of the Lease (unless the Company shall have elected to assume the rights and obligations of the Owner Trustee hereunder to the extent and as provided for in Section 8(r) of the Participation Agreement) or (ii) the Owner Trustee or the Owner Participant shall have given notice of redemption or purchase to the Indenture Trustee pursuant to Section 8.03(e)(ii) at any time after one or more Lease Events of Default shall have occurred and be continuing for a period of 180 days or more but less than one year (or a period of less than 180 days if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated, each Outstanding Certificate shall be

redeemed or purchased in whole on the Redemption Date and at the Redemption Price determined below. Prior to the Premium Termination Date applicable to such Certificate, the Redemption Price applicable to a redemption or purchase pursuant to this Section 6.01(b) shall be equal to an amount which an Independent Investment Banker (or, in the case of the deposit of estimated premium pursuant to Section 8.03(e)(ii), the Owner Trustee) determines to be equal to the greater of (x) the unpaid principal amount of such Certificate as at such Redemption Date together (assuming, only for the purposes of this calculation, that, if such Redemption Date is coincident with an Interest Payment Date, the interest due on such Interest Payment Date is paid prior to the time such Redemption Price is calculated pursuant to this Section 6.01(b) and applied to interest in accordance with Section 3.03 hereof) with an amount equal to the interest accrued thereon from the immediately preceding Interest Payment Date to such Redemption Date and (y) the present value (computed in accordance with generally accepted financial practices on a semiannual basis at a discount rate equal to the Treasury Yield applicable to such Certificate as of such Redemption Date) as at such Redemption Date of (A) the regularly scheduled future payments of interest on such Certificate as required by the terms thereof and of this Agreement and (B) the regularly scheduled future payments of principal payable on such Certificate (the excess, if any, of the amount referred to in clause (y) of this sentence over the amount referred to in clause (x) constituting a "premium" or a "Premium"), plus, in either case, interest on the principal of such Certificate accrued as at the immediately preceding Interest Payment Date and unpaid as of such Redemption Date. On or after the Premium Termination Date applicable to such Certificate, the Redemption Price applicable to a redemption or purchase pursuant to this Section 6.01(b) shall equal the unpaid principal amount of such Certificate as at such Redemption Date together with an amount equal to the interest accrued thereon from the immediately preceding Interest Payment Date to such Redemption Date plus interest on the principal of such Certificate accrued as at the immediately preceding Interest Payment Date and unpaid as of such Redemption Date and, in the case of either of the two immediately preceding sentences (but without duplication), if such Redemption Date is coincident with an Interest Payment Date, the regularly scheduled interest payment due on such Interest Payment Date. The Redemption Date for Certificates to be redeemed or purchased (x) pursuant to clause (i) of this Section 6.01(b) shall be (A) in the case of a termination of the Lease pursuant to Section 9(b) thereof, the third Business Day following the Lease Termination Date, if any, or, in the case of purchase of the Aircraft by the Company pursuant to Section 19(b) of the Lease, the applicable Special Purchase Option Date or EBO Date and (y) pursuant to clause (ii) of this Section 6.01(b), shall be the same date as if the redemption had occurred pursuant to Section 6.02. If the Owner Trustee elects to purchase the Certificates under Section 8.03(e)(ii), nothing herein, including use of the terms "Redemption Date" and "Redemption Price" shall be deemed to result in a redemption of the Certificates.

(c) Certificates may be redeemed if the Company shall have requested the Owner Trustee and the Owner Participant to effect a redemption thereof pursuant to

Section 17 of the Participation Agreement as part of a refunding or refinancing, and if all the conditions to such refunding or refinancing set forth in such Section 17 of the Participation Agreement shall have been satisfied. In such event, each Outstanding Certificate may be so redeemed at a Redemption Price determined in accordance with the procedures described above in Section 6.01(b); provided, however, that the applicable Redemption

Date for Certificates to be redeemed pursuant to this Section 6.01(c) shall be the applicable Refinancing Date under Section 17 of the Participation Agreement.

Section 6.02. Redemption or Purchase of Certificates upon

Certain Indenture Events of Default. If the Owner Trustee or the Owner

Participant shall have given notice of redemption or purchase to the Indenture Trustee pursuant to Section 8.03(e)(ii) at any time after the Certificates shall have been accelerated pursuant to Section 8.02 or after one or more Lease Events of Default shall have occurred and be continuing for a period of one year or more (or a period of 180 days or more if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated, each Outstanding Certificate shall be redeemed or purchased in whole at a Redemption Price equal to 100% of its principal amount plus accrued and unpaid interest thereon to but excluding the applicable Redemption Date as determined below. The Redemption Date for Certificates to be redeemed or purchased pursuant to this Section 6.02 shall be the date specified in the notice given by the Owner Trustee to the Indenture Trustee pursuant to Section 8.03(e)(ii). If the Owner Trustee elects to purchase the Certificates under Section 8.03(e)(ii), nothing herein, including use of the terms "Redemption Date" and "Redemption Price" shall be deemed to result in a redemption of the Certificates.

Section 6.03. Notice of Redemption to Holders. Notice of

redemption or purchase shall be given by first-class mail, postage prepaid, mailed not less than 25 nor more than 60 days prior to the Redemption Date, to each Holder of Certificates to be redeemed or purchased, at such Holder's address appearing in the Register; provided that, in the case of a

redemption pursuant to Section 6.01(b)(1) related to Lessee's exercise of its option pursuant to Section 9(b) of the Lease, such notice shall be revocable and shall be deemed revoked in the event the Lease does not in fact terminate on the related Lease Termination Date.

All notices of redemption shall state:

- (1) the Redemption Date,
- (2) the applicable basis for determining the Redemption Price,
- (3) that on the Redemption Date, the Redemption Price will become due and payable upon each such Certificate, and that interest on Certificates shall cease to accrue on and after such Redemption Date, and

(4) the place or places where such Certificates are to be surrendered for payment of the Redemption Price.

Notice of redemption or purchase of Certificates to be redeemed or purchased shall be given by the Indenture Trustee.

Section 6.04. Deposit of Redemption Price. On or before

the Redemption Date, the Owner Trustee (or any person on behalf of the Owner Trustee) shall, to the extent an amount equal to the Redemption Price for the Certificates to be redeemed or purchased on the Redemption Date shall not then be held in the Indenture Estate, deposit or cause to be deposited with the Indenture Trustee or the Paying Agent by 12:00 noon in immediately available funds the Redemption Price of the Certificates to be redeemed or purchased on the Redemption Date.

Section 6.05. Certificates Payable on Redemption Date.

Notice of redemption or purchase having been given as aforesaid (and not deemed revoked as contemplated in the proviso to Section 6.03), the Certificates shall, on the applicable Redemption Date, become due and payable at the principal corporate trust office of the Indenture Trustee or at any office or agency maintained for such purposes pursuant to Section 2.03, and from and after such Redemption Date (unless there shall be a default in the payment of the Redemption Price) any Certificates then Outstanding shall cease to bear interest. Upon surrender of any such Certificate for redemption or purchase in accordance with said notice such Certificate shall be paid at the Redemption Price.

If any Certificate called for redemption or purchase shall not be so paid upon surrender thereof for redemption or purchase, the principal amount thereof shall, until paid, continue to bear interest from the applicable Redemption Date at the interest rate applicable to such Certificate.

ARTICLE 7

MATTERS CONCERNING THE COMPANY

Section 7.01. Repayment of Monies for Certificate Payments Held

by the Indenture Trustee. Any money held by the Indenture Trustee or any

Paying Agent in trust for any payment of the principal of, premium, if any, or interest on any Certificate, including without limitation any money deposited pursuant to Article 10 and remaining unclaimed for two years and eleven months after the due date for such payment, shall be paid to the Owner Trustee; and the Holders of any Outstanding Certificates shall thereafter, as unsecured general creditors, look only to the Company on behalf of the Owner Trustee for payment thereof, and all liability of the Indenture Trustee or any such Paying Agent with

respect to such trust money shall thereupon cease; provided that the

 Indenture Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be mailed to each such Holder notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of mailing, any unclaimed balance of such money then remaining will be repaid to the Owner Trustee as provided herein.

Section 7.02. Change in Registration. The Indenture

 Trustee shall, upon the request of the Company, consent to the deregistration of the Aircraft under the laws of the jurisdiction in which it is at the time registered and the registration of the Aircraft under the laws of another jurisdiction (herein called a "change in registration") provided that the following conditions are met:

(a) such change in registration complies with the provisions of the Participation Agreement or the Lease;

(b) no Lease Event of Default and no event which, with lapse of time or notice, or both, would become a Lease Event of Default shall have occurred and be continuing at the date of such request or at the effective date of the change in registration, provided that it shall not be necessary to comply with this condition (b) if the change in registration results in the registration of the Aircraft under the laws of the United States or if the Indenture Trustee in its discretion believes the change in registration would be advantageous to the Holders; and

(c) the Indenture Trustee shall have received an opinion of counsel reasonably satisfactory to the Indenture Trustee to the effect that:

(i) after giving effect to the change in registration, the Lien on the Aircraft and the other property included in the Indenture Estate shall continue as a fully perfected lien and that all filing, recording or other action necessary to perfect and protect the lien of this Indenture has been accomplished (or if such opinion cannot be given at the time by which the Indenture Trustee has been requested to consent to a change in registration, (x) the opinion shall detail what filing, recording or other action is necessary and (y) the Indenture Trustee shall have received a certificate from the Company that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be delivered to the Indenture Trustee on or prior to the effective date of the change in registration); and

(ii) the terms of the Lease and this Agreement (including the governing law clauses) being legal, valid and binding and enforceable in such

jurisdiction, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and by general principles of equity and except as limited by applicable laws which may affect the remedies provided in the Lease and this Agreement, respectively, which laws, however, do not in the opinion of such counsel make the remedies provided in the Lease and this Agreement, respectively, inadequate for the practical realization of the rights and benefits provided thereby.

The Indenture Trustee shall execute such documents as the Company or the Owner Trustee shall reasonably request in order to satisfy the above conditions and upon satisfaction of such conditions to effect the change in registration.

Section 7.03. Assumption of Obligations of Owner Trustee by the

Company. In the event that the Company shall have elected to assume all

of the rights and obligations of the Owner Trustee under this Agreement in respect of the Certificates in connection with the purchase by the Company of the Aircraft pursuant to Section 8(r) of the Participation Agreement and, if on or prior to the Purchase Option Date:

(a) the Company shall have delivered to the Indenture Trustee a certificate, dated the Purchase Option Date, of a Responsible Company Officer stating that the Company has paid to the Owner Trustee all amounts required to be paid to the Owner Trustee pursuant to Section 19(b) of the Lease in connection with such purchase and assumption;

(b) no event which constitutes or, with the lapse of time or notice, or both, would become, an Event of Default under this Agreement after giving effect to the indenture supplement referred to below shall have occurred and be continuing immediately subsequent to such purchase or assumption and the Indenture Trustee shall have received a certificate, dated the Purchase Option Date, of a Responsible Company Officer to such effect;

(c) the Indenture Trustee shall have received, on or prior to the Purchase Option Date, evidence of all filings, recordings and other action referred to in the Opinion or Opinions of Counsel referred to below;

(d) the Indenture Trustee shall have received an Opinion or opinions of Counsel for the Company, dated the Purchase Option Date, which without unusual qualification shall be to the effect that, after giving effect to the indenture supplement referred to below:

(i) this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity, and except as limited by applicable laws which may affect the remedies provided for in this Agreement, which laws, however, do not in the opinion of such counsel make the remedies provided for in this Agreement inadequate for the practical realization of the rights and benefits provided for in this Agreement;

(ii) the Aircraft is duly registered in compliance with applicable law;

(iii) the Lien on the Aircraft constitutes a fully perfected Lien and all filing, recording or other action (specifying the same) necessary to perfect and protect the Lien of this Agreement has been accomplished;

(iv) the Indenture Trustee would be entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft; provided that such opinion may contain qualifications

of the tenor contained in the opinion of special counsel for the Company delivered pursuant to Section 4(a)(xi)(b) of the Participation Agreement on the Delivery Date; and

(v) no Holder will be required to recognize gain or loss for tax purposes in connection with such assumption; and

(e) an indenture supplement reasonably satisfactory to the Indenture Trustee, dated the Purchase Option Date, shall have been executed by the Indenture Trustee and any other parties necessary thereto and shall have been delivered to the Indenture Trustee;

then, automatically and without the requirement of further action by any Person, effective as of the Purchase Option Date, the Owner Trustee shall be released from all of its obligations under the Agreement in respect of the Certificates or otherwise (other than any obligations or liabilities of the Owner Trustee in its individual capacity incurred on or prior to the Purchase Option Date or arising out of or based upon events occurring on or prior to the Purchase Option Date, which obligations and liabilities shall remain the sole responsibility of the Owner Trustee).

If, concurrent with an assumption pursuant to this Section 7.03, the Aircraft is being reregistered the Company must comply with the provisions of Section 7.02 hereof.

ARTICLE 8

DEFAULTS AND REMEDIES

Section 8.01. Indenture Events of Default. The following

 events shall constitute "Indenture Events of Default" under this Agreement (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Indenture Event of Default shall be deemed to exist so long as, but only so long as, it shall not be remedied:

(a) any amount of interest upon any Certificate or of principal of any Certificate or of premium, if any, in respect of any Certificate shall not be paid when due and payable (whether upon redemption or purchase, final maturity, acceleration or otherwise) and such default in payment shall continue for more than 10 days after such amount shall have become due and payable; or

(b) any failure by the Owner Trustee, in its individual capacity or as Owner Trustee, as the case may be, to observe or perform in any material respect any covenant or obligation required pursuant to Article 4 or clauses 1-5 under the Habendum Clause hereof or Section 8(b), 8(c), 8(g), 8(n) or 10 of the Participation Agreement or the failure by the Owner Participant to observe or perform in any material respect any covenant or obligation of it required pursuant to Section 8(b), 8(g) or 10 of the Participation Agreement, or, to the extent that the interest of the Indenture Trustee or any Holder of an Outstanding Certificate is adversely affected by such failure, in Section 4.01(a) of the Trust Agreement or the termination or revocation by the Owner Participant of the trust created by the Trust Agreement without the Indenture Trustee's prior written consent if, but only if, such failure or termination or revocation is not remedied within a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; provided that no

 Indenture Event of Default shall arise under this Section 8.01(b) solely as a result of a failure by the Owner Participant or the Owner Trustee to observe or perform any covenant contained in Section 8(g) of the Participation Agreement if all action necessary to discharge all Lessor Liens referred to in such Section shall have been taken and the Indenture Trustee and the Indenture Estate shall have been compensated for all claims, losses and expenses arising from the failure of the Owner Trustee or the Owner Participant, as the case may be, to observe and perform any such covenant; or

(c) any failure by the Owner Trustee, in its individual capacity or as Owner Trustee, to observe or perform any other covenant or obligation of the Owner Trustee contained in this Agreement or in the Participation Agreement or any failure by the Owner Participant to observe or perform any other covenant or obligation of the Owner Participant contained in the Participation Agreement which failure, in any case and either individually or together with other then existing failures, shall have a material adverse effect on the rights and interests of the Holders and is not remedied within a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; provided,

 however, that, if the Owner Trustee, in its individual capacity or as

 Owner Trustee, or the Owner Participant shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of any of them in attempting to cure such failure, such failure is not cured within said 30 day period but is curable with future due diligence, there shall exist no Indenture Event of Default as a consequence of such failure so long as the Owner Trustee in its individual capacity or as Owner Trustee or the Owner Participant is proceeding with due diligence to cure such failure, there exists no adverse effect on the Lien of this Agreement and such failure is in fact cured within a further period of 30 days; or

(d) any material representation or warranty made by the Owner Trustee, in its individual capacity or as Owner Trustee, or by the Owner Participant under the Participation Agreement or the Redemption and Refinancing Agreement, or by the Owner Trustee hereunder, or by the Owner Trustee, in its individual capacity or as Owner Trustee, or by the Owner Participant in any document or certificate furnished to the Indenture Trustee in connection herewith or therewith or pursuant hereto or hereto, shall prove at any time to have been incorrect in any material respect as of the date made and such incorrectness shall remain material at the date of the notice referred to below and such incorrectness shall continue unremedied for a period of 30 days after there has been given to the Owner Trustee and the Owner Participant by registered or certified mail, a written notice specifying such incorrectness and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, by the Indenture Trustee or by the Holders of at least 25% in principal amount of Outstanding Certificates; or

(e) there shall be a Lease Event of Default other than any such Lease Event of Default arising by reason of nonpayment of any Excluded Payments when due; provided that any Lease Event of Default shall be

 deemed to exist and continue so long as, but only so long as, it shall not be remedied; or

(f) either the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, shall (i) file, or consent by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, or (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers of itself or any substantial part of its property; provided that an event referred to in this Section 8.01(f)

with respect to the Owner Participant shall not constitute an Indenture Event of Default if (A) an order, judgment or decree shall be entered in a proceeding by a court or a trustee, custodian, receiver or liquidator which is either final and non-appealable or has not been stayed pending any appeal, or (B) an opinion of counsel satisfactory to the Indenture Trustee shall be provided by the Owner Participant, in each case to the effect that no part of the Trust Estate created by the Trust Agreement (except for the Owner Participant's beneficial interest in such Trust Estate) and no right, title or interest under the Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect to the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 8.01(f); or

(g) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Indenture Estate or the Owner Trustee with respect thereto (and not in its individual capacity) or the Owner Participant, as the case may be, and any such order or petition is not dismissed or stayed within 90 days after the earlier of the entering of any such order or the approval of any such petition; provided that an event referred to in this

Section 8.01(g) with respect to the Owner Participant shall not constitute an Indenture Event of Default if (A) an order, judgment or decree shall be entered in a proceeding by a court or a trustee, custodian, receiver or liquidator which is either final and non-appealable or has not been stayed pending an appeal, or (B) an opinion of counsel satisfactory to the Indenture Trustee shall be provided by Owner Participant, in each case to the effect that no part of the Trust Estate created by the Trust Agreement (except for the Owner Participant's beneficial interest in such Trust Estate) and no right, title or interest under the Indenture Estate shall be included in, or be subject to, any declaration or adjudication of, or proceedings with respect

to, the bankruptcy, insolvency or liquidation of the Owner Participant referred to in this Section 8.01(g).

Section 8.02. Acceleration; Rescission and Annulment. If an

 Indenture Event of Default occurs and is continuing, either the Indenture Trustee, by notice to the Company and the Owner Trustee, or the Holders of at least 25% in aggregate principal amount of Outstanding Certificates, by notice to the Company, the Indenture Trustee, the Owner Trustee and the Owner Participant, may declare the principal of all the Certificates to be due and payable. Upon such declaration, the principal of all Certificates together with accrued interest thereon from the date in respect of which interest was last paid hereunder to the date payment of such principal has been made or duly provided for, shall be immediately due and payable. At any time after such declaration and prior to the sale or disposition of the Indenture Estate, the Holders of a majority in aggregate principal amount of all of the Outstanding Certificates, by notice to the Indenture Trustee, the Company, the Owner Trustee and the Owner Participant, may rescind such a declaration and thereby annul its consequences if (i) an amount sufficient to pay all principal on any Certificates which have become due otherwise than by such declaration and any interest thereon and interest due or past due, if any, and all sums due and payable to the Indenture Trustee have been deposited with the Indenture Trustee, (ii) the rescission would not conflict with any judgment or decree and (iii) all existing Indenture Defaults and Indenture Events of Default under this Agreement have been cured or waived except nonpayment of principal of, or interest on, the Certificates that has become due solely because of such acceleration.

Section 8.03. Other Remedies Available to Indenture

 Trustee. (a) After an Indenture Event of Default shall have occurred

 and so long as such Indenture Event of Default shall be continuing, then and in every such case the Indenture Trustee, as trustee of an express trust and as assignee hereunder of the Lease or as holder of a security interest in the Aircraft or Engines or otherwise, may, and when required pursuant to the provisions of Article 9 shall, exercise, subject to Sections 8.03(b), 8.03(e), 8.03(f) and 8.03(h), any or all of the rights and powers and pursue any and all of the remedies accorded to the Owner Trustee pursuant to Section 15 of the Lease and this Article 8, may recover judgment in its own name as Indenture Trustee against the Indenture Estate and may take possession of all or any part of the Indenture Estate and may exclude the Owner Trustee and the Owner Participant and all persons claiming under any of them wholly or partly therefrom.

(b) After an Indenture Event of Default shall have occurred and so long as such Indenture Event of Default shall be continuing, subject to Sections 8.03(e), 8.03(f) and 8.03(h), the Indenture Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Owner Trustee, the Owner Participant and the Company once at least 30 days prior to the

date of such sale, and any other notice which may be required by law, sell and dispose of the Indenture Estate, or any part thereof, or interest therein, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Indenture Trustee may determine, and at any place (whether or not it be the location of the Indenture Estate or any part thereof) and time designated in the notice above referred to; provided, however, that, notwithstanding any

 provision herein to the contrary, the Indenture Trustee may not provide the notice provided for above of its intention to sell any of the Indenture Estate, exercise remedies under the Lease or exercise other remedies against the Indenture Estate seeking to deprive the Owner Trustee or the Owner Participant of its rights therein unless a declaration of acceleration has been made pursuant to Section 8.02 or the Certificates have otherwise theretofore become due and payable through redemption or otherwise. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Indenture Trustee and the Holder or Holders of any Certificates, or any interest therein, may bid and become the purchaser at any such sale. No such sale may be consummated if the Owner Trustee shall, prior to the consummation thereof, have given notice pursuant to and made the deposit required by Section 8.03(e)(ii). The Indenture Trustee may exercise such right without possession or production of the Certificates or proof of ownership thereof, and as representative of the Holders may exercise such right without notice to the Holders or including the Holders as parties to any suit or proceeding relating to foreclosure of any property in the Indenture Estate. The Owner Trustee hereby irrevocably constitutes the Indenture Trustee the true and lawful attorney-in-fact of the Owner Trustee (in the name of the Owner Trustee or otherwise) for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the lien created under this Agreement, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Indenture Trustee may consider necessary or appropriate, with full power of substitution, the Owner Trustee hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Indenture Trustee or any purchaser, the Owner Trustee shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Indenture Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(c) Subject to Sections 8.03(e) and 8.03(f), if an Indenture Event of Default has occurred and is continuing, the Owner Trustee shall, at the request of the Indenture Trustee, promptly execute and deliver to the Indenture Trustee such instruments of title or other documents as the Indenture Trustee may deem necessary or advisable to enable the Indenture Trustee or an agent or representative designated by the Indenture Trustee, at such time or times and place or places as the Indenture Trustee may specify, to obtain possession of all or any part of the Indenture Estate. If the Owner Trustee shall for any reason fail to execute and deliver such instruments and documents after such request by the

Indenture Trustee, the Indenture Trustee shall be entitled, in a proceeding to which the Owner Trustee will be a necessary party, to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Indenture Trustee the right to immediate possession and requiring the Owner Trustee to execute and deliver such instruments and documents to the Indenture Trustee. The Indenture Trustee shall also be entitled to pursue all or any part of the Indenture Estate wherever it may be found and may enter any of the premises of the Owner Trustee or any other Person wherever the Indenture Estate may be or be supposed to be and search for the Indenture Estate and take possession of any item of the Indenture Estate pursuant to this Section 8.03(c). The Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, lease, control or manage the Indenture Estate, and to exercise all rights and powers of the Owner Trustee relating to the Indenture Estate as the Indenture Trustee shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Indenture Estate or any part thereof; and the Indenture Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), issues, profits, products, pursuant to this Section 8.03(c). The Indenture Trustee may, from time to time, at the expense of the Indenture Estate, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Indenture Estate, as it may deem proper. In each such case, the Indenture Trustee shall have the right to use, operate, store, lease, control or manage the Indenture Estate, and to exercise all rights and powers of the Owner Trustee relating to the Indenture Estate as the Indenture Trustee shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Indenture Estate or any part thereof; and the Indenture Trustee shall be entitled to collect and receive directly all tolls, rents (including Rent), issues, profits, products, revenues and other income of the Indenture Estate and every part thereof, without prejudice, however, to the right of the Indenture Trustee under any provision of this Agreement to collect and receive all cash held by, or required to be deposited with, the Indenture Trustee hereunder. In accordance with the terms of this Section 8.03(c), such tolls, rents (including Rent), issues, profits, products, revenues and other income shall be applied to pay the expenses of using, operating, storing, leasing, controlling or managing the Indenture Estate, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Indenture Trustee may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Indenture Estate or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Owner Trustee and, to the extent permitted by the Lease, the Company), and all other payments which the Indenture Trustee may be required or authorized to make under any provision of this Agreement, including this

Section 8.03(c), as well as just and reasonable compensation for the services of the Indenture Trustee, and of all persons properly engaged and employed by the Indenture Trustee.

If an Indenture Event of Default occurs and is continuing and the Indenture Trustee shall have obtained possession of or title to the Aircraft, the Indenture Trustee shall not be obligated to use or operate the Aircraft or cause the Aircraft to be used or operated directly or indirectly by itself or through agents or other representatives or to lease, license or otherwise permit or provide for the use or operation of the Aircraft by any other Person unless (i) the Indenture Trustee shall have been able to obtain insurance in kinds, at rates and in amounts satisfactory to it in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all liability for loss or damage to the Aircraft and for public liability and property damage resulting from use or operation of the Aircraft and (ii) funds are available in the Indenture Estate to pay for all such insurance or, in lieu of such insurance, the Indenture Trustee is furnished with indemnification from the Holders or any other Person upon terms and in amounts satisfactory to the Indenture Trustee in its discretion to protect the Indenture Estate and the Indenture Trustee, as trustee and individually, against any and all such liabilities.

(d) Subject to Sections 8.03(b), 8.03(e) and 8.03(f), the Indenture Trustee may proceed to protect and enforce this Agreement and the Certificates by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Indenture Estate or any part thereof, or for the recovery of judgment for the indebtedness secured by the Lien created under this Agreement or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

(e) (i) If the Company shall fail to make any payment of Basic Rent under the Lease when the same shall become due, and if such failure of the Company to make such payment of Basic Rent shall not constitute the fourth consecutive such failure or the seventh or subsequent cumulative such failure, then as long as no Indenture Event of Default (other than arising from a Lease Event of Default not involving any failure to make any payments to which the Indenture Trustee or any Holder is entitled hereunder when due) shall have occurred and be continuing, the Owner Participant or the Owner Trustee may (but need not) pay to the Indenture Trustee, at any time prior to the day which is the later of (x) the 11th day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and (y) the sixth day subsequent to the expiration of the grace period provided for in Section 14(a) of the Lease with respect to the payment of Basic Rent (and the Indenture Trustee shall not (without the prior written consent of the Owner Trustee) declare the Lease in default pursuant to Section 15 thereof or exercise any of the rights, powers or remedies pursuant to such Section 15 or this Section 8 prior to the occurrence of such later date), an amount equal to the full amount of such payment of Basic Rent, together with any

interest due thereon on account of the delayed payment thereof to the date of such payment, and such payment by the Owner Participant or the Owner Trustee shall be deemed to cure as of the date of such payment any Indenture Event of Default which arose from such failure of the Company (including any Lease Event of Default arising from the Lessee's failure to pay interest in respect of such overdue Basic Rent for the period commencing on the date of such payment), but such cure shall not relieve the Company of any of its obligations. If the Company shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it under the Lease, and if (but only if) the performance or observance thereof can be effected by the payment of money alone (it being understood that actions such as the obtaining of insurance and the procurement of maintenance services can be so effected), then as long as no other Indenture Event of Default (other than those arising from a Lease Event of Default) shall have occurred and be continuing, the Owner Participant or the Owner Trustee may (but need not) pay to the Indenture Trustee (or to such other person as may be entitled to receive the same), at any time prior to the day which is the later of (x) the 11th day subsequent to notice of such failure by the Indenture Trustee to the Owner Trustee or the Owner Participant and (y) the sixth day subsequent to the expiration of the grace period, if any, provided with respect to such failure on the part of the Company in Section 14 of the Lease (and the Indenture Trustee shall not (without the prior written consent of the Owner Trustee) declare the Lease in default pursuant to Section 15 thereof or exercise any of the rights, powers or remedies pursuant to such Section 15 or this Section 8 prior to the occurrence of such later date), all sums necessary to effect the performance or observance of such covenant or agreement of the Company, together with any interest due thereon on account of the delayed payment thereof to the date of such payments and such payment by the Owner Participant or the Owner Trustee shall be deemed to cure as of the date of such payment any Indenture Event of Default which arose from such failure of the Company (including any Lease Event of Default arising from the Lessee's failure to pay interest in respect of such overdue payment for the period commencing on the date of such payment), but such cure shall not relieve the Company of any of its obligations. Upon any payment of Basic Rent by the Owner Participant or the Owner Trustee in accordance with the first sentence of this Section 8.03(e)(i), or upon any payment of any other sums by the Owner Participant or the Owner Trustee in accordance with the second sentence of this Section 8.03(e)(i), the Owner Participant or the Owner Trustee shall, to the extent of their respective payments, be subrogated, in the case of any such payment in accordance with such first sentence, to the rights of the Indenture Trustee, as assignee hereunder of the Owner Trustee, or, in the case of any such payment in accordance with such second sentence, to the rights of the Indenture Trustee or such other person as the case may be, which actually received such payment, to receive such payment of Basic Rent or such other payment, as the case may be (and any interest due thereon on account of the delayed payment thereof), and shall be entitled to receive such payment upon its receipt by the Indenture Trustee or such other person, as aforesaid (but in each case only if all amounts of principal of, and interest at the time due and payable on, the Certificates together with interest due thereon on account of the delayed payment thereof shall have been paid in full); provided that

neither the Owner

Participant nor the Owner Trustee shall attempt to recover any such amount paid by it on behalf of the Company pursuant to this Section 8.03(e)(i) except by demanding of the Company payment of such amount or by proceeding by appropriate court action against the Company to enforce the payment of such amount pursuant to Section 15(f), but only said Section 15(f), of the Lease.

(ii) In the event that (A) at any time one or more Lease Events of Default shall have occurred and be continuing for a period of 180 days or more but less than one year (or a period of less than 180 days if any such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease) and the Certificates shall not have been accelerated or (B) the Certificates shall have been accelerated pursuant to Section 8.02 or after one or more Lease Events of Default shall have occurred and be continuing for a period of one year or more (or a period of 180 days or more, if such Lease Event of Default shall be a Lease Event of Default under Section 14(a) of the Lease), the Owner Trustee or the Owner Participant may, at its option, give at least 30 days' prior irrevocable notice to the Indenture Trustee that the Owner Trustee or the Owner Participant will redeem or purchase all Certificates then outstanding on the Business Day specified in such notice and, concurrently with such notice, the Owner Trustee or the Owner Participant will deposit with the Indenture Trustee an amount sufficient to redeem or purchase at the applicable Redemption Price determined consistently with the applicable provisions of Article 6 all Certificates then outstanding (including, if Section 6.01(b) is applicable, an estimate of the premium to be paid on the Redemption Date computed using the Treasury Yield determined as if the Redemption Date were the date of such notice) and to pay the Indenture Trustee all amounts then due it hereunder, which funds shall be held by the Indenture Trustee as provided in Section 9.04. Upon the giving of such notice and the receipt by the Indenture Trustee of such deposit, the Indenture Trustee shall deem all instructions received from the Owner Trustee as having been given by the Holders of 100% of the outstanding principal amount of Certificates for all purposes of this Indenture. If such notice is given, the Owner Trustee further agrees that it will deposit or cause to be deposited with the Indenture Trustee, on or prior to the Business Day preceding the applicable Redemption Date, whether or not an Indenture Event of Default is then continuing, funds sufficient, when added to the funds already held by the Indenture Trustee for such purpose, to redeem or purchase at the applicable Redemption Price (including the premium actually payable in respect thereof) on such Redemption Date all Certificates then outstanding and to pay the Indenture Trustee all amounts then due it hereunder.

(iii) Anything in this Agreement to the contrary notwithstanding the Indenture Trustee shall not be entitled to exercise any remedy hereunder as a result of an Indenture Event of Default which arises solely by reason of one or more events or circumstances which constitute a Lease Event of Default unless the Indenture Trustee as security assignee of the Owner Trustee shall have exercised or concurrently be exercising one or more of the remedies provided for in Section 15(a)-(f) of the Lease with respect to the

Aircraft; provided, however, that such requirement to exercise one

 or more of such remedies under the Lease shall not apply in circumstances where the Indenture Trustee is, and has been, for a continuous period in excess of 60 days or such other period as may be specified in section 1110(a)(1)(A) of the Bankruptcy Code (such 60-day or other period being the "Section 1110 Period"), involuntarily stayed or prohibited by applicable law or court order from exercising such remedies under the Lease (a "Continuous Stay Period"); provided further, however, that the requirement to exercise

 one or more of such remedies under the Lease shall nonetheless be applicable during a Continuous Stay Period subsequent to the expiration of the Section 1110 Period to the extent that the continuation of such Continuous Stay Period subsequent to the expiration of the Section 1110 Period (A) results from an agreement by the trustee or the debtor-in-possession in such proceeding during the Section 1110 Period with the approval of the relevant court to perform the Lease in accordance with Section 1110(a)(1)(A) of the Bankruptcy Code and continues to perform as required by Section 1110(a)(1)(A-B) of the Bankruptcy Code or (B) is an extension of the Section 1110 Period with the consent of the Indenture Trustee pursuant to Section 1110(b) of the Bankruptcy Code or (C) results from the Company's assumption during the Section 1110 period with the approval of the relevant court of the Lease pursuant to Section 365 of the Bankruptcy Code or (D) is the consequence of the Indenture Trustee's own failure to give any requisite notice to any person or (E) is pursuant to a judicial stay pending the resolution of litigation with respect to the applicability of Section 1110 of the Bankruptcy Code and there is either no Lease Event of Default other than one arising solely from the Company's bankruptcy or any such other Lease Event of Default has been cured; provided further, however, that the requirement to exercise one

 or more of such remedies under the Lease during a Continuous Stay Period subsequent to the expiration of the Section 1110 period based upon a judicial stay as provided for in this clause (E) shall in any event cease to be applicable subsequent to the 120th day of such Continuous Stay Period. If the limitation upon cures of the Lessee's failure to pay Basic Rent as provided in Section 8.03(e)(i) would otherwise prohibit the Owner Participant or the Owner Trustee from making a payment to cure a Lease Event of Default for purposes of clause (E) above, the Owner Participant or the Owner Trustee shall nonetheless be entitled to make such payment. If the Indenture Trustee shall acquire title to the Aircraft through foreclosure during a Continuous Stay period without having exercised one or more of such remedies under the Lease by virtue of the Continuous Stay Period having continued beyond its 120th day as provided above in clause (E) and the Indenture Trustee shall have received prior to the 183rd day subsequent to its acquisition of title to the Aircraft, the proceeds from its sale of the Aircraft, the Indenture Trustee shall, notwithstanding any other provision of this Indenture, distribute to the Owner Trustee the amount, if any, by which such proceeds (net of the Indenture Trustee's costs and expenses (including the fees and expenses of counsel and other experts and agents retained by it), commissions and other costs and expenses with respect to such foreclosure, the maintenance and preservation of the Aircraft and such sale (including amounts in respect of any thereof paid by others to whom the Indenture Trustee has a reimbursement obligation) and any other amounts to which the Indenture Trustee is entitled pursuant to Section 9.06 or otherwise)

exceed an amount equal to the aggregate of the principal amount of the Certificates outstanding on the date of such foreclosure, together with interest accrued thereon to such foreclosure date and an amount equal to the amount of interest that would have accrued (at the rate per annum applicable under the Certificates) on such principal amount from the date of such foreclosure to the date of the distribution by the Indenture Trustee of such proceeds for the benefit of the Holders if such principal amount had remained outstanding. References in this subsection (iii) to particular sections of the Bankruptcy Code as in effect on the date of the amendment and restatement of this Indenture shall include any substantially similar successor provisions.

(f) Notwithstanding any provision of this Agreement to the contrary, including, without limitation, Sections 8.03(b), 8.03(c) and 8.03(d), as long as no Lease Event of Default shall have occurred and be continuing, neither the Indenture Trustee nor the Owner Trustee shall take any action in violation of the Company's rights under the Lease, including, without limitation, (x) the right to receive all monies due and payable to it in accordance with the provisions of the Lease and (y) the Company's rights to possession and use of, and of quiet enjoyment of, the Aircraft.

(g) Each and every right, power and remedy herein given to the Indenture Trustee specifically or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often in such order as may be deemed expedient by the Indenture Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Indenture Trustee in the exercise of any right, remedy or power or in pursuing any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Owner Trustee or the Company or to be an acquiescence therein.

(h) Notwithstanding anything contained herein to the contrary, so long as the Pass Through Trustee is a Holder, the Indenture Trustee is not authorized or empowered to acquire title to the Indenture Estate, or to take any action with respect to any of the Indenture Estate so acquired by it, if such acquisition or action would cause any Pass Through Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

Section 8.04. Waiver of Owner Trustee. To the extent now

or at any time hereafter enforceable under applicable law, the Owner Trustee covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Indenture Estate or any part thereof, prior to any sale or sales thereof to be

made pursuant to any provision herein contained, or prior to any applicable decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of the Owner Trustee acquiring any interest in or title to the Indenture Estate or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. Nothing in this Section 8.04 shall be deemed to be a waiver by the Owner Trustee of its rights under Section 8.03(e).

The Indenture Trustee may maintain such a pleading, or, in any manner whatsoever, claim or take any benefit or advantage of or from any law now or hereafter in force even if it does not possess any of the Certificates or does not produce any of them in the proceeding. A delay or omission by the Indenture Trustee or any Holder in exercising any right or remedy accruing upon an Indenture Event of Default under this Agreement shall not impair the right or remedy or constitute a waiver of or acquiescence in such Indenture Event of Default.

Section 8.05. Waiver of Existing Defaults. The Holders of a

majority in the aggregate principal amount of the Outstanding Certificates by notice to the Indenture Trustee may waive on behalf of the Holders an existing Indenture Default or Indenture Event of Default and its consequences except (i) an Indenture Default or Indenture Event of Default in the payment of the principal of or interest on any Certificate or (ii) in respect of a covenant or provision hereof which pursuant to Section 11.02 cannot be amended or modified without the consent of the Holder affected.

Section 8.06. Control by Majority. (a) The Holders of a

majority in aggregate principal amount of the Outstanding Certificates may direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on it by this Agreement. However, the Indenture Trustee may refuse to follow any direction that conflicts with law or this Agreement, that is unduly prejudicial to the rights of the Holders so affected, or that would subject the Indenture Trustee to personal liability.

(b) The Owner Trustee may pursuant to the direction and instruction of the Owner Participant by delivery of written notice to the Indenture Trustee set a record date to determine the Holders entitled to give any consent, request, demand, authorization, direction, notice, waiver or other act. Such record date shall be the record date specified in such Officers' Certificate which shall be a date not more than 30 days prior to the first solicitation of Holders in connection therewith. If such a record date is fixed, such consent, request,

demand, authorization, direction, notice, waiver or other act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders holding the requisite proportion of certificates have authorized or agreed or consented to such consent, request, demand, authorization, direction, notice, waiver or other act, and for that purpose the Outstanding Certificates shall be computed as of such record date; provided that no such consent, request, demand, authorization, direction, notice, waiver or other act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Agreement not later than one year after the record date.

Section 8.07. Limitation on Suits by Holders. A Holder

 may pursue a remedy under this Agreement or thereunder only if:

(1) the Holder gives to the Indenture Trustee written notice of a continuing Indenture Event of Default under this Agreement;

(2) the Holders of at least 25% in aggregate principal amount of the Outstanding Certificates make a written request to the Indenture Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Indenture Trustee indemnity satisfactory to the Indenture Trustee against any loss, liability or expense to be, or which may be, incurred by the Indenture Trustee in pursuing the remedy;

(4) the Indenture Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period the Holders of a majority in aggregate principal amount of the Outstanding Certificates do not give the Indenture Trustee a direction inconsistent with the request.

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

Section 8.08. Rights of Holders to Receive Payment.

 Notwithstanding any other provision of this Agreement the right of any Holder to receive payment of principal of, premium, if any, and interest on such Certificate on or after the respective due dates expressed in such Certificate, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 8.09. Indenture Trustee May File Proofs of Claim.

The Indenture Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee and of the Holders allowed in any judicial proceedings relating to any obligor on the Certificates, its creditors, or its property.

ARTICLE 9

INDENTURE TRUSTEE

Section 9.01. Duties of Indenture Trustee. (a) The

Indenture Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(b) Subject to the provisions of Section 9.04, the Indenture Trustee shall not be liable for interest on any money received except as otherwise provided in any other Operative Document. Money held in trust by the Indenture Trustee need not be segregated from other funds except to the extent required by law.

Section 9.02. Rights of Indenture Trustee. (a) The

Indenture Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Indenture Trustee need not investigate any fact or matter stated in the document.

(b) Before the Indenture Trustee acts or refrains from acting, it may consult with counsel or require an Officer's Certificate or an Opinion of Counsel from the Company or the Owner Trustee after which it will take such action or refrain from acting as it deems appropriate. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith and in accordance herewith in reliance on a resolution of the Board of Directors of the Company, the written advice of counsel acceptable to the Owner Trustee, the Company and the Indenture Trustee, officer's certificates or opinions of counsel provided by the Company or the Owner Trustee.

(c) The Indenture Trustee may act through agents and shall not be responsible for the misconduct or negligence of any such agent appointed with due care; provided that, so long as no Lease Event of Default shall have

occurred and be continuing no such agents shall be appointed by the Indenture Trustee without the consent of the Company and the Owner Trustee, which consent shall, in each case, not be unreasonably withheld.

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

(e) If an Indenture Event of Default under this Agreement has occurred and is continuing, the Indenture Trustee shall exercise its rights and powers under this Agreement, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Section 9.03. Individual Rights of Indenture Trustee. The

 Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Certificates and may otherwise deal with the Owner Trustee, the Company or an Affiliate of the Owner Trustee or the Company or a subsidiary of the Owner Trustee or the Company with the same rights it would have if it were not the Indenture Trustee. Any Agent may do the same with like rights.

Section 9.04. Funds May Be Held by Indenture Trustee or Paying

 Agent; Investments. Any monies (including without limitation for purpose

 of this Section 9.04 Permitted Investments constituting the proceeds of the maturity, sale or other disposition of any Permitted Investment) held by the Indenture Trustee or the Paying Agent hereunder as part of the Indenture Estate, until paid out by the Indenture Trustee or the Paying Agent as herein provided, (i) subject to clause (ii) below, may be carried by the Indenture Trustee or the Paying Agent on deposit with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the States thereof having combined capital and surplus and retained earnings of at least \$100,000,000, and neither the Indenture Trustee nor the Paying Agent shall have any liability for interest upon any such monies except as otherwise agreed in writing or (ii) at any time and from time to time, so long as no Lease Event of Default shall have occurred and be continuing, at the request (given directly by the Company to the Indenture Trustee) of the Company acting as the Agent of the Owner Trustee, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and such Permitted Investments shall be held by the Indenture Trustee in trust as part of the Indenture Estate until so sold; provided that the Company

 pursuant to Section 22 of the Lease, on behalf of the Owner Trustee, as agent of the Owner Trustee, shall upon demand pay to the Indenture Trustee the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment and, so long as no Lease Event of Default shall have occurred and be continuing, be entitled to receive from the Indenture Trustee, and the Indenture Trustee shall promptly pay to the Company, on behalf of the Owner Trustee, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. If any Lease Event of Default shall have occurred and be continuing, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Indenture Estate and shall be applied by the Indenture Trustee at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain

was realized are required to be distributed in accordance with the provisions hereof or of the Lease pursuant to which such amounts were required to be held. The Indenture Trustee shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 9.04.

Section 9.05. Notice of Defaults. If an Indenture Event

of Default under this Agreement occurs and is continuing and the Indenture Trustee has Actual Knowledge of same, the Indenture Trustee shall (i) promptly send written notice thereof by telecopier to the Company, the Owner Trustee and the Owner Participant and (ii) within 90 days after it occurs, mail to each Holder notice of all uncured Indenture Events of Default under this Agreement. Except in the case of a default in the payment of the principal of, premium, if any, or interest on any Certificate, the Indenture Trustee shall be protected in withholding the notice required under clause (ii) above if and so long as the executive committee or trust committee of directors of the Indenture Trustee and/or Responsible Officers thereof in good faith determines that withholding such notice is in the interest of the Holders. In addition, if an Indenture Default under this Agreement occurs and is continuing and if the Indenture Trustee has Actual Knowledge of same, the Indenture Trustee shall promptly send written notice thereof by telecopier to the Company, the Owner Trustee and the Owner Participant.

Section 9.06. Compensation and Indemnity. (a) The Owner

Trustee shall pay to the Indenture Trustee from time to time (i) reasonable compensation for its services, which compensation shall not be limited by any law on compensation of a trustee of an express trust, (ii) reimbursement for all reasonable out-of-pocket expenses incurred by the Indenture Trustee in connection with the performance of its duties under this Agreement (including the reasonable compensation and expenses of the Indenture Trustee's counsel and any agent appointed in accordance with Section 9.02(c)), and (iii) indemnification against any loss or liability incurred by it arising out of or in connection with its acceptance or administration of the trust or trusts hereunder except (A) as such expenses or loss or liability might result from the negligence or willful misconduct of the Indenture Trustee or the inaccuracy of any representation or warranty of the Indenture Trustee in its individual capacity in Section 8 of the Participation Agreement, (B) as otherwise provided in Section 9.10 hereof and (C) as otherwise excluded by the terms of Sections 7(b) and 7(c) of the Participation Agreement from the Company's indemnities under said Sections; provided that the Indenture Trustee shall not make any

claim under this Section 9.06(a) for any claim or expense indemnified against by the Company under the Participation Agreement without first making demand on the Company for payment of such claim or expense. The Indenture Trustee shall notify the Owner Trustee and the Company promptly of any claim for which it is entitled to be indemnified hereunder. Subject to the conditions and procedures equivalent to those set forth in Sections 7(b) and 7(c) of the Participation Agreement, the Owner Trustee shall defend the claim and the Indenture Trustee shall cooperate in the defense. The Indenture Trustee may have separate counsel and the Owner Trustee shall pay the reasonable

fees and expenses of such counsel. The Owner Trustee need not pay for any settlement made without its and the Company's consent.

(b) To secure the payment obligations of the Owner Trustee pursuant to this Section 9.06, the Indenture Trustee shall have a lien prior to that of the Holders of the Certificates on all money or property held or collected by the Indenture Trustee, except that held in trust to pay the principal of and interest and premium, if any, on the Certificates.

Section 9.07. Replacement of Indenture Trustee. (a) The

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

(b) The Indenture Trustee may resign by giving at least 30 days' prior written notice to the Company and the Owner Trustee. The Holders of a majority in aggregate principal amount of the Outstanding Certificates may remove the Indenture Trustee by giving at least 30 days' prior written notice to the Indenture Trustee, the Owner Trustee and the Company and may appoint a successor Indenture Trustee for such Certificates with the Owner Trustee's and (so long as no Lease Event of Default is continuing) the Company's consent. The Owner Trustee may remove the Indenture Trustee if:

- (1) the Indenture Trustee fails to comply with Section 9.09;
- (2) the Indenture Trustee is adjudged a bankrupt or an insolvent;
- (3) a receiver or public officer takes charge of the Indenture Trustee or its property; or
- (4) the Indenture Trustee becomes incapable of acting.

(c) If the Indenture Trustee resigns or is removed, or if a vacancy exists in the office of Indenture Trustee for any reason, the Owner Trustee shall promptly appoint a successor Indenture Trustee which will (so long as no Lease Event of Default is continuing) be approved by the Company.

(d) If a successor Indenture Trustee does not take office within 30 days after the retiring Indenture Trustee resigns or is removed, the retiring Indenture Trustee, the Company, the Owner Trustee or the Holders of a majority in aggregate principal amount of the Outstanding Certificates may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 9.09, any Holder may petition any court of competent jurisdiction for the removal of such Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee, to the Company and to the Owner Trustee. Thereupon, the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of the retiring Indenture Trustee for which the successor Indenture Trustee is to be acting as Indenture Trustee under this Agreement. The retiring Indenture Trustee shall promptly transfer all property and all books and records relating to the administration of the Indenture Estate held by it as Indenture Trustee to the successor Indenture Trustee subject to the lien provided for in Section 9.06. The Company shall give notice of each appointment of a successor Indenture Trustee if there are Certificates outstanding, by mailing written notice of such event by first-class mail to the Holders.

(g) All provisions of this Section 9.07 except subparagraphs (b)(1) and (e) and the words "subject to the lien provided for in Section 9.06" in subparagraph (f) shall apply also to any Paying Agent.

Section 9.08. Successor Indenture Trustee, Agents by Merger,

etc. If the Indenture Trustee or any Agent consolidates with, merges or
- - -
converts into, or transfers all or substantially all of its corporate trust
business assets to, another corporation, the successor corporation, without any
further act, shall be the successor Indenture Trustee or Agent, as the case may
be.

Section 9.09. Eligibility; Disqualification. This

Agreement shall at all times have an Indenture Trustee which (i) shall have a
combined capital and surplus of at least \$75,000,000 or (ii) shall have a
combined capital and surplus in excess of \$5,000,000 and the obligations of
which, whether now in existence or hereafter incurred, are fully and
unconditionally guaranteed by a corporation organized and doing business under
the laws of the United States, any State or Territory thereof or of the
District of Columbia and having a combined capital and surplus of at least
\$75,000,000, and which, in any case, shall be a Citizen of the United States.
If such corporation publishes reports of conditions at least annually, pursuant
to law or to the requirements of Federal, State, Territorial, or District of
Columbia supervising or examining authority, then for the purposes of this
Section 9.09, the combined capital and surplus of such corporation shall be
deemed to be its combined capital and surplus as set forth in its most recent
report of conditions so published.

In case at any time the Indenture Trustee shall cease to be
eligible in accordance with the provisions of this Section 9.09, the Indenture
Trustee shall resign immediately in the manner and with the effect specified in
Section 9.07.

Section 9.10. Trustee's Liens. The Indenture Trustee in

 its individual capacity agrees that it will at its own cost and expense promptly take such action as may be necessary to duly discharge and satisfy in full all Liens ("Trustee's Liens") on the Indenture Estate which are either (i) attributable to the Indenture Trustee in its individual capacity and which are unrelated to the transactions contemplated by the Operative Documents, or (ii) which are attributable to the Indenture Trustee as trustee hereunder or in its individual capacity and which arise out of acts or omissions which are not expressly contemplated by this Agreement.

Section 9.11. Withholding Taxes; Information Reporting.

 The Indenture Trustee shall exclude and withhold from each distribution of principal, premium, if any, and interest and other amounts due hereunder or under the Certificates any and all withholding taxes applicable thereto as required by law. The Indenture Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable in respect to the Certificates, to withhold such amounts and timely pay the same to the appropriate authority in the name of and on behalf of the Holders, that it will file any necessary withholding tax returns or statements when due, and that, as promptly as possible after the payment thereof, it will deliver to each Holder appropriate documentation showing the payment thereof, together with such additional documentary evidence as such Holders may reasonably request from time to time. The Indenture Trustee agrees to file any other information reports as it may be required to file under United States law. Such withholding by the Indenture Trustee shall in no event give rise to an Indenture Event of Default.

Section 9.12. Additional Collateral. (a) From time to time

 the Owner Participant may pledge Additional Collateral to the Indenture Trustee as part of the Indenture Estate and in connection with such Additional Collateral shall deliver to the Indenture Trustee evidence of such filings and recordings necessary to establish and perfect the Lien of this Indenture in such Additional Collateral. Such Additional Collateral shall be held in trust by the Indenture Trustee as part of the Indenture Estate until released by the Indenture Trustee pursuant to clause (b) below or otherwise in accordance with the applicable security agreement.

(b) Provided that all payments of principal and interest on the Certificates due and payable on the tenth Interest Payment Date have been made, on such Interest Payment Date, the Indenture Trustee shall, unless otherwise directed by the Owner Trustee or the Owner Participant, release any Additional Collateral from the Lien of this Indenture, provided, however, that the

 Owner Trustee or the Owner Participant shall be responsible for the preparation and recording of all filings and recordings necessary to release such Additional Collateral from the Lien of this Indenture.

ARTICLE 10

SATISFACTION AND DISCHARGE; DEFEASANCE;
TERMINATION OF OBLIGATIONS

Section 10.01. Satisfaction and Discharge of Agreement;

 Defeasance; Termination of Obligations. Subject to Section 10.02, this

Agreement shall cease to be of further effect, and the Owner Trustee and the Indenture Trustee shall, except as herein provided, be deemed to have been discharged from their respective obligations with respect to the Certificates (and the Indenture Trustee, on demand and at the expense of the Owner Trustee, shall execute proper instruments acknowledging satisfaction and discharge of this Agreement in respect of the Certificates), when

(a) (i) all Certificates theretofore executed and delivered (other than (A) Certificates which have been mutilated, destroyed, lost or stolen and which have been replaced or exchanged as provided in Section 2.06 and (B) Certificates for the payment of which money held in trust hereunder has been paid and discharged from such trust, as provided in Section 7.01) have been delivered to the Indenture Trustee for cancellation; or

(ii) all Certificates not theretofore delivered to the Indenture Trustee for cancellation

(A) have become due and payable (whether upon stated maturity or as a result of redemption), or

(B) will become due and payable (including as a result of redemption in respect of which irrevocable notice has been given to the Indenture Trustee on or prior to the date of such deposit and such redemption either is a redemption without possibility of premium or, as of the date of such deposit, any premium which may be payable in connection therewith has been actually determined) at maturity or on a Redemption Date within one year,

and there has been deposited with the Indenture Trustee in trust for the purpose of paying and discharging the entire indebtedness on the Certificates not theretofore cancelled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation, an amount sufficient to discharge such indebtedness, including the principal of, the actual premium, if any, and interest on the Certificates to the date of such deposit (in the case of Certificates which have become due and payable), or to the maturity thereof or to the Redemption Date thereof, as the case may be; or

(iii) (A) the Owner Trustee, subsequent to the Commencement Date, has deposited or caused to be deposited irrevocably (except as provided in Section 10.04) with the Indenture Trustee as trust funds in trust, specifically pledged as security for, and dedicated solely to, the benefit of the Holders, (1) money in an amount, or (2) U.S. Government Obligations which, through the payment of interest and principal in respect thereof in accordance with their terms, will provide (not later than one Business Day before the due date of any payment referred to below in this paragraph) money in an amount, or (3) a combination of money and U.S. Government Obligations referred to in the foregoing clause (2), sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Indenture Trustee, to pay and discharge each installment of principal of and interest on the Outstanding Certificates on the dates such payments of principal or interest are due (including as a result of redemption without the possibility of the payment of premium in respect of which irrevocable notice has been given to the Indenture Trustee on or prior to the date of such deposit), and no Lease Event of Default under either Section 14(f) or 14(g) of the Lease shall have occurred and be continuing on the date of such deposit or at any time during the period ending on the 91st day after such date; provided, however, that, upon the making of the

 deposit referred to above in this clause (A), the right of the Owner Trustee or the Company to cause the redemption of Certificates (except a redemption in respect of which irrevocable notice has theretofore been given) shall terminate;

(B) such deposit will not result in a breach or violation of, or constitute an Indenture Default or Indenture Event of Default under, this Agreement or a default or event of default under any other agreement or instrument to which the Owner Trustee or the Company is a party or by which it is bound; and

(C) the Company on behalf of the Owner Trustee has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel to the effect that there has been published by the Internal Revenue Service a ruling to the effect that Holders will not recognize income, gain or loss for Federal income tax purposes as a result of the exercise by the Owner Trustee of its option under this Section 10.01(a)(iii) and will be subject to Federal income tax on the same amount and in the same manner and at the same times, as would have been the case if such option had not been exercised;

(b) all other amounts then due and payable hereunder have been paid and no notice of a redemption of the Certificates with the possibility of the payment of premium has been delivered by the Indenture Trustee; and

(c) the Company on behalf of the Owner Trustee has delivered to the Indenture Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the satisfaction and discharge of this Agreement contemplated by this Section 10.01, have been complied with.

Section 10.02. Survival of Certain Obligations.

Notwithstanding the provisions of Section 10.01, the obligations of the Indenture Trustee contained in Sections 2.01 through 2.08, Section 7.01, Section 9.11, Section 10.03 and Section 10.04, the rights, duties, immunities and privileges hereunder of the Indenture Trustee shall survive.

Section 10.03. Monies to Be Held in Trust. All moneys and

U.S. Government Obligations deposited with the Indenture Trustee pursuant to Section 10.01 shall be held in trust and applied by it, in accordance with the provisions of the Certificates and this Agreement, to the payment either directly or through any Paying Agent, as the Indenture Trustee may determine, to the Holders, of all sums due and to become due thereon for principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

Section 10.04. Monies to Be Returned to Owner Trustee. The

Indenture Trustee and any Paying Agent shall promptly pay or return to the Owner Trustee upon request of the Owner Trustee any money or U.S. Government Obligations held by them at any time that are not required for the payment of the amounts described above in Section 10.03 on the Certificates for which money or U.S. Government Obligations have been deposited pursuant to Section 10.01.

ARTICLE 11

AMENDMENTS AND WAIVERS

Section 11.01. Amendments to this Agreement Without Consent of

 Holders. The Owner Trustee and the Indenture Trustee may enter into one

 or more agreements supplemental hereto without the consent of any Holder for any of the following purposes:

(1) to correct any mistake or cure any ambiguity, defect or inconsistency herein or in the Certificates or to make any change not inconsistent with the provisions hereof; provided that such change

does not adversely affect the interests of any Holder;

(2) to evidence the succession of another party as the Owner Trustee in accordance with the terms of the Trust Agreement or to evidence (in accordance with Article 9) the succession of a new trustee hereunder, the removal of the trustee

hereunder or the appointment of any co-trustee or co-trustees or any separate or additional trustee or trustees;

(3) to convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee or to make any other provisions with respect to matters or questions arising hereunder so long as such action shall not adversely affect the interests of the Holders;

(4) to correct or amplify the description of any property at any time subject to the lien of this Agreement or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subject to the lien of this Agreement or to subject to the lien of this Agreement the Airframe or Engines or airframe or engines substituted for the Airframe or Engines in accordance herewith or with the Lease; provided that Trust Supplements entered into for the purpose of

 subjecting to the lien of this Agreement the Airframe or Engines in accordance with the Lease need only be executed by the Owner Trustee and the Indenture Trustee;

(5) to add to the covenants of the Owner Trustee, for the benefit of the Holders, or to surrender any rights or power herein conferred upon the Owner Trustee or the Owner Participant;

(6) to add to the rights of the Holders;

(7) to provide for the assumption by the Company of the obligations of the Owner Trustee hereunder in accordance with the terms and conditions applicable thereto specified in Section 7.03; or

(8) to include on the Certificates any legend as may be required by applicable law.

Section 11.02. Amendments to this Agreement with Consent of

 Holders. (a) With the written consent of the Holders of a majority of

 the aggregate principal amount of the Outstanding Certificates, the Owner Trustee and the Indenture Trustee may enter into such supplemental agreements to add any provisions to or to change or eliminate any provisions of this Agreement or of any such supplemental agreements or to modify the rights of the Holders; provided, however, that, an amendment under this Section 11.02

 may not:

(1) reduce the principal amount of, premium, if any, or any installment of interest on, any Certificate; or

(2) change the date on which any principal amount of, any Installment Payment Amount payable with respect to, premium, if any, or interest on any Certificate, is due or payable; or

(3) create any Lien on the Indenture Estate prior to or pari passu with the Lien thereon under this Agreement except such as are permitted by this Agreement, or deprive any Holder of the benefit of the Lien on the Indenture Estate created by this Agreement; or

(4) reduce the percentage in principal amount of the Outstanding Certificates, the consent of whose holders is required for any such supplemental agreement, or the consent of whose holders is required for any waiver (of compliance with certain provisions of this Agreement or of certain defaults hereunder or their consequences) provided for in this Agreement; or

(5) make any change in Sections 8.05, 8.08 or Section 11.02(a).

(b) It is not necessary under this Section 11.02 for the Holders to consent to the particular form of any proposed supplemental agreement, but it is sufficient if they consent to the substance thereof.

(c) Promptly after the execution by the Owner Trustee and the Indenture Trustee of any supplemental agreement pursuant to the provisions of this Section 11.02, the Indenture Trustee shall transmit by first-class mail a notice, setting forth in general terms the substance of such supplemental agreement, to all Holders, as the names and addresses of such Holders appear on the Register. Any failure of the Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

Section 11.03. Revocation and Effect of Consents. Until

an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder, even if notation of the consent is not made on any Certificate. However, any such Holder or subsequent Holder may revoke the consent as to his Certificate if the Indenture Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Holder affected by such amendment or waiver.

Section 11.04. Notation on or Exchange of Certificates.

The Indenture Trustee may place an appropriate notation about an amendment or waiver on any Certificate thereafter executed. The Indenture Trustee in exchange for such Certificates may execute new Certificates that reflect the amendment or waiver.

Section 11.05. Indenture Trustee Protected. The Indenture

 Trustee need not sign any supplemental agreement that adversely affects its rights.

Section 11.06. Amendments, Waivers, etc. of Other Operative

 Documents. (a) Subject to Section 11.01, without the consent of the

 Holders of a majority in principal amount of Outstanding Certificates, the respective parties to the Participation Agreement, the Lease and the Trust Agreement may not modify, amend or supplement any of said agreements, or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder; provided, however, that the actions specified in

 subsection (b) of this Section 11.06 may be taken without the consent of the Indenture Trustee or any Holder.

(b) Subject to the provisions of subsection (c) of this Section 11.06, the respective parties to the Participation Agreement, the Lease and the Trust Agreement, at any time and from time to time without the consent of the Indenture Trustee or of any Holder may:

(1) so long as no Indenture Event of Default shall have occurred and be continuing, modify, amend or supplement the Lease, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 11.06 the parties to the Lease shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder, with respect to the following provisions of the Lease as originally executed: Section 2, Section 3(a) (if the result thereof would be to shorten the Term of the Lease to a period shorter than the period ending with the Maturity Date of the Certificates), Section 3(d) (except to the extent such Section relates to amounts payable (whether directly or pursuant to the Indenture) to Persons other than Holders and the Indenture Trustee in its individual capacity), Section 3(e) (except insofar as it relates to the address or account information of the Owner Trustee or the Indenture Trustee) (other than as such Sections 3(a), 3(d) and 3(e) may be amended pursuant to Section 3(c) of the Lease as originally executed), Section 4, Section 6, Sections 9(b) through (d) (except that further restrictions may be imposed on the Company), Section 10 (except that additional requirements may be imposed on the Company), Section 11 (except for Section 11(e) and except that additional insurance requirements may be imposed on the Company), Section 12 (except in order to increase the Company's liabilities or enhance the Lessor's rights thereunder), Section 13 (except in the case of an assignment by the Lessor in circumstances where the Aircraft shall remain registrable under the Federal Aviation Act), Section 14 (except to impose additional or more stringent Lease Events of Default), Section 15 (except to impose

additional remedies), Section 16 (except to impose additional requirements on the Company), Section 18, Section 20, Section 22 and any definition of terms used in the Lease, to the extent that any modification of such definition would result in a modification of the Lease not permitted pursuant to this subsection (b); provided that in

 the event an Indenture Event of Default shall have occurred and be continuing, the Indenture Trustee shall have all rights of the Owner Trustee as "Lessor" under the Lease to modify, amend or supplement the Lease or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the "Lessor" thereunder; provided further that

 without the prior consent of the Owner Trustee, and whether or not an Indenture Event of Default shall have occurred and be continuing, no such action shall be taken with respect to any of the provisions of Sections 1 (to the extent any modification of a definition contained therein would result in a modification of the Lease not permitted by this proviso), 3(c), 4, 5, 6 (to the extent such action would reduce the Company's obligations), 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 (insofar as it relates to the Lessor), 18, 19 and 21 of the Lease, or any other Section of the Lease to the extent such action shall affect the amount or timing of any amounts payable by the Company under the Lease as originally executed (or as subsequently modified with the consent of the Owner Trustee) which, absent the occurrence and continuance of an Indenture Event of Default, will be distributable to the Owner Trustee under Article 3; and provided further that the parties to the Lease may take any such

 action without the consent of the Indenture Trustee or any Holder to the extent such action relates to the payment of amounts constituting, or the Owner Trustee's, the Owner Participant's or the Company's rights or obligations with respect to, Excluded Payments;

(2) modify, amend or supplement the Trust Agreement, or give any consent, waiver, authorization or approval with respect thereto, in each case only to the extent any such action shall not adversely impact the interests of the Holders;

(3) modify, amend or supplement the Participation Agreement, or give any consent, waiver, authorization or approval with respect thereto, except that without compliance with subsection (a) of this Section 11.06 the parties to the Participation Agreement shall not modify, amend or supplement, or give any consent, waiver, authorization or approval for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder, with respect to the following provisions of the Participation Agreement as originally executed: Sections 1(b), Section 7 (insofar as such Section 7 relates to the Indenture Trustee and the Holders), Section 8, Section 11 and any definition of terms used in the Participation Agreement, to the extent that any modification of such definition would result in a modification of the Participation Agreement not permitted pursuant to this subsection (b); and

(4) modify, amend or supplement any of said agreements in order to cure any ambiguity, to correct or supplement any provisions thereof which may be defective or inconsistent with any other provision thereof or of any provision of this Indenture, or to make any other provision with respect to matters or questions arising thereunder or under this Agreement which shall not be inconsistent with the provisions of this Agreement, provided the making of any such other provision shall not adversely affect the interests of the Holders.

(c) No modification, amendment, supplement, consent, waiver, authorization or approval with respect to the Lease or the Participation Agreement, whether effected pursuant to subsection (a) or pursuant to subsection (b) of this Section 11.06 and anything in such subsections or elsewhere in this Agreement to the contrary notwithstanding, shall, without the consent of the Holder of each Outstanding Certificate affected thereby,

(1) modify, amend or supplement the Lease in such a way as to extend the time of payment of Basic Rent or stipulated Loss Value or any other amounts payable to the Indenture Trustee for its own account or for the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon the occurrence of an Event of Loss or Termination Value and any other amounts payable to the Indenture Trustee for its own account or for the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon termination of the Lease with respect to the Aircraft, payable under, or as provided in, the Lease as originally executed, or reduce the amount of any installment of Basic Rent or Supplemental Rent so that the same is less than the payment of principal of, premium, if any, and interest on the Certificates, as the case may be, to be made from such installment of Basic Rent or Supplemental Rent, or reduce the aggregate amount of Stipulated Loss Value, EBO Percentage, Special Termination Value Percentages, or any other amounts payable under, or as provided in, the Lease as originally executed upon the occurrence of an Event of Loss so that the same is less than the accrued interest on and the principal as of the Lease Loss Payment Date, and premium, if any, of the Certificates at the time Outstanding or reduce the amount of Termination Value and any other amounts payable under, or as provided in, the Lease as originally executed upon termination of the Lease with respect to the Aircraft so that the same is less than the accrued interest on and principal as of the Lease Termination Date and premium, if any, of Certificates at the time Outstanding, or

(2) modify, amend or supplement the Lease in such a way as to, or consent to any assignment of the Lease or give any consent, waiver, authorization or approval which would, release the Company from its obligations in respect of payment of Basic Rent or Supplemental Rent, or Stipulated Loss Value and any other amounts payable to the Indenture Trustee for its own account or the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) upon the occurrence of an Event

of Loss, or Termination Value and any other amounts payable to the Indenture Trustee for its own account or the account of the Holders (subject in any event to clause (iii) of Section 3(c) of the Lease) of the Lease with respect to the Aircraft, payable under, or as provided in, the Lease as originally executed, except for any such assignment pursuant to Section 8(u) of the Participation Agreement, and except as provided in the Lease as originally executed.

For the purposes of this Article 11, during the Pre-Commencement Date Period, the "principal amount" of Outstanding Certificates shall include the amount equal to that portion of the difference between the Original Issue Price and the Original Principal. Amount for any Certificate originally issued at a discount which corresponds to the period from the date of issuance thereof to and including the Commencement Date.

ARTICLE 12

MISCELLANEOUS

Section 12.01. Notices. (a) Unless otherwise

specifically provided for herein, all notices required under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by hand-delivery, overnight courier service, mail, telex or telecopier addressed as indicated below and any such notice shall be effective, in the case of hand-delivery, when delivered, in the case of overnight courier service, one Business Day after delivery with charges paid to a courier service with instructions for overnight delivery, in the case of mail, three Business Days after delivery to the postal service with certified or registered mail charges paid, in the case of telex, upon receipt of a telex answerback and, in the case of telecopier, upon transmittal:

if to the Company, to:

United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666
Attention: Vice President and Treasurer
Telecopier: (708) 952-5204

or if by overnight courier, to:

1200 East Algonquin Road
Elk Grove Township, Illinois 60007

if to the Indenture Trustee, to:

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention: Corporate Trust Department
Telecopier: (801) 246-5053
Telex No.: 3789450

if to the Owner Trustee, to:

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

or if by overnight courier:

Two International Place
Boston, Massachusetts 02110
Attention: Corporate Trust Department
Telecopier: (617) 664-5371

with a copy to the Owner Participant

if to the Owner Participant, to:

[]

(b) The Company, the Owner Trustee, the Indenture Trustee or the Owner Participant by notice to the others may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Holders of the Certificates shall be mailed by first-class mail to the addresses for Holders shown on the Register kept by the Registrar and to addresses filed with the Indenture Trustee for other Holders. Failure so to mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders of such Certificates of that or any other Series entitled to receive notice.

(d) If a notice or communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to the Holders, it shall mail a copy to the Indenture Trustee and to each Paying Agent at the same time.

(f) Notwithstanding the foregoing, all communications or notices to the Indenture Trustee shall be deemed to be given only when received by a Responsible Officer of the Indenture Trustee.

Section 12.02. [Reserved for Potential Future Use]

Section 12.03. [Reserved for Potential Future Use]

Section 12.04. Rules by Indenture Trustee and Agents. The

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

Section 12.05. Non-Business Days. If a payment date is

 not a Business Day at a place of payment, payment may be made at such place on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period.

Section 12.06. GOVERNING LAW. THIS AGREEMENT AND THE

 CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

Section 12.07. No Recourse Against Others. No director,

 officer, employee or stockholder, as such, of the Company, the Owner Trustee or the Owner Participant, as the case may be, shall have any liability for any obligations of the Company, the Owner Trustee or the Owner Participant, as the case may be, under this Agreement or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Certificate waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Certificates.

Section 12.08. Execution in Counterparts. This Agreement

 may be executed in any number of counterparts, each of which shall be an original but such counterparts shall together constitute but one instrument.

ARTICLE 13

ACTIONS TO BE TAKEN UPON TERMINATION OF LEASE

Section 13.01. Actions to Be Taken upon Termination of

Lease. Upon any of:

(a) the voluntary termination of the Lease by the Company pursuant to Section 9(b) thereof on the Lease Termination Date, and upon payment to the Indenture Trustee of an amount equal to the Redemption Price of all Outstanding Certificates, or

(b) the purchase of the Aircraft by the Company at its option pursuant to Section 19(b) of the Lease on a Special Purchase Option Date or the EBO Date as the case may be (unless the Company shall have elected to assume all of the rights and obligations of the Owner Trustee hereunder as provided for in Section 8(r) of the Participation Agreement), and upon payment to the Indenture Trustee of an amount equal to the Redemption Price as at the applicable Redemption Date of all Outstanding Certificates, or

(c) the termination of the Lease, on the Lease Loss Payment Date, following an Event of Loss suffered by the Airframe under circumstances where the Company does not exercise its option to substitute a Replacement Airframe therefor pursuant to Section 10(a)(ii) of the Lease, and upon payment to the Indenture Trustee of an amount equal to the Redemption Price as at the Redemption Date of all Outstanding Certificates, or

(d) the satisfaction, discharge, defeasance and termination of obligations under this Agreement in accordance with Section 10.01, or

(e) the voluntary termination of the Lease with respect to an Engine pursuant to Section 10(b) thereof, and upon the payment of Stipulated Loss Value with respect to such Engine,

the Lien of this Agreement on the Indenture Estate, in the case of (a), (b), (c) and (d) above, and on such Engine, in the case of (e) above shall terminate (except for the Lien on funds held by the Indenture Trustee to pay the Certificates and the Lien on amounts due from the Company under the Lease necessary to pay the Certificates or the Indenture Trustee) and the Indenture Trustee shall execute such instruments as may be requested by the Company or the Owner Trustee to evidence such termination.

IN WITNESS WHEREOF, the Owner Trustee and the Indenture Trustee have caused this Third Amended and Restated Trust Indenture and Mortgage to be duly executed by their respective officers thereunto duly authorized.

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee

By: _____
Name:
Title:

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Indenture Trustee

By: _____
Name:
Title:

Form of Series 1993 747 A Installment Certificates

\$ _____ (Original Issue Price)

No. _____

\$ _____ (Original Principal Amount)

SERIES 1993 747 A CERTIFICATE

STATE STREET BANK AND TRUST COMPANY
Not in its Individual Capacity
but Solely as Owner Trustee Under the
Trust Agreement (1993 747 A)
Dated as of April 1, 1993, as amended by First
Amendment to Trust Agreement
(1993 747 A) dated _____, 1995,
and as Amended and Restated by the
First Amended and Restated Trust Agreement
(1993 747 A) dated May __, 1995

Issued in connection with Aircraft N189UA
Leased to
UNITED AIR LINES, INC.

Date of Issuance: _____, 1993

MATURITY DATE

_____, 20__

INTEREST RATE PER ANNUM: ___%

COMMENCEMENT DATE

CASH INTEREST: \$

State Street Bank and Trust Company, not in its individual capacity, but solely as owner trustee (the "Owner Trustee") under that certain Trust Agreement (1993 747 A), dated as of April 1, 1993, as amended by First Amendment to Trust Agreement (1993 747 A), dated _____, 1995, and as amended and restated by the First Amended and Restated Trust Agreement (1993 747 A) dated May __, 1995, between the Owner Trustee in its individual capacity and the institution referred to therein as the "Owner Participant" (herein as such Trust Agreement may be amended or supplemented from time to time called the "Trust Agreement") for value received, hereby promises to pay to _____ or registered assigns the principal sum in Dollars equal to the Original Principal Amount

specified above in installments on each Installment Payment Date as provided for herein below with the final installment due and payable on the Maturity Date specified above (provided, however, that, if the obligations

 evidenced by this Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the principal amount hereof to be paid shall be the Original Issue Price specified above, together with the portion of the difference between such Original Issuer Price and the Original Principal Amount specified above which corresponds to the period from the date of issuance hereof to the date of such payment) and to pay interest (x) in the amount of the Commencement Date Cash Interest specified above, payable on the Commencement Date, and (y) at the Interest Rate Per Annum specified above on the Original Principal Amount specified above from time to time outstanding in respect of the period commencing on and including the Commencement Date and ending on the date when the principal amount hereof shall have been paid in full, payable on each [October 19] and [April 19] in each year, commencing on October 19, 1995 (provided, however, that, if the obligations evidenced by this

 Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the amount thereof in respect of interest shall be an amount equal to the portion of such Commencement Date Cash Interest which corresponds to the period from the date of issuance hereof to the date of such payment). All amounts payable by the Owner Trustee hereunder and under the Third Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of April 1, 1993 (as the same may hereafter be further amended or supplemented from time to time, as the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), by and among the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee thereunder, shall be made only from the income and proceeds of the Indenture Estate. Each Holder hereof, by its acceptance of this Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for payment of such amounts, to the extent available for distribution to the Holder hereof as provided in the Indenture and (b) none of the Owner Participant, the Owner Trustee or the Indenture Trustee is or shall be personally liable to the Holder hereof for any amount payable hereunder or under the Indenture or, except as provided in the Indenture in the case of the Indenture Trustee and the Owner Trustee, for any liability under the Indenture.

The interest or Installment Payment Amount (other than that payable on the Maturity Date hereof) so payable, and punctually paid or duly provided for, on the applicable Interest Payment Date or Installment Payment Date, as the case may be, will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest or Installment Payment Amount, which shall be the fifteenth day (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date or Installment Payment Date, as the case may be. Any such interest or Installment Payment Amount not so punctually paid or duly provided for shall forthwith cease to be

payable to the registered Holder hereof on the such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Installment or Defaulted Interest to be fixed by the Indenture Trustee pursuant to Section 2.08 of the Indenture, notice whereof shall be given to Holders of Certificates entitled thereto not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, premiums if any, and interest on this Certificate will be made at the principal corporate trust office of the Indenture Trustee, or the office or agency maintained by the Indenture Trustee for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest and Installment Payment

 Amounts (other than that payable on the Maturity Date hereof) may be made at the option of the Indenture Trustee or the Paying Agent by check mailed to the address of the Holder entitled thereto as such address shall appear on the Register.

This Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of an authorized officer of the Owner Trustee, and authenticated by the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee, in each case as specified in Section 2.02 of the Indenture.

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties thereby conveyed, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owner Trustee, the Indenture Trustee and the Holders of the Certificates, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

As more fully provided in the Indenture, on each Installment Payment Date, the Holder hereof will receive a payment of principal equal to the Installment Payment Date, the Holder hereof will receive a payment of principal equal to the Installment Payment Percentage for such Installment Payment Date as specified on Exhibit B-1 hereto (provided that, after the

 occurrence of any partial redemption or redemption pursuant to clause (ii) of

Section 6.01(a) of the Indenture, the "Installment Payment Percentage" for each Installment Payment Date subsequent to the applicable Redemption Date shall be redetermined as provided for in the Indenture) multiplied by the Original Principal Amount of this Certificate specified above.

As more fully provided in the Indenture, the Certificates are subject to redemption or partial redemption on not less than 25 nor more than 60 days' notice by mail, under the circumstances set forth in the Indenture, at a redemption price equal to the unpaid principal amount thereof, premium if any, plus accrued interest thereon to the Redemption Date.

If an Indenture Event of Default shall occur and be continuing, the principal amount remaining unpaid of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. If, and only if, such an event of default constitutes an event of default by the Company under the Lease, the Indenture Trustee may declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease. Such remedies include the right to repossess and use or operate the Aircraft, to sell or relet the Aircraft free and clear of the Company's rights and retain the proceeds and to require the Company to pay as liquidated damages (i) any unpaid Basic Rent plus an amount equal to the excess of the Stipulated Loss Value of the Aircraft over the aggregate fair market rental value thereof for the remainder of the term for the Aircraft, (ii) any unpaid Basic Rent plus the excess of the Stipulated Loss Value of the Aircraft over the fair market sales value thereof or (iii) if the Aircraft has been sold, any unpaid Basic Rent plus the excess of the Stipulated Loss Value thereof over the net sales proceeds.

By acceptance of this Certificate, the Holder hereof agrees to be bound by the provisions of the Participation Agreement applicable to Holders.

The Owner Trustee or the Owner Participant may, in their sole discretion, in certain circumstances cure any default by the Company under the Lease arising from the failure of the Company to make any payment of Basic Rent under the Lease. The Owner Trustee or the Owner Participant may in their sole discretion in certain circumstances cure any other default by the Company in the performance of its Obligations under the Lease which can be cured by the payment of money, by making such payment on behalf of the Company.

The right of the Holder of this Certificate to institute action for any remedy under the Indenture, including the enforcement of payment of any amount due hereon, is subject to certain restrictions specified in the Indenture.

The Owner Trustee and the Indenture Trustee will be discharged from their respective obligations in respect of the Certificates (except for certain matters, including obligations to register the transfer or exchange of Certificates, replace stolen, lost or mutilated Certificates, maintain paying agencies and hold moneys for payment in trust), and the Indenture Trustee may thereupon cause the release of the Indenture Estate from the lien of the Indenture, if (a) the Owner Trustee deposits or causes to be deposited irrevocably with the Indenture Trustee, in trust, money or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay principal of, premiums, if any, and interest on the Outstanding Certificates on the dates such payments are due in accordance with the terms of such Certificates and (b) certain other conditions are satisfied, including the publication by the United States Internal Revenue Service of a ruling to the effect that the deposit and related defeasance would not cause the Holders of the Certificates to recognize income, gain or loss for Federal income tax purposes.

As provided in the Indenture, in certain circumstances this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Registrar, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder or his attorney duly authorized in writing, one or more new Certificates of the same maturity and type and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates. The Certificates are issuable in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Certificates are exchangeable for a like aggregate principal amount of Certificates of the same maturity and type and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Registrar, or at an office or agency maintained for such purpose.

No service charge shall be made for any such registration of transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this Certificate and for all other purposes whatsoever whether or not this Certificate be overdue,

and neither the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar nor the Company shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the Owner Trustee has caused this instrument to be duly executed.

STATE STREET BANK AND TRUST COMPANY, not in
its individual capacity, but solely as
Owner Trustee

By: _____
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Indenture.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Indenture
Trustee

By: _____
Authorized officer and signatory

Form of Series 1993 747 A Serial Certificates

\$ _____ (Original Issue Price)

No. _____

\$ _____ (Original Principal Amount)

SERIES 1993 747 A CERTIFICATE

STATE STREET BANK AND TRUST COMPANY
Not in its Individual Capacity
but Solely as Owner Trustee Under the
Trust Agreement (1993 747 A)
Dated as of April 1, 1993, as amended by
First Amendment to Trust Agreement
(1993 747 A) dated _____, 1995,
and as Amended and Restated by the
First Amendment and Restatement to Trust Agreement
(1993 747 A) dated May __, 1995

Issued in connection with Aircraft N189UA
Leased to
UNITED AIR LINES, INC.

Date of Issuance: _____, 1993

MATURITY DATE

_____, 199__

INTEREST RATE PER ANNUM: ____%

COMMENCEMENT DATE

CASH INTEREST: \$ _____

State Street Bank and Trust Company, not in its individual capacity, but solely as owner trustee (the "Owner Trustee") under that certain Trust Agreement (1993 747 A), dated as of April 1, 1993, as amended by First Amendment to Trust Agreement (1993 747 A), dated _____, 1995, and as amended and restated by the First Amendment and Restatement to Trust Agreement (1993 747 A) dated as of May __, 1995, between the Owner Trustee in its individual capacity and the institution referred to therein as the "Owner Participant" (herein as such Trust Agreement may be amended or supplemented from time to

time called the "Trust Agreement"), for value received, hereby promises to pay to _____ or registered assigns the principal sum in dollars equal to the Original Principal Amount specified above on the Maturity Date specified above (provided, however, that, if the obligations evidenced by this

 Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the principal amount hereof to be paid shall be the Original Issue Price specified above, together with the portion of the difference between such Original Issue Price and the Original Principal Amount specified above which corresponds to the period from the date of issuance hereof to the date of such payment) and to pay interest (x) in the amount of the Commencement Date Cash Interest specified above, payable on the Commencement Date, and (y) at the Interest Rate Per Annum specified above on the Original Principal Amount specified above from time to time outstanding in respect of the period commencing on and including the Commencement Date and ending on the date when the principal amount hereof shall have been paid in full, payable on each [October 19] and [April 19] in each year, commencing on October 19, 1995 (provided, however, that, if the

 obligations evidenced by this Certificate shall become due and payable (upon redemption or acceleration or otherwise) and shall be paid during the Pre-Commencement Date Period, the amount thereof in respect of interest shall be the amount equal to the portion of such Commencement Date Cash Interest which corresponds to the period from the date of issuance hereof to the date of such payment the accrual at the Interest Rate Per Annum specified above of interest on the Original Issue Price specified above from the date of issuance of this Certificate to the date of such payment). All amounts payable by the Owner Trustee hereunder and under the Third Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of April 1, 1993 (as the same may hereafter be further amended or supplemented from time to time, as the "Indenture", the defined terms therein not otherwise defined herein being used herein with the same meanings), by and among the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee thereunder, shall be made only from the income and proceeds of the Indenture Estate. Each Holder hereof, by its acceptance of this Certificate, agrees that (a) it will look solely to the income and proceeds of the Indenture Estate for payment of such amounts, to the extent available for distribution to the Holder hereof as provided in the Indenture and (b) none of the Owner Participant, the Owner Trustee or the Indenture Trustee is or shall be personally liable to the Holder hereof for any amount payable hereunder or under the Indenture or, except as provided in the Indenture in the case of the Indenture Trustee and the Owner Trustee, for any liability under the Indenture.

The interest so payable and punctually paid or duly provided for, on the applicable Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on the Record Date for payment of such interest, which shall be the fifteenth day (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall

forthwith cease to be payable to the registered Holder hereof on the such Record Date (or to the Person in whose name this Certificate is registered upon issuance) and may be paid to the Person in whose name this Certificate (or one or more predecessor Certificates) is registered at the close of business on a special record date for the payment of such Defaulted Interest to be fixed by the Indenture Trustee pursuant to Section 2.08 of the Indenture, notice whereof shall be given to Holders of Certificates entitled thereto not less than 10 days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Certificates may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of, premium if any, and interest on this Certificate will be made at the principal corporate trust office of the Indenture Trustee, or the office or agency maintained by the Indenture Trustee for such purpose in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that payment of interest may be made at the option

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of the Indenture Trustee or the Paying Agent by check mailed to the address of the Holder entitled thereto as such address shall appear on the Register.

This Certificate shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose unless this Certificate has been executed on behalf of the Owner Trustee by the manual or facsimile signature of an authorized officer of the Owner Trustee, and authenticated by the Indenture Trustee by the manual signature of an authorized officer or signatory of the Indenture Trustee, in each case as specified in Section 2.02 of the Indenture.

Reference is made to the Indenture and all supplements and amendments thereto (a copy of which is on file with the Indenture Trustee at its principal corporate trust office) for a more complete statement of the terms and provisions thereof, including a statement of the properties thereby conveyed, pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Owner Trustee, the Company, the Indenture Trustee and the Holders of the Certificates, and the terms upon which the Certificates are, and are to be, executed and delivered, as well as for a statement of the terms and conditions of the trust created by the Indenture, to all of which terms and conditions in the Indenture each Holder hereof agrees by its acceptance of this Certificate.

As more fully provided in the Indenture, the Certificates are subject to redemption or partial redemption, on not less than 25 nor more than 60 days' notice by mail, under the circumstances set forth in the Indenture, at a redemption price equal to the unpaid principal amount thereof, premium, if any, plus accrued interest thereon to the Redemption Date.

If an Indenture Event of Default shall occur and be continuing, the principal of the Certificates may be declared due and payable in the manner and with the effect provided in the Indenture. If, and only if, such an event of default constitutes an event of default by the Company under the Lease, the Indenture Trustee may declare the Lease to be in default, and may, to the exclusion of the Owner Trustee, exercise one or more of the remedies of the Owner Trustee provided in the Lease. Such remedies include the right to repossess and use or operate the Aircraft, to sell or relet the Aircraft free and clear of the Company's rights and retain the proceeds and to require the Company to pay as liquidated damages (i) any unpaid Basic Rent plus an amount equal to the excess of the Stipulated Loss Value of the Aircraft over the aggregate fair market rental value thereof for the remainder of the term for the Aircraft, (ii) any unpaid Basic Rent plus the excess of the Stipulated Loss Value of the Aircraft over the fair market sales value thereof or (iii) if the Aircraft has been sold, any unpaid Basic Rent plus the excess of the Stipulated Loss Value thereof over the net sales proceeds.

By acceptance of this Certificate, the Holder hereof agrees to be bound by the provisions of the Participation Agreement applicable to Holders.

The Owner Trustee or the Owner Participant may, in their sole discretion, in certain circumstances cure any default by the Company under the Lease arising from the failure of the Company to make any payment of Basic Rent under the Lease. The Owner Trustee or the Owner Participant may in their sole discretion in certain circumstances cure any other default by the Company in the performance of its obligations under the Lease which can be cured by the payment of money, by making such payment on behalf of the Company.

The right of the Holder of this Certificate to institute action for any remedy under the Indenture, including the enforcement of payment of any amount due hereon, is subject to certain restrictions specified in the Indenture.

The Owner Trustee and the Indenture Trustee will be discharged from their respective obligations in respect of the Certificates (except for certain matters, including obligations to register the transfer or exchange of Certificates, replace stolen, lost or mutilated Certificates, maintain paying agencies and hold moneys for payment in trust), and the Indenture Trustee may thereupon cause the release of the Indenture Estate from the lien of the Indenture, if (a) the Owner Trustee deposits or causes to be deposited irrevocably with the Indenture Trustee, in trust, money or U.S. Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay principal of, premium, if any, and interest on the Outstanding Certificates on the dates such payments are due in accordance with the terms of such Certificates and (b) certain other conditions are satisfied, including the publication by the United States Internal Revenue Service of a ruling to the effect that the deposit and related defeasance would not cause the Holders of the Certificates to recognize income, gain or loss for Federal income tax purposes.

As provided in the Indenture, in certain circumstances this Certificate is transferable, and upon surrender of this Certificate for registration of transfer at the principal corporate trust office of the Registrar, or at the office or agency maintained for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Holder or his attorney duly authorized in writing, one or more new Certificates of the same maturity and type and of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates. The Certificates are issuable in denominations of \$1,000 and integral multiples thereof except that one Certificate of each maturity may be in an amount that is not an integral multiple of \$1,000. As provided in the Indenture and subject to certain limitations therein set forth, Certificates are exchangeable for a like aggregate principal amount of Certificates of the same maturity and type and of authorized denominations, as requested by the Holder surrendering the same, upon presentation thereof for such purpose at the principal corporate trust office of the Registrar, or at an office or agency maintained for such purpose.

No service charge shall be made for any such registration of transfer or exchange, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment for registration of transfer of this Certificate, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar and the Company may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of the principal of and interest on this Certificate and for all other purposes whatsoever whether or not this Certificate be overdue, and neither the Owner Trustee, the Indenture Trustee, the Paying Agent, the Registrar nor the Company shall be affected by notice to the contrary.

AS PROVIDED IN THE INDENTURE, THE INDENTURE AND THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the Owner Trustee has caused this instrument to be duly executed.

STATE STREET BANK AND TRUST
COMPANY, not in its individual capacity,
but solely as Owner Trustee

By: _____
Title:

INDENTURE TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Certificates referred to in the within-mentioned Indenture.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, as Indenture
Trustee

By: _____
Authorized Officer or signatory
Title:

Exhibit B to
Trust Indenture and
Mortgage

MATURITY DATES, ORIGINAL ISSUE PRICES, COMMENCEMENT

DATE CASH INTEREST, PRINCIPAL AMOUNTS AND INTEREST

RATES OF SERIES 1993 747 A CERTIFICATES

Series 1993
747 A1

MATURITY DATE	PRINCIPAL AMOUNT	ORIGINAL ISSUE PRICE AMOUNT	COMMENCEMENT DATE CASH INTEREST	INTEREST RATE PER ANNUM
-----	-----	-----	-----	-----
[_____]	[\$_____]	[\$_____]	[\$_____]	[_____]%

Series 1993
747 A2

[_____]	[\$_____]	[\$_____]	[\$_____]	[_____]%
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Installment Payment Dates and Installment Payment Percentages

Installment Certificates shall be those
Certificates with the following Maturity Dates:

Installment Certificate No. 1 - Maturity Date: [_____]

Installment Payment Date	Installment Payment Percentage	Corresponding Aggregate Installment Payment Amount
-----	-----	-----
[]	[]%	\$()
[]	[]%	[]
TOTAL	100.000000000% -----	\$() -----

Installment Certificate No. 2 - Maturity Date: [_____]

Installment Payment ----- Date ----	Installment Payment ----- Percentage -----	Corresponding ----- Aggregate Installment ----- Payment Amount -----
--	---	---

%

TOTAL

100.00000000%

\$ _____

Issuance of Series 1993 747 A Certificates

The Series 1993 747 A Certificates issued hereunder shall be issued to and shall be payable to each of the Pass Through Trustees under the Pass Through Trust Agreements with respect to the grantor trusts created thereby, in each case as set forth below:

1995 - A1 Trust:
[_____] % Certificate due [_____]

1995 - A2 Trust:
[_____] % Certificate due [_____]

EXHIBIT C

[To Be Reconciled With Exhibit A to the Trust Agreement]

TRUST AGREEMENT AND THIRD AMENDED AND
RESTATED TRUST INDENTURE AND MORTGAGE SUPPLEMENT

(1993 747 A)

This THIRD AMENDED AND RESTATED TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1993 747 A), dated April __, 1993 (herein called the "Trust Supplement") of State Street Bank and Trust Company, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee"), under the Trust Agreement (1993 747 A), dated as of April 1, 1993, as amended by First Amendment to Trust Agreement (1993 747 A), dated _____, 1995 (herein called the "Trust Agreement") , between the Owner Trustee and the Owner Participant named therein.

WITNESSETH:

WHEREAS, the Trust Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Aircraft (such term and other terms defined in the Trust Indenture referred to below used herein as therein defined) included in the property covered by the Trust Agreement;

WHEREAS, the Second Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of April 1, 1993 (herein called the "Trust Indenture"), between the Owner Trustee and First Security Bank of Utah, National Association, as Indenture Trustee (herein called the "Indenture Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Indenture Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document;

NOW, THEREFORE, this Trust Supplement Witnesseth, that the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the following described property:

[Trust Indenture and Mortgage (1995 747 A)]

AIRFRAME

One Airframe Identified as follows:

Manufacturer -----	Model -----	FAA Registration Number -----	Manufacturer's Serial Number -----
The Boeing Company	747-422	N189UA	[26878]

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom but where title to which remains vested in the Owner Trustee in accordance with the Lease.

AIRCRAFT ENGINES

Four aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, whether or not such engines shall be installed in or attached to the Airframe or any other airframe identified as follows:

Manufacturer -----	Model -----	Manufacturer's Serial Number -----
Pratt & Whitney	[PW4056]	[P727301]
Pratt & Whitney	[PW4056]	[P727302]
Pratt & Whitney	[PW4056]	[P727303]
Pratt & Whitney	[PW4056]	[P727304]

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom but where title to which remains vested in the Owner Trustee in accordance with the Lease.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

[Trust Indenture and Mortgage (1995 747 A)]

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the equal and proportionate benefit and security of holders from time to time of the Certificates outstanding, without any preference, distinction or priority of any one Certificate over any other by reason of series, priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust supplement shall be construed as Supplemental to the Trust Indenture and to the Trust Agreement and shall form a part of each, and the Trust Agreement and the Trust Indenture are each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

* * *

[Trust Indenture and Mortgage (1995 747 A)]

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY, not in
its individual capacity but solely as
Owner Trustee

By: _____
Title:

PARTICIPATION AGREEMENT
(1995 777 A)

Dated as of May 1, 1995

Among

UNITED AIR LINES, INC.,
Lessee,

Owner Participant,

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
in its capacity as
Pass Through Trustee under each of the
Pass Through Trust Agreements,

STATE STREET BANK AND TRUST COMPANY,
Not in its Individual Capacity,
except as expressly provided herein,
but solely as Owner Trustee,

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
In its Individual Capacity and as Indenture Trustee

United Air Lines, Inc.
1995 777 A Equipment Trust
One Boeing 777-222 Aircraft

TABLE OF CONTENTS

	Page
SECTION 1. Certain Definitions; Participations in Lessor's Cost of the Aircraft.....	3
SECTION 2. Lessee's Notice of Delivery Date.....	4
SECTION 3. Instructions to the Owner Trustee and Indenture Trustee.....	5
SECTION 4. Conditions.....	6
(a) Conditions Precedent to the Participations in the Aircraft....	6
(b) Conditions Precedent to the Obligations of Lessee.....	15
SECTION 5. Confidentiality of Purchase Agreement...	16
SECTION 6. Extent of Interest of Certificate Holders.....	17
SECTION 7. Lessee's Representations, Warranties and Indemnities	
(a) In General.....	17
(b) General Tax Indemnity.....	22
(c) General Indemnity.....	34
(d) Withholding.....	40
SECTION 8. Representations, Warranties and Covenants.....	40
SECTION 9. [Intentionally Omitted].....	63
SECTION 10. Other Documents; Amendment.....	63
SECTION 11. Certain Covenants of Lessee.....	64
SECTION 12. Owner for Income Tax Purposes.....	65
SECTION 13. Notices; Consent to Jurisdiction.....	65
SECTION 14. Change of Situs of Owner Trust.....	66
SECTION 15. Miscellaneous.....	67
SECTION 16. Invoices and Payment of Expenses.....	69
SECTION 17. Optional Redemption of Certificates.....	70

	Page
SECTION 18. Optimization.....	74
SECTION 19. Nondisclosure.....	75

SCHEDULES

SCHEDULE I	-- Names and Addresses
SCHEDULE II	-- Commitments
SCHEDULE III	-- Legal Opinions
EXHIBIT A-1	-- Form of Transferor Opinion Re: Transfer of Owner Participant's Interest
EXHIBIT A-2	-- Form of Transferee Opinion Re: Transfer of Owner Participant's Interest
EXHIBIT B	-- Form of Assignment and Assumption Agreement
EXHIBIT C	-- Form of Guaranty Agreement

PARTICIPATION AGREEMENT
(1995 777 A)

THIS PARTICIPATION AGREEMENT (1995 777 A) dated as of May 1, 1995 among (i) United Air Lines, Inc., a Delaware corporation (the "Lessee"), (ii) [_____], a corporation organized under the laws of Delaware (the "Owner Participant"), (iii) STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement (the "Owner Trustee"), (iv) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as otherwise provided herein, but solely as trustee under the Pass Through Trust Agreement (the "Pass Through Trustee"), dated as of February 1, 1992, as amended and restated as of May 1, 1995 (the "Basic Agreement"), in each case between the Lessee and STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, as supplemented by Trust Supplements Nos. 1995-A1 and 1995-A2, each dated as of May __, 1995 between the Lessee and the Pass Through Trustee creating the 1995-A1 Pass Through Trust and the 1995-A2 Pass Through Trust, respectively (the Basic Agreement as so supplemented being the "1995-A1 Pass Through Trust Agreement" and the "1995-A2 Pass Through Trust Agreement", respectively, each of the 1995-A1 Pass Through Trust Agreement and the 1995-A2 Pass Through Trust Agreement being a "Pass Through Trust Agreement") and (v) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and as Indenture Trustee under the Trust Indenture (the "Indenture Trustee").

WITNESSETH:

WHEREAS, pursuant to the Purchase Agreement between Lessee and the Manufacturer, the Manufacturer has agreed to sell to Lessee, among other things, certain Boeing Model 777-222 aircraft, one of which has been recently purchased from the Manufacturer by Lessee and is the subject of this Agreement; and

WHEREAS, concurrently with the execution and delivery of this Agreement, the Owner Participant is entering into the Trust Agreement pursuant to which Trust Agreement the Owner Trustee agrees, among other things, to hold the Trust Estate defined in Section 1.01 thereof (the "Trust Estate") for the use and benefit of the Owner Participant; and

WHEREAS, concurrently with the execution and delivery of this Agreement,

(i) Lessee and the Owner Trustee are entering into the Owner Trustee's Purchase Agreement and Assignment (1995 777 A) dated as of May 1, 1995 (the "Owner Trustee's Purchase Agreement"), whereby Lessee agrees to sell the Aircraft to the Owner Trustee and assigns to the Owner Trustee certain rights and interests of Lessee under the Purchase Agreement with respect to the Aircraft; and

(ii) the Manufacturer has executed the Consent and Agreement (1995 777 A) dated as of May 1, 1995 substantially in the form attached to the Owner Trustee's Purchase Agreement, with respect to the Owner Trustee's Purchase Agreement; and

WHEREAS, the Indenture Trustee and the Owner Trustee concurrently with the execution and delivery of this Agreement are entering into the Trust Indenture and Mortgage (1995 777 A) dated as of May 1, 1995 pursuant to which the Owner Trustee agrees, among other things, to issue one or more Loan Certificates in the form set forth in Exhibit A-1 or Exhibit A-2 to the Trust Indenture to each Pass Through Trustee on behalf of the related grantor trusts created by the applicable Pass Through Trust Agreement as evidence of the Owner Trustee's indebtedness to each Pass Through Trustee, which Loan Certificates are to be secured by the mortgage and security interest in the Aircraft created pursuant to the Trust Indenture by the Owner Trustee in favor of the Indenture Trustee, and the Owner Trustee shall execute and deliver the Trust Supplement covering the Aircraft, supplementing the Trust Agreement and the Trust Indenture; and

WHEREAS, as described in Section 2 hereof, the Owner Trustee and Lessee are entering into a Lease Agreement (1995 777 A) dated as of May 1, 1995 whereby, subject to the terms and conditions set forth therein, the Owner Trustee agrees to lease to Lessee, and Lessee agrees to lease from the Owner Trustee, the Aircraft on the Delivery Date; and

WHEREAS, in connection with the foregoing, each Pass Through Trustee will issue the Pass Through Certificates substantially in the form of Exhibit A to each Pass Through Trust Agreement; and

WHEREAS, to facilitate the Owner Trustee's issuance of the Loan Certificates to the applicable Pass Through Trustee and the purchase of the Loan Certificates by each such Pass Through Trustee, the Lessee has duly authorized the execution and delivery of each of the two Pass Through Trust Agreements as the "issuer" thereunder, as such term is defined in and solely for purposes of the Securities Act of 1933, as amended, and of the Pass Through Certificates being issued thereunder as the

"obligor" thereunder, as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to the Pass Through Certificates and is undertaking to perform certain administrative and ministerial duties thereunder and is also undertaking to pay the fees and expenses of the Pass Through Trustees; and

WHEREAS, certain terms are used herein as defined in Section 1(a) hereof.

NOW THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. Certain Definitions; Participations in Lessor's Cost of

the Aircraft. (a) The terms "Lessee," "Owner Participant," "Pass Through

Trustee," "Owner Trustee" and "Indenture Trustee" shall have the further meanings attributed thereto in the Lease Agreement referred to above and, except as otherwise defined in this Agreement, terms used herein in capitalized form shall have the meanings attributed thereto in the Lease Agreement referred to above. Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be amended from time to time in accordance with its terms and the terms of each other agreement restricting the amendment thereof.

(b) Subject to the terms and conditions of this Agreement, (i) each of the Pass Through Trustees agrees to finance in part, the Owner Trustee's payment of Lessor's Cost for the Aircraft by making a secured loan to the Owner Trustee (herein called a "Loan" and collectively, the "Loans") on a date to be designated pursuant to Section 2 hereof, but in no event later than May 31, 1995, in the amount in Dollars equal to the amount set forth opposite its name on Schedule II hereto and (ii) the Owner Participant hereby agrees, in connection with its equity investment in the beneficial ownership of the Aircraft and the sale of the Aircraft by the Lessee to the Owner Trustee pursuant to the Owner Trustee's Bill of Sale, as contemplated hereby and by the Owner Trustee's Purchase Agreement, to make its equity investment in the beneficial ownership of the Aircraft on a date to be designated as set forth above, but in no event later than May 31, 1995, in an amount in Dollars equal to the amount set forth opposite its name on Schedule II hereto. To fund its obligations set out in (i) above, each Pass Through Trustee shall, in accordance with Section 2.01 of the applicable Pass Through Trust Agreement, execute, authenticate and deliver Pass Through Certificates, dated a date not later than the Delivery Date and of the maturities, in the principal amounts, bearing the interest rates and of the other economic terms specified in the request of the Company (as defined in the Basic Agreement)

delivered pursuant to such Section 2.01, and deliver such Pass Through Certificates to the Underwriters (as defined in Section 4(a)(xvii) as specified in such request against payment by the Underwriters of an amount equal to the aggregate principal amount of its Loan. In the case of the Owner Participant, the amount of its participation to be made as provided above in the payment of Lessor's Cost and, in the case of each Pass Through Trustee, the amount of its Loan, is hereinafter called such Participant's "Commitment" for the Aircraft. In case any Participant shall default in its obligation to make the amount of its Commitment available pursuant to Section 2 hereof in respect of the Aircraft, the other Participants shall have no obligation to make any portion of such amount available or to increase the amount of its Commitment and the obligation of the nondefaulting Participants shall remain subject to the terms and conditions set forth in this Agreement.

SECTION 2. Lessee's Notice of Delivery Date. Lessee agrees to give

the Owner Participant, the Owner Trustee, the Pass Through Trustees and the Indenture Trustee at least two Business Days' prior written notice of the Delivery Date for the Aircraft, which Delivery Date shall be a Business Day not later than May 31, 1995, which notice shall specify the amount of Lessor's Cost and the amount of each Participant's Commitment for the Aircraft. As to each Participant, the making of its Commitment for such Aircraft available in the manner required by this Section 2 shall constitute a waiver of such notice. The Owner Trustee and the Indenture Trustee shall be deemed to have waived such notice if the Indenture Trustee shall have received from the Owner Participant funds in the full amount of the Owner Participant's Commitment and the proceeds of the sale of the Loan Certificates in the full amount of the Pass Through Trustees' Commitments.

Subject to the terms and conditions of this Agreement, and simultaneously with receipt by the parties hereto of all amounts to be paid to them on the Delivery Date pursuant to this Section 2, the Lessee shall transfer title to and deliver the Aircraft to the Owner Trustee, the Owner Trustee shall purchase and take title to, and accept delivery of, the Aircraft, and the Owner Trustee shall lease the Aircraft to Lessee, it being understood that the transactions described in this Section 2 are simultaneous and mutually dependent. On the Delivery Date, subject to the terms and conditions of this Agreement, and in consideration for the transfer of title to the Aircraft to the Owner Trustee, the Owner Trustee and the Indenture Trustee (on behalf of the Owner Trustee) shall pay over the funds made available to it equal to Lessor's Cost to Lessee's account no. _____ at First Security Bank of Utah, National Association. In addition, subject to the terms and conditions of this Agreement, the Owner Trustee shall, on the Delivery Date,

issue to the Pass Through Trustees the Loan Certificates to evidence the Loans

The Owner Participant agrees, subject to the terms and conditions of this Agreement, to make its Commitment available to the Owner Trustee at the Owner Trustee's account no. _____ at First Security Bank of Utah, National Association, and the Pass Through Trustees agree to make their Commitment available to the Indenture Trustee at the Indenture Trustee's account no. _____ at First Security Bank of Utah, National Association, at or before 10:00 a.m., New York City time, on the Delivery Date specified in Lessee's notice referred to in the first paragraph of this Section 2 (such specified Delivery Date being herein called the "Scheduled Delivery Date").

SECTION 3. Instructions to the Owner Trustee and Indenture Trustee.

Subject to the terms and conditions of this Agreement, the Owner Trustee and the Indenture Trustee, upon their respective receipts in full of the Owner Participant's and the Pass Through Trustees' Commitments for the Aircraft, as provided in Section 2 hereof, together with instructions from such Participant or its special counsel to release such funds to Lessee, shall transfer such funds to the Lessee and the Owner Trustee shall purchase the Aircraft from the Lessee and lease the Aircraft to Lessee and such action shall constitute, without further act, authorization and direction by the Owner Participant to the Owner Trustee and the Indenture Trustee acting on behalf of the Owner Participant (in regard to item (a) below) and to the Owner Trustee (in regard to items (b) - (f) below):

- (a) to pay to Lessee the Lessor's Cost in the manner set forth in Section 2;
- (b) to the extent not previously accomplished by a prior authorization, to authorize a representative or representatives of the Owner Trustee (who shall be an employee or employees, or an agent or agents, of Lessee designated by Lessee) to accept delivery of the Aircraft on the Delivery Date pursuant to the Owner Trustee's Bill of Sale;
- (c) to accept from the Lessee the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;
- (d) to execute an Aircraft Registration Application, a Lease Supplement and a Trust Supplement, in each case covering the Aircraft;
- (e) to borrow from the Pass Through Trustees amounts equal to their respective Loans to finance a portion of Lessor's

Cost and to issue to the Pass Through Trustees Loan Certificates in the amounts specified herein; and

(f) to take such other action as may be required to be taken by the Owner Trustee on the Delivery Date by the terms of any Operative Document.

SECTION 4. Conditions. (a) Conditions Precedent to the

Participations in the Aircraft. It is agreed that the respective obligations of

the Participants to participate in the payments of Lessor's Cost are subject to the satisfaction prior to or on the Delivery Date of the following conditions precedent, except that paragraphs (iii), (xx), (xxiv) (insofar as it relates to the Pass Through Trustees), (xxv), (xxvi) and (xxviii) shall not be a condition precedent to the obligation of the Pass Through Trustees, and paragraphs (iv), (x) (insofar as it relates to the Owner Participant), (xiv), (xix) and (xxvii) shall not be a condition precedent to the obligation of the Owner Participant:

(i) The Participants shall have received due notice with respect to such participation pursuant to Section 2 hereof (or shall have waived such notice either in writing or as provided in Section 2).

(ii) No change shall have occurred after the date of the execution and delivery of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory or judicial authorities which, in the opinion of the Owner Participant or the Pass Through Trustees, as the case may be, would make it a violation of law or regulations for (x) the Lessee, the Indenture Trustee, any Participant or the Owner Trustee to execute, deliver and perform the Operative Documents to which any of them is a party or (y) the Pass Through Trustees or the Owner Participant to make their respective Commitments available or, in the case of any Pass Through Trustee, to acquire a Loan Certificate or to realize the benefits of the security afforded by the Trust Indenture.

(iii) In the case of the Owner Participant, the Pass Through Trustees shall have made available the amount of their respective Commitments for the Aircraft in accordance with Section 1 hereof.

(iv) In the case of the Pass Through Trustees, the Owner Participant shall have made available the amount of its Commitment for the Aircraft in accordance with Section 1 hereof.

(v) The following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall each be satisfactory in form and substance to the Participants and shall be in full force and effect and executed counterparts shall have been delivered to the Participants, and their respective counsel, provided that only the applicable Pass Through Trustee shall receive an executed original of its Loan Certificate, only the Indenture Trustee, acting on behalf of the Certificate Holders, shall receive the original counterparts of the Lease and the Lease Supplement, only the Owner Participant shall receive a copy of the Purchase Agreement which shall be delivered to and retained by the Owner Trustee (the Owner Trustee and the Owner Participant and their respective counsel may inspect the Purchase Agreement prior to the Delivery Date but thereafter shall not have access to the same until the return of the Aircraft to Lessor (but only to the extent the Purchase Agreement has any continued effectiveness on such return date) or unless a Lease Default or Event of Default shall have occurred and be continuing) and provided further that only the Lessee and the Owner Participant shall receive copies of the Tax Indemnity Agreement:

- (1) the Lease;
- (2) a Lease Supplement covering the Aircraft and dated the Delivery Date;
- (3) the Tax Indemnity Agreement;
- (4) the Trust Agreement;
- (5) a Trust Supplement covering the Aircraft and dated the Delivery Date;
- (6) the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;
- (7) the Owner Trustee's Purchase Agreement;
- (8) an acceptance certificate covering the Aircraft in the form agreed to by the Participants and Lessee (the "Acceptance Certificate") duly completed and executed by the Owner Trustee or its agent, which shall be a representative of Lessee, and by such representative on behalf of Lessee;
- (9) the Trust Indenture;

- (10) the Loan Certificates;
- (11) the Consent and Agreement;
- (12) the Purchase Agreement;
- (13) the Owner Participant Parent Guaranty; and
- (14) the Pass Through Trust Agreements.

(vi) A Uniform Commercial Code financing statement or statements covering all the security interests created by or pursuant to the Granting Clause of the Trust Indenture shall have been executed and delivered by the Owner Trustee and the Indenture Trustee, and such financing statement or statements shall have been duly filed in all places necessary or advisable, and any additional Uniform Commercial Code financing statements deemed advisable by the Owner Participant or the Pass Through Trustees shall have been executed and delivered by Lessee, the Indenture Trustee or the Owner Trustee and duly filed.

(vii) Each Participant and the Indenture Trustee shall have received the following, in each case in form and substance satisfactory to it, provided that only the Owner Participant shall receive a copy of the Purchase Agreement which shall be delivered to and retained by the Owner Trustee (the Owner Trustee and the Owner Participant and their respective counsel may inspect the Purchase Agreement prior to the Delivery Date but thereafter shall not have access to the same until the return of the Aircraft to Lessor (but only to the extent the Purchase Agreement has any continued effectiveness on such return date) or unless a Lease Default or Event of Default shall have occurred and be continuing):

(1) a certified copy of the Certificate of Incorporation and By-Laws of Lessee and a copy of resolutions of the board of directors of Lessee or the executive committee thereof, certified by the Secretary or an Assistant Secretary of Lessee, duly authorizing the execution, delivery and performance by Lessee of this Agreement, the Lease, the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale, the Tax Indemnity Agreement and each other document required to be executed and delivered by Lessee on the Delivery Date in accordance with the provisions hereof and thereof;

(2) such other documents and evidence with respect to Lessee, the Manufacturer, the Owner Trustee, the Indenture Trustee and the Participants, as the Pass Through Trustees or the Owner Participant, or their respective counsel, may reasonably request in order to establish the authority of such parties to consummate the transactions contemplated by this Agreement, the taking of all corporate proceedings in connection therewith and the compliance with the conditions herein set forth;

(3) a certificate of Lessee (i) as to the Person or Persons authorized to execute and deliver this Agreement, the other Lessee Documents, and any other documents to be executed on behalf of Lessee in connection with the transactions contemplated hereby and as to the signature of such person or persons, and (ii) to the effect that the application of the proceeds from the Pass Through Certificates as provided for herein will not be inconsistent with any of the provisions of the Pass Through Trust Agreements;

(4) a copy of the Purchase Agreement certified by the Secretary or an Assistant Secretary of Lessee as being a true and accurate copy of the same with all amendments attached thereto that relate to the Manufacturer's warranties or related obligations or any right in such Agreement assigned by the Lessee to the Owner Trustee pursuant to the Owner Trustee's Purchase Agreement;

(5) a copy of the general authorizing resolutions of the boards of directors (or executive committees) or other satisfactory evidence of authorization of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, certified as of the Delivery Date by the Secretary or an Assistant Secretary of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, respectively, which authorize the execution, delivery and performance by the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent of all of the Operative Documents to which it is a party, together with such other documents and evidence with respect to the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent as either the Pass Through

Trustees (or their counsel) or the Owner Participant (or its counsel) may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement, the taking of all corporate proceedings in connection therewith and compliance with the conditions herein set forth; provided, this clause shall not be a condition precedent as to any Participant as to documents to be provided by that Participant; and

(6) a copy of the excerpts the "United Air Lines 777 Maintenance Program" referred to in Section 5 of the Lease.

(viii) All appropriate action required to have been taken by the Federal Aviation Administration, or any governmental or political agency, subdivision or instrumentality of the United States, on or prior to the Delivery Date in connection with the transactions contemplated by this Agreement shall have been taken, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Delivery Date in connection with the transactions contemplated by this Agreement shall have been issued, and all such orders, permits, waivers, authorizations, exemptions and approvals shall be in full force and effect on the Delivery Date.

(ix) On the Delivery Date, the following statements shall be true, and the Participants and the Indenture Trustee shall have received evidence satisfactory to each of them to the effect that:

(1) the Owner Trustee has good and marketable title (subject to filing and recording of the Owner Trustee's FAA Bill of Sale with the Federal Aviation Administration) to the Aircraft, free and clear of Liens other than the rights of Lessee under the Lease and Lease Supplement covering the Aircraft, the mortgage and security interest created by the Trust Indenture, the rights of the Owner Participant under the Trust Agreement and the Trust Supplement and Liens permitted by clause (iii) (solely for Taxes not yet due) of Section 6 of the Lease;

(2) application for registration of the Aircraft in the name of the Owner Trustee (together with any required affidavits) and the Owner Trustee's FAA Bill of Sale have been duly filed with the FAA;

(3) the Trust Agreement, the Trust Indenture and the Trust Supplement and the Lease and the Lease Supplement have been duly filed with the FAA for recordation;

(4) the Owner Trustee, as lessor under the Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under the Lease Agreement pursuant to the Trust Indenture, are entitled to the protection of Section 1110 of the Bankruptcy Code in connection with the Owner Trustee's and the Indenture Trustee's right to take possession of the Airframe and Engines in the event of a case under Chapter 11 of the Bankruptcy Code in which the Lessee is a debtor; and

(5) the Aircraft has been duly certified by the FAA as to type and airworthiness in accordance with the terms of the Lease and has a current, valid U.S. standard certificate of airworthiness issued by the FAA.

(x) On the Delivery Date, (A) the representations and warranties of Lessee, the Owner Participant and the Owner Trustee contained in Sections 7 and 8 of this Agreement and in the Tax Indemnity Agreement and the Owner Participant Parent contained in the Owner Participant Parent Guaranty shall be true and accurate as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date), (B) no event shall have occurred and be continuing, or would result from the purchase, sale, lease or mortgage of the Aircraft, which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default as defined in the Lease or the Trust Indenture, and (C) no event shall have occurred that might have the effect of materially and adversely affecting the ability of Lessee to carry on its business as conducted on December 31, 1994 or to perform its obligations under the Operative Documents.

(xi) The Participants shall have received an opinion addressed to the Participants, the Indenture Trustee, and the Owner Trustee from (a) Francesca M. Maher, Vice President-Law, Deputy General Counsel and Corporate Secretary for Lessee, in substantially the form of Schedule III-1(a) hereto and (b) Vedder, Price, Kaufman & Kammholz, special counsel to the Lessee, in substantially the form of Schedule III-1(b) hereto.

(xii) The Participants shall have received an opinion addressed to the Participants, the Owner Trustee, the Indenture Trustee and Lessee from counsel to the Manufacturer, in substantially the form of Schedule III-2 hereto.

(xiii) The Participants shall have received an opinion addressed to the Participants, the Indenture Trustee, the Owner Trustee and Lessee, from Bingham, Dana & Gould, special counsel for the Owner Trustee, in substantially the form of Schedule III-3 hereto.

(xiv) The Pass Through Trustees shall have received an opinion addressed to the Indenture Trustee, the Pass Through Trustees, the Owner Trustee and Lessee from (a) Dewey Ballantine, special counsel to the Owner Participant and the Owner Participant Parent, in substantially the form of Schedule III-4(a) hereto and (b) Michael Flynn, Vice President-General Counsel and Secretary to the Owner Participant and the Owner Participant Parent in substantially the form of Schedule III-4(b) hereto.

(xv) The Participants shall have received an opinion addressed to the Participants, the Indenture Trustee, the Owner Trustee and Lessee, from Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, in substantially the form of Schedule III-5 hereto.

(xvi) The Participants shall have received an opinion addressed to the Participants, the Owner Trustee and Lessee from Ray, Quinney & Nebeker, special counsel for the Indenture Trustee and the Pass Through Trustees, in substantially the form of Schedule III-6 hereto.

(xvii) The Owner Participant shall have received an opinion addressed to it from Vedder, Price, Kaufman & Kammholz, special counsel to the Lessee, substantially to the same effect as the opinion delivered pursuant to Section 5(b)(1) of the Purchase Agreement dated _____ (the "Underwriting Agreement") among Lessee, Merrill Lynch & Co. and Lehman Brothers (the "Underwriter").

(xviii) The Participants and the Indenture Trustee shall have received a certificate signed by the President or any Vice President of Lessee, dated the Delivery Date, addressed to the Participants and the Indenture Trustee and certifying as to the fulfillment of all conditions in this Section 4(a) insofar as they relate to Lessee and as to the matters stated in paragraphs (viii), (x) (insofar as it relates to Lessee), (xxii) and (xxiii) (to the knowledge of

Lessee, except in regard to matters relating to the Participants, Indenture Trustee or the Owner Trustee, in which event such representation shall be to the knowledge of Lessee without any investigation whatsoever) of this Section 4(a).

(xix) (a) The Owner Participant shall, by making its Commitment available as provided in Section 1(b)(ii) of this Agreement, (b) the Indenture Trustee shall by authenticating the Loan Certificates issued on the Delivery Date, (c) the Owner Trustee shall, by accepting the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale and (d) the Pass Through Trustees shall, by making their respective Commitments available as provided in Section 1(b)(i) of this Agreement, be respectively deemed to have reaffirmed as of the Delivery Date the representations and warranties made by it in Section 8 of this Agreement.

(xx) The Owner Participant shall have received an opinion, in form and substance reasonably satisfactory to the Owner Participant, from BK Associates, independent aircraft appraisers, or such other recognized aircraft appraiser selected by the Owner Participant, to the effect that (A) on the Delivery Date, the fair market value of the Aircraft is equal to Lessor's Cost; (B) on the Delivery Date, the Aircraft is expected to have an economic useful life of at least 125% of the aggregate of the Interim Term and the Basic Term; (C) on the Delivery Date, the Aircraft is expected to have a residual value at the end of the Basic Term of at least 20% of Lessor's Cost (without considering the effects of inflation or deflation and assuming the Aircraft is in compliance with Section 5 of the Lease); (D) on the Delivery Date, the Aircraft is expected to have a fair market value on the EBO Date that does not exceed an amount equal to the EBO Price; (E) the fair market value of each Engine is at least equal to Engine Cost; and (F) the Aircraft is not limited use property.

(xxi) The Participants and the Indenture Trustee shall have received an independent insurance broker's report, and certificates of insurance, in form and substance reasonably satisfactory to the Participants, as to the due compliance with the terms of Section 11 of the Lease relating to insurance with respect to the Aircraft.

(xxii) On the Delivery Date it shall be true that no Event of Loss (or event which with the passage of time would become an Event of Loss) with respect to the Airframe or any Engine has occurred.

(xxiii) No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Delivery Date to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(xxiv) The respective representations and warranties of the Indenture Trustee and the Pass Through Trustees contained in Section 8 hereof shall be true and accurate as of the Delivery Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which event such representations and warranties shall have been true and accurate on and as of such earlier date) and the Lessee and each Participant shall have received a certificate signed by the Chairman of the Board, the President, any Vice President or any Assistant Vice President of the Indenture Trustee and the Pass Through Trustees certifying as to the foregoing matters with respect to the Indenture Trustee and the Pass Through Trustees, as applicable.

(xxv) The Owner Participant shall have received from Dewey Ballantine, special counsel to the Owner Participant, a favorable opinion, in form and substance satisfactory to the Owner Participant, with respect to certain income tax aspects of the transactions contemplated by the Operative Documents.

(xxvi) In the opinion of the Owner Participant and its special counsel, no law (including tax laws), regulation or regulatory order or holding applicable to the Owner Participant or the Owner Participant's participation in the transactions contemplated hereby, shall have been enacted, issued or proposed prior to the Delivery Date that would have a material adverse impact on the Owner Participant.

(xxvii) The Pass Through Trustees shall have received a letter from BK Associates to the effect that the fair market value of the Aircraft on the Delivery Date is not less than 125% of the aggregate amount of the Loans.

(xxviii) The Lessee shall have executed and delivered to Owner Participant a letter relating to Lessee's average cost of capital together with appropriate supporting documentation.

Promptly upon the registration of the Aircraft and the recording of the Lease, the Trust Indenture, the Trust Agreement, the Lease Supplement and the Trust Supplement covering the Aircraft pursuant to the Federal Aviation Act, Lessee will cause Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, to deliver to the Owner Participant, the Indenture Trustee, the Pass Through Trustees, the Owner Trustee and Lessee an opinion as to the due and valid registration of the Aircraft in the name of the Owner Trustee, the due recording of the Owner Trustee's FAA Bill of Sale, the Trust Indenture, the Lease Supplement, the Trust Supplement, the Lease and the Trust Agreement and the lack of filing of any intervening documents with respect to the Aircraft.

(b) Conditions Precedent to the Obligations of Lessee. It is agreed

that the obligations of Lessee (A) to sell the Aircraft to the Owner Trustee, (B) to accept delivery of the Aircraft under the Lease and (C) to enter into its other Operative Documents, are all subject to the fulfillment to the satisfaction of Lessee prior to or on the Delivery Date of the following conditions precedent:

(i) The conditions specified in Section 4(a)(iii), 4(a)(iv), 4(a)(viii), 4(a)(xxii) and 4(a)(xxiii) hereof shall have been satisfied, unless such nonsatisfaction is the result of the actions of Lessee.

(ii) Those documents described in Section 4(a)(v) shall have been duly authorized, executed and delivered by the respective party or parties thereto (other than Lessee) in the manner specified in Section 4(a)(v), shall each be satisfactory in form and substance to Lessee, shall be in full force and effect on the Delivery Date, and an executed counterpart of each thereof (other than the Loan Certificates) shall have been delivered to Lessee or its counsel.

(iii) Lessee shall have received a copy of the general authorizing resolutions of the boards of directors (or executive committees) or other satisfactory evidence of authorization of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, certified as of the Delivery Date by the Secretary or an Assistant Secretary of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, respectively, which authorize the execution, delivery and performance by the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent of all the Operative Documents to which

it is a party, together with such other documents and evidence with respect to the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent as Lessee or its counsel may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement, the taking of all corporate proceedings in connection therewith and compliance with the conditions herein set forth.

(iv) The representations and warranties of the Participants, the Indenture Trustee and the Owner Trustee contained in Section 8 hereof and the Owner Participant Parent in the Owner Participant Parent Guaranty shall be true and accurate as of the Delivery Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which event such representations and warranties shall have been true and accurate on and as of such earlier date) and Lessee shall have received a certificate signed by the Chairman of the Board, the President, any Vice President or any Assistant Vice President or other authorized representative of the Indenture Trustee, the Owner Participant, the Pass Through Trustees and the Owner Trustee, respectively, certifying as to the foregoing matters with respect to the Indenture Trustee, the Owner Participant and the Owner Trustee, respectively.

(v) Lessee shall have received the opinions set forth in Sections 4(a)(xii), 4(a)(xiii), 4(a)(xiv), 4(a)(xv), and 4(a)(xvi), in each case addressed to Lessee and dated the Delivery Date.

(vi) No change shall have occurred after the date of the execution and delivery of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities which, in the opinion of Lessee, would make it a violation of law or regulations for Lessee to enter into any transaction contemplated by the Operative Documents.

(vii) No law (including tax laws), regulation or regulatory order or holding applicable to the Lessee or Lessee's participation in the transactions contemplated hereby, shall have been enacted, issued, or proposed prior to the Delivery Date that would have a material adverse impact on Lessee.

SECTION 5. Confidentiality of Purchase Agreement. Lessor, the

Participants, and the Indenture Trustee shall keep

the Purchase Agreement confidential and shall not disclose the same to any Person, except (A) to prospective and permitted transferees of Lessor's, a Pass Through Trustee's, the Owner Participant's or the Indenture Trustee's interest who agree to hold such information confidential, (B) to the aforementioned prospective and permitted transferees', Lessor's, Pass Through Trustees', the Owner Participant's or the Indenture Trustee's counsel or special counsel, independent insurance brokers or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, including Federal or state banking examiners or tax auditors or (D) as may be necessary or desirable for purposes of protecting the interest of any such Person or for enforcement of the Lease by Owner Trustee, the Participants or the Indenture Trustee; provided, however, that any and all disclosures of all or any part of the Purchase Agreement which are permitted by (C) or (D) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons to whom such disclosures are hereby permitted.

SECTION 6. Extent of Interest of Certificate Holders. No Certificate

Holder shall have any further interest in, or other right with respect to, the mortgage and security interests created by the Trust Indenture when and if the Original Amount of, Premium, if any, and interest on all Loan Certificates held by such Certificate Holder and all other sums payable to such Certificate Holder hereunder, under the Trust Indenture and under such Loan Certificates shall have been paid in full. Each Certificate Holder by its acceptance of a Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to such Certificate Holder as provided in Section 2.09 of the Trust Indenture and that neither the Owner Participant nor the Owner Trustee shall be personally liable to any Certificate Holder for any amounts payable under the Loan Certificates, the Trust Indenture, hereunder, or under any other Operative Documents (including, without limitation, amounts payable as Premium), except as expressly provided in this Agreement or (in the case of the Owner Trustee) in the Trust Indenture.

SECTION 7. Lessee's Representations, Warranties and Indemnities. (a) In

General. Lessee represents and warrants that as of the Delivery Date:

(i) Lessee is a corporation duly organized and validly existing in good standing pursuant to the laws of the State of Delaware; is duly qualified to do business as a foreign corporation in each jurisdiction in which its

operations or the nature of its business requires, except where the failure to be so qualified would not have a material adverse effect on Lessee or its business; is a Citizen of the United States and a Certificated Air Carrier; holds all material licenses, certificates, permits and franchises from the appropriate agencies of the United States of America and/or all other governmental authorities having jurisdiction, necessary to authorize Lessee to engage in air transport and to carry on scheduled passenger service, in each case as presently conducted; has its chief executive office (as such term is defined in Article 9 of the Uniform Commercial Code) in Elk Grove Township, Illinois; and has the corporate power and authority to conduct its business as it is presently being conducted, to hold under lease the Aircraft and to enter into and perform its obligations under the Lessee Documents;

(ii) the execution, delivery and performance by Lessee of the Lessee Documents have been duly authorized by all necessary corporate action on the part of Lessee, do not require any stockholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee except such as have been duly obtained, and none of such Lessee Documents contravenes any law, judgment, governmental rule, regulation or order binding on Lessee or the certificate of incorporation or by-laws of Lessee or contravenes the provisions of, or constitutes a default under, or results in the creation of any Lien (other than Permitted Liens) upon the property of Lessee under, its certificate of incorporation or bylaws, or any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement or other agreement or instrument to which Lessee is a party or by which it or its properties may be bound or affected;

(iii) neither the execution and delivery by Lessee of the Lessee Documents nor the performance by Lessee of its obligations thereunder require the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any federal, state or foreign government authority or agency, except for (A) the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the operation of the Aircraft by Lessee, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained, and are in full force and effect, (B) the registration of the Aircraft referred to in Section 4(a)(ix)(2), (C) any normal periodic and other reporting requirements under the applicable rules and regulations of the FAA to the extent required to be given or obtained only

after the Delivery Date, (D) the recordings with the FAA described in the opinion referred to in Section 4(a)(xv) and (E) any normal periodic and other reporting requirements under the applicable rules and regulations of the FAA to the extent required to be given or obtained only after the Delivery Date, it being understood that the registration of the issuance and sale of the Pass Through Certificates to be issued pursuant to the provisions of the Pass Through Trust Agreements under the Securities Act of 1933, as amended, and under the securities laws of any state in which the Pass Through Certificates may be offered for sale if the laws of such state require such action has been duly accomplished and the qualification of each Pass Through Trust Agreement under the Trust Indenture Act of 1939, as amended, has been duly obtained;

(iv) each of the Lessee Documents has been duly executed and delivered by Lessee and constitutes legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with the terms thereof;

(v) there are no pending or threatened actions or proceedings before any court or administrative agency involving any Lessee Document or the transactions contemplated hereby or which individually (or in the aggregate in the case of any group of related lawsuits) is expected to have a material adverse effect on the financial condition of Lessee or the ability of Lessee to perform its obligations under the Lessee Documents;

(vi) except for (A) the registration of the Aircraft pursuant to the Federal Aviation Act, (B) the filing for recording pursuant to said Act of the Trust Agreement, the Lease with the Lease Supplement covering the Aircraft, the Trust Indenture and the Trust Supplement attached thereto and made a part thereof, and the Owner Trustee's FAA Bill of Sale, (C) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Illinois (which financing statement Lessee has caused to be presented in due form for filing with the appropriate filing office in the State of Illinois) and such other states as may be specified in the opinions furnished pursuant to Section 4(a)(xi) hereof and (D) the taking of possession by the Indenture Trustee of the original counterparts of the Lease and the Lease Supplement covering the Aircraft, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial

Code of any applicable jurisdiction), is necessary or advisable in order to establish and perfect the Owner Trustee's title to and interest in the Aircraft as against the Lessee and the Indenture Trustee's security interest in the Aircraft as against the Owner Trustee, and in each case as against any third parties in any applicable jurisdictions in the United States;

(vii) there has not occurred any event which constitutes a Default or an Event of Default under the Lease which is presently continuing and there has not occurred any event which constitutes or would, with the passage of time or the giving of notice, or both, constitute an Event of Loss;

(viii) the statements of financial position of Lessee as of December 31, 1994 and the related statements of earnings and cash flow of Lessee for the year then ended, copies of which have been furnished to the Participants, fairly present the financial condition of Lessee as at such date and the results of operations and cash flow of Lessee for the period ended on such date, in accordance with generally accepted accounting principles consistently applied (except as may be stated in the notes thereto), and since December 31, 1994, there has been no material adverse change in such condition or operations, except for such matters timely disclosed in press releases issued by UAL Corporation or Lessee or in public filings, effective as of the date hereof, with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, by UAL Corporation or Lessee;

(ix) the Owner Trustee will have received good and marketable title to the Aircraft free and clear of all Liens, except the rights of Lessee under the Lease and the Lease Supplement covering the Aircraft, the Lien of the Trust Indenture, the beneficial interest of the Owner Participant in the Aircraft, and the Liens permitted by clause (iii) (solely for Taxes not yet due) of Section 6 of the Lease;

(x) none of the proceeds from the issuance of the Loan Certificates or from the acquisition by the Owner Participant of its beneficial interest in the Trust Estate will be used directly or indirectly by Lessee to purchase or carry any "margin stock" as such term is defined in Regulation G or U of the Board of Governors of the Federal Reserve System;

(xi) neither Lessee nor anyone acting on behalf of Lessee has (A) directly or indirectly offered any interest in the Trust Estate for sale to, or solicited any offer to acquire any of the same from, anyone other than the Owner Participant, and not more than _____ (___) other institutions believed capable of evaluating and bearing the risks of investment in the transactions contemplated hereby, or (B) offered any interest in the Trust Estate or any Pass Through Certificate or any Loan Certificate in a manner which would violate the Securities Act of 1933, as amended, the regulations thereunder, administrative and judicial interpretation thereof or the securities laws, rules or regulations of any state;

(xii) Lessee is not in default in the performance of any term or condition of the Owner Trustee's Purchase Agreement, and is not in default in the performance of any term or condition of the Purchase Agreement which materially adversely impairs the transactions contemplated hereby;

(xiii) no governmental approval of any kind is required of the Owner Participant, any Pass Through Trustee, the Owner Trustee or the Indenture Trustee for their respective execution of or performance under this Agreement, the Pass Through Trust Agreements or any agreement contemplated hereby solely by reason of any fact or circumstance peculiar to: (a) Lessee, (b) the nature of the Aircraft, or (c) Lessee's proposed operations or use of the Aircraft;

(xiv) all sales or use tax then due and for which Lessee is responsible pursuant to Section 7(b)(i) hereof shall have been paid, other than such taxes which are being contested by Lessee in good faith and by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft or any interest therein;

(xv) The Aircraft has been duly certified by the FAA as to type and airworthiness and such certification remains in full force and effect;

(xvi) Owner Trustee, as lessor under the Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under the Lease pursuant to the Trust Indenture, are entitled to the protection of Section 1110 of the Bankruptcy Code in connection with the Owner Trustee's and the Indenture Trustee's right to take possession of the Airframe and Engines in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor; and

(xvii) neither Lessee nor any subsidiary of Lessee is an "investment company" or a company "controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended.

(b) General Tax Indemnity. (i) Indemnity. Except as provided in

Section 7(b)(ii) hereof, whether or not any of the transactions contemplated herein are consummated, Lessee shall pay when due and assume liability for, and protect, save and shall indemnify and hold harmless each Indemnatee (except that, for purposes of this Section 7(b)(i), an Indemnatee shall not include any Certificate Holder) from and against (x) any and all Taxes howsoever imposed against any Indemnatee, Lessee or all or any part of the Aircraft, the Airframe, the Engines, the Parts or any part thereof or otherwise by any federal, state or local government or other taxing authority in the United States or by any foreign government or any political subdivision or taxing authority thereof or by any territory or possession of the United States or by any international authority upon or in connection with, relating to, or measured by (A) the assembly, manufacture, construction, substitution, improvement, location, conditioning, installation, financing, refinancing, purchase, acquisition, acceptance, delivery, nondelivery, transport, ownership, registration, reregistration, possession, repossession, control, operation, use, maintenance, repair, replacement, insuring, sale, return, abandonment, storage, redelivery, leasing, subleasing, modification, rebuilding of, transfer of title to, transfer of registration of, rejection, importation, mortgaging, exportation or disposition of, or the imposition of any Lien (or the incurrence of any liability to refund or pay over any amount as the result of any Lien) on, the Aircraft, the Airframe, the Engines, the Parts or any part thereof, (B) the rentals, receipts or earnings from the Aircraft, the Airframe, the Engines, the Parts or any part thereof, (C) any amount paid or payable pursuant to any Operative Documents or any Pass Through Trust Agreement or any document related thereto or the property or the income or other proceeds with respect to any of the property held in the Trust Estate or the Trust Indenture Estate or the property held by each Pass Through Trustee under the respective Pass Through Trust Agreement, (D) the Aircraft, the Airframe, the Engines, the Parts or any part thereof or any contract relating to the manufacture, construction, acquisition or delivery thereof, (E) any or all of the Operative Documents, the Pass Through Trust Agreements, or the issuance of the Loan Certificates or the Pass Through Certificates (or the refinancing thereof) and any other documents contemplated hereby or thereby and amendments and supplements hereto and thereto which have been approved by Lessee or the execution, delivery, recording or performance of any thereof or the issuance, acquisition, holding or subsequent transfer thereof, (F) the payment of the Original

Amount of, or interest or Premium on, or other amounts payable with respect to, the Loan Certificates or the payment of principal of, interest on or any other amounts payable with respect to the Pass Through Certificates, (G) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents, or (H) any change in the Owner Trustee or the situs of the Trust Estate made pursuant to Sections 8(c) or 14 hereof; and (y) any reasonable out-of-pocket costs and expenses fairly attributed to any of the foregoing incurred by any Indemnitee.

(ii) Exclusions from General Tax Indemnity. The provisions of

Section 7(b)(i) shall not apply:

(1) in the case of an Indemnitee which is the Owner Participant, the Owner Trustee, the Trust Estate, or a successor, assign, or Affiliate of any thereof, to any Income Tax (as defined in Section 7(b)(xii) hereof) imposed by (A) the United States Federal government, (B) any state or local taxing jurisdiction or authority in the United States to the extent such Income Taxes would not have been imposed if (I) the use, location or operation of the Aircraft, or (II) the activities of the Lessee, to or in such state or local jurisdiction, had been the only connection between the Indemnitee and such jurisdiction, or (C) any foreign government or any political subdivision or taxing authority thereof or by any territory or possession of the United States or by any international authority, except to the extent such Income Taxes are attributable to (I) the use, location or operation of the Aircraft, or (II) the activities of the Lessee, to or in such jurisdiction;

(2) to any Tax imposed on an Indemnitee which is the Owner Participant, the Owner Trustee, or the Trust Estate, or any successor, assign or Affiliate of any thereof, as a result of a voluntary transfer or disposition by such Indemnitee including, without limitation, the revocation of the trust created by the Trust Agreement or an involuntary transfer or disposition relating to bankruptcy or similar proceedings of all or any portion of its respective equitable or legal ownership interest in the Aircraft, the Airframe, the Engines, the Parts or any part thereof, the Trust Estate or the Operative Documents and each Pass Through Trust Agreement, unless such transfer or disposition, whether or not voluntary or involuntary, shall occur, (A) during a period when an Event of Default has occurred and is continuing under

the Lease at the time of transfer or disposition and such transfer is as a result of such Event of Default, or (B) in connection with the termination of the Lease or action or direction of the Lessee pursuant to Sections 7, 8, 9, 10 or 19 thereof;

(3) to any Tax imposed on any Indemnitee which is the Indenture Trustee, the Trust Indenture Estate or a Pass Through Trustee or any successor, assign or Affiliate of any thereof, as a result of a voluntary or involuntary transfer or other disposition of all or any portion of its respective equitable or legal interests in the Trust Estate or the Trust Indenture Estate or the Operative Documents and each Pass Through Trust Agreement unless, in each case, such transfer or disposition shall occur (A) during a period when an Event of Default has occurred and is continuing under the Lease at the time of transfer or disposition and such transfer or disposition is a result of such Event of Default, or (B) in connection with the termination of the Lease or action or direction of the Lessee pursuant to Sections 9, 10 or 19 thereof;

(4) to any Tax imposed on the Owner Participant, Trust Estate or Owner Trustee which results from the willful misconduct or gross negligence of (i) the Owner Participant, to the extent imposed on the Owner Participant, Trust Estate or Owner Trustee, or (ii) to the extent imposed on the Owner Trustee, the Owner Trustee;

(5) to any Tax imposed on an Indemnitee which is the Indenture Trustee, the Trust Indenture Estate or a Pass Through Trustee which results from the willful misconduct or gross negligence of such Indemnitee;

(6) to any Tax based on or measured by any fees received by the Owner Trustee, the Indenture Trustee or a Pass Through Trustee in connection with any transaction contemplated by the Operative Documents;

(7) so long as no Event of Default or event which, with the passage of time or the giving of notice or both, would become an Event of Default, shall be continuing, to any Tax imposed with respect to (A) any period after the expiration of the Term and, unless purchased by the Lessee, return of the Aircraft, (B) the earlier discharge in full of Lessee's obligation to

pay the Stipulated Loss Value or the Termination Value and all other amounts due under the Lease or (C) placement in storage or parking of the Aircraft pursuant to Section 5(d) of the Lease; provided, however, that this Section 7(b)(ii)(8) shall not apply to any Tax (x) relating to events or conditions occurring or matters arising upon or prior to such expiration, discharge, storage or parking, or (y) imposed on or with respect to any payments of Tax indemnified hereunder which are due after such expiration, discharge, storage or parking until after such payments have been made;

(8) in the case of an Indemnitee which is the Trust Indenture Estate or any successor, assign or Affiliate thereof, to any Tax in the nature of an intangible or similar tax upon or with respect to the value of the interest of the Trust Indenture Estate or the Pass Through Certificates, as the case may be, in any of the Loan Certificates imposed by any government or taxing authority;

(9) to any Tax which Lessee or an Indemnitee is contesting in good faith under the provisions of Section 7(b)(iv) hereof until the conclusion of such contest;

(10) to any Tax imposed on the Owner Trustee or an Owner Participant resulting from, or which would not have occurred but for, a Lessor Lien (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens);

(11) in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, to any Taxes to the extent of the amount of such Taxes that are imposed by any jurisdiction on and with respect to any activities of such Indemnitee in such jurisdiction which activities are unrelated to the transactions contemplated by the Operative Documents and each Pass Through Trust Agreement; and

(12) to any Tax which has been properly included in the Lessor's Cost.

The provisions of this Section 7(b)(ii) shall not apply to any Tax imposed in respect of the receipt or accrual of any indemnity payment made by Lessee pursuant to this Section 7(b) or Section 7(c) hereof or pursuant to the Tax Indemnity Agreement; provided, however, that this clause

shall not result in any duplication of any amounts of any gross-up payable under Section 7(b)(iii) or Section 7(c) hereof or the Tax Indemnity Agreement.

Notwithstanding the exclusions set forth in this Section 7(b) or any other provision of the Operative Documents or the Pass Through Trust Agreements, the Lessee hereby agrees to indemnify and hold harmless on a net after-tax basis the Trust Estate, the Owner Trustee and the Owner Participant for any failure to withhold U.S. Federal Income Taxes upon payments of principal, interest, Premium or discount on the Loan Certificates or the Pass Through Certificates, including interest and penalties, unless the Owner Participant has been timely advised by the Lessee in writing that such withholding is required.

(iii) Calculation of General Tax Indemnity Payments. Any payment

which Lessee shall be required to make to or for the account of any Indemnatee in connection with any Tax which is subject to indemnification under this Section 7(b) shall be in an amount which, after reduction by the amount of all Taxes required to be paid by such Indemnatee in respect of the receipt or accrual of such amount and after consideration of any current savings of such Indemnatee resulting by way of any deduction, credit or other tax benefit attributable to such indemnified Tax that actually reduces any taxes for which Lessee is not actually required to indemnify such Indemnatee pursuant to Section 7(b) hereof or the Tax Indemnity Agreement shall be equal to the payment otherwise required hereunder.

If, by reason of any Tax payment made to or for the account of an Indemnatee by Lessee pursuant to this Section 7(b), such Indemnatee subsequently realizes a tax deduction, savings or credit (including any foreign tax credit and any reduction in Taxes) not previously taken into account in computing such payment, such Indemnatee shall promptly pay to Lessee an amount equal to the sum of (I) the actual reduction in Taxes, if any, realized by such Indemnatee which is attributable to such deduction, savings or credit and (II) the actual reduction in Taxes realized by such Indemnatee as a result of any payment made by such Indemnatee pursuant to this sentence; provided, however, that in the case of an Indemnatee which is the Owner Participant or the Owner Trustee, such Indemnatee shall not be obligated to make any payment pursuant to this Section 7(b)(iii) to the extent that the amount calculated pursuant to (I) above would exceed (x) the amount of all prior payments (determined without regard to any amount paid in respect of Taxes required to be paid by such Indemnatee in

respect of the receipt or accrual of such amounts received by such Indemnitee) from Lessee pursuant to this Section 7(b), less (y) the portion of all prior payments computed pursuant to (I) above by such Indemnitee to Lessee hereunder.

For purposes of this Section 7(b)(iii), items of foreign Tax of any Indemnitee shall be deemed to be utilized by such Indemnitee as credits or deductions for any taxable year in accordance with the following priorities:

First, all available foreign Taxes other than those described below in Second; and

Second, all available foreign Taxes arising out of any equipment leasing transaction to the extent that such Indemnitee was indemnified or held harmless for such Taxes by a lessee on a pari passu basis.

Any Taxes that are imposed on any Indemnitee as a result of the disallowance or reduction of any tax benefit referred to in this subsection as to which such Indemnitee has made in full the payment to Lessee required hereby (or as to which such Indemnitee would have made its payment but for Section 7(b)(vii) hereof) or which is otherwise taken into account in calculating Lessee's indemnity obligation, in a taxable year subsequent to the utilization by such Indemnitee (including the expiration of any tax credit carryovers or carrybacks of such Indemnitee that would not otherwise have expired) shall be treated as a Tax for which Lessee is obligated to indemnify such Indemnitee pursuant to the provisions of this Section 7(b) without regard to the provisions of Section 7(b)(ii), 7(b)(iv) or the third paragraph of this Section 7(b)(iii).

(iv) General Tax Indemnity -- Contests. If a written claim shall

be made against any Indemnitee for any Tax for which Lessee is obligated pursuant to this Section 7(b), such Indemnitee shall notify Lessee in writing promptly after receipt thereof (as well as the name of independent tax counsel for purposes of this Section 7(b)(iv)) and, in any event, within 30 days of receipt of such notice and shall provide Lessee such information regarding such claim as Lessee may reasonably request, but the failure to give such notice or to provide such information when required shall not diminish Lessee's obligation hereunder unless such failure effectively precludes Lessee's ability to (A) require such Indemnitee to contest the Tax or (B) contest the Tax itself (in a case

where Lessee cannot require the Indemnitee to contest such Tax).

If a written claim shall be made for any Tax, other than an Income Tax, for which Lessee is obligated pursuant to this Section 7(b), and under applicable law of the taxing jurisdiction Lessee is allowed to directly contest such Tax and the Tax to be contested is not reflected in a report or return with other Taxes of any Indemnitee and if the Indemnitee determines in good faith that it will not suffer any adverse consequences as a result, then the Lessee shall be permitted, at its expense and in its own name, or, if consented to by the Indemnitee, in the name of such Indemnitee, to contest the imposition of such Tax; provided, however, that Lessee shall not be permitted or entitled to contest any Tax (A) if such contest will result in the risk of an imposition of criminal penalties or a material risk of a sale, forfeiture or loss of the Aircraft, the Airframe, the Engines, the Parts or any part thereof or the creation of any Lien other than Liens for Taxes of Lessee (x) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft, and (y) for the payment of which such reserves, if any, as required to be provided under generally accepted accounting principles have been provided and, to the extent permitted by law, Lessee shall be entitled to withhold payment during pendency of such contest, (B) if an Event of Default shall have occurred and be continuing, unless the Lessee shall have, at the option of the Owner Participant, either (i) provided security for its obligations hereunder reasonably satisfactory to the Owner Participant by placing in escrow sufficient funds to cover any such contested Tax or (ii) paid such Tax, (C) unless in Lessee's request to the Indemnitee to contest such Tax, Lessee shall have agreed to pay such Indemnitee on demand all costs and expenses that such Indemnitee actually incurs in connection with contesting such claim (including, without limitation, all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to tax) or (D) unless in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, prior to the commencement of a contest Lessee shall have delivered to such Indemnitee a written acknowledgement of Lessee's obligation to indemnify fully such Indemnitee to the extent that the contest is not successful; provided, however, that Lessee will not be bound by its acknowledgement of liability if and

to the extent that the contest results in a determination which clearly and unambiguously demonstrates that Lessee is not otherwise liable under this Section 7(b) with respect to such Tax.

If requested by Lessee in writing (A) within 30 days of Lessee's receipt of notice from an Indemnitee under the first paragraph of this Section 7(b)(iv) and (B) with respect to a Tax for which Lessee is obligated to indemnify pursuant to this Section 7(b) which is not described in the previous paragraph exclusive of the proviso thereto, such Indemnitee shall in good faith at Lessee's expense contest the imposition of any such Tax. After consulting with Lessee and Lessee's counsel concerning the forum in which the adjustment is most likely to be favorably resolved, such Indemnitee shall, in its sole discretion, select the forum for such contest and determine whether any such contest shall be by (A) resisting payment of such Tax, (B) paying such Tax under protest or (C) paying such Tax and seeking a refund or other repayment thereof. In no event shall such Indemnitee be requested or required to contest the imposition of any Tax for which Lessee is liable under this Section 7(b) unless (I) in Lessee's request to the Indemnitee to contest such Tax, Lessee shall have agreed to pay such Indemnitee on demand all reasonable costs and expenses that such Indemnitee actually incurs in connection with contesting such claim (including, without limitation, all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to tax), (II) such action to be taken will not result in the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft, or the creation of any Lien other than Liens for Taxes of Lessee (x) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft and (y) for the payment of which such reserves, if any, as are required to be provided under generally accepted accounting principles have been provided by Lessee, (III) if such contest shall be conducted in a manner requiring the payment of the claim, Lessee shall have paid the amount required directly to the appropriate authority or made an advance of the amount thereof to such Indemnitee on an interest-free basis and agreed to indemnify the Indemnitee against any additional net after-tax cost to such Indemnitee with respect to such advance or payment, (IV) with regard to an Income Tax on an Indemnitee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee,

independent tax counsel selected by such Indemnatee and reasonably satisfactory to the Lessee shall furnish an opinion, prepared at the Lessee's expense, to the effect that there is a reasonable basis to contest such claim and with respect to appeal, to the effect that it is more likely than not such appeal will be successful, (V) in the case of an Indemnatee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, prior to the commencement of a contest Lessee shall have delivered to such Indemnatee a written acknowledgment of Lessee's obligation to indemnify fully such Indemnatee to the extent that the contest is not successful; provided, however, that Lessee will not be bound by its acknowledgment of liability if and to the extent that the contest results in a determination which clearly and unambiguously demonstrates that Lessee is not otherwise liable under this Section 7(b) with respect to such Tax, (VI) if an Event of Default shall have occurred and be continuing, the Lessee shall have, at the option of the Owner Participant, either (i) provided security for its obligations hereunder reasonably satisfactory to the Owner Participant by placing in escrow sufficient funds to cover any such contested Tax or (ii) paid such Tax, and (VII) the amount of the indemnity computed under Section 7(b) arising from a claim for Tax exceeds \$10,000. In no event shall an Indemnatee be required to appeal or to seek leave to appeal an adverse determination with respect to Taxes contested by, or in the name of, the Indemnatee to the United States Supreme Court.

If any Indemnatee shall obtain a refund of all or any part of any Tax paid by Lessee such Indemnatee shall pay Lessee an amount equal to the sum of (I) the amount of such refund, including interest received attributable thereto, net of taxes required to be paid by such Indemnatee as a result of any refund and/or interest received and (II) any tax benefit realized by such Indemnatee as a result of any payment by such Indemnatee made pursuant to this sentence; provided, however, that in the case of any Indemnatee which is the Owner Participant or any successor, assign or Affiliate of the Owner Participant such amount attributable to (I) above shall not be in excess of the amount of such Tax payment (determined without regard to any amount paid in respect of Taxes required to be paid by such Indemnatee in respect of the receipt or accrual of such payment or advance made by Lessee to such Indemnatee) plus interest received, if any, from the relevant taxing authority with respect to such Tax payment (net of Taxes required to be paid by such Indemnatee in connection with the receipt of such interest), it being intended that such Indemnatee shall realize a net

benefit pursuant to this Section 7(b) only if Lessee shall first have been reimbursed for any payments by it to such Indemnitee pursuant to this Section 7(b) arising from the same Loss. If any Indemnitee shall have paid Lessee any refund of all or part of any Tax paid by Lessee and it is subsequently determined that such Indemnitee was not entitled to the refund, such determination shall be treated as the imposition of a Tax for which Lessee is obligated to indemnify such Indemnitee pursuant to the provisions of this Section 7(b) without regard to Section 7(b)(ii) or Section 7(b)(iv).

Nothing contained in this Section 7(b)(iv) shall require any Indemnitee to contest, or permit Lessee to contest, a claim with respect to the imposition of any Tax if such Indemnitee shall waive its right to indemnification under this Section 7 with respect to such claim or a claim with respect to which a previous contest pursuant to the provision of this Section 7(b)(iv) shall have been determined adversely to the taxpayer.

(v) General Tax Indemnity -- Reports. Lessee will provide such

information (including information on the routes and operations of the Aircraft) as may be reasonably requested by an Indemnitee or required to enable an Indemnitee to fulfill its tax filing or audit requirements with respect to the transactions contemplated by the Operative Documents. In the event any return, statement or report is required to be made or filed with respect to any Tax imposed on or indemnified against by Lessee under this Section 7(b) (other than with respect to Income Taxes), Lessee shall notify the Indemnitee of such requirement and (i) to the extent permitted by law, and not otherwise requested by the Indemnitee, or required by law, Lessee shall make and file in its own name (and pay the tax shown due on) such return, statement or report in such manner as will show the ownership of the Aircraft in the Owner Trustee and furnish the Indemnitee with a copy of such return, statement or report; provided, however, that Lessee shall have no obligation under this clause (i) to the extent such Indemnitee after receipt of Lessee's written request shall have failed to furnish Lessee with such information as is peculiarly within such Indemnitee's control and is necessary to file such returns, statements or reports, and (ii) in the case of a return, statement or report required (or requested by the Indemnitee) to be in the name of or filed by such Indemnitee, Lessee shall prepare and furnish such return, statement or report for filing by such Indemnitee in such manner as shall be reasonably satisfactory to such Indemnitee and send the same to such Indemnitee for filing

no later than 10 Business Days prior to the due date; provided, however, that Lessee shall have no obligation under this clause (ii) to the extent such Indemnatee after receipt of Lessee's written request shall have failed to furnish Lessee with such information as is peculiarly within such Indemnatee's control and is necessary to prepare such return, statement or report. Lessee shall hold each Indemnatee harmless from and against any liabilities, including, but not limited to penalties, additions to tax, fines and interest, arising out of any insufficiency or inaccuracy in any such return, statement, report or information if such insufficiency or inaccuracy is attributable to Lessee.

(vi) General Tax Indemnity -- Payment. Except as provided in

Section 7(b)(iv) or (v) hereof, Lessee shall pay any Tax directly to the appropriate taxing authority if legally permissible and upon demand of an Indemnatee shall pay such Tax and any other amounts due hereunder to such Indemnatee within 20 Business Days of such demand, but in no event shall any such payments be made more than 10 Business Days prior to the date the Tax to which any such payment hereunder relates is due (unless Lessee has not received such demand at least 15 Business Days prior to such date in which case within five Business Days after receipt of such demand), in immediately available funds. Any such demand for payment from an Indemnatee shall specify in reasonable detail, the payment and the facts upon which the right to payment is based. Each Indemnatee shall promptly forward to Lessee any notice, bill or advice received by it concerning any Tax indemnified against hereunder. As soon as practicable after each payment by Lessee of any Tax indemnified against hereunder, Lessee shall furnish the appropriate Indemnatee the original or a certified copy of a receipt for Lessee's payment of such Tax or such other evidence of payment of such Tax as is acceptable to such Indemnatee. Lessee shall also furnish promptly upon request such data as any Indemnatee may reasonably require to enable such Indemnatee to comply with the requirements of any taxing jurisdiction.

(vii) Application of Payments During Existence of Default or Event

of Default. Any amount payable to Lessee pursuant to the terms of this

Section 7(b) shall not be paid to or retained by Lessee if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing under the Lease. At such time as there shall not be continuing any Default or Event of Default, such amount shall be paid to the Lessee to the extent not previously applied against Lessee's obligations

hereunder as and when due after the Owner Trustee shall have declared the Lease in default pursuant to Section 15 thereof.

(viii) Reimbursements by Indemnitees Generally. If, for any

reason, Lessee is required to make any payment with respect to any Taxes imposed on any Indemnatee in respect of the transactions contemplated by the Operative Documents or on the Aircraft, the Airframe, the Engines, the Parts or any part thereof, which Taxes are not the responsibility of Lessee under this Section 7(b), then such Indemnatee shall pay to Lessee an amount which equals the amount paid by Lessee with respect to such Taxes plus interest thereon, computed from the date of payment by Lessee, at the Base Rate.

(ix) Forms, etc. Each Indemnatee agrees to furnish to Lessee from

time to time, at the Lessee's request and expense, such duly executed and properly completed forms as may be necessary or appropriate in order to claim any reduction of or exemption from any withholding tax imposed by any taxing authority in respect of any payments otherwise required to be made by Lessee pursuant to the Operative Documents and each Pass Through Trust Agreement, which reduction or exemption may be available to such Indemnatee. In addition, any Indemnatee shall, at Lessee's expense, execute and deliver any forms or documents which Lessee reasonably requests and which are reasonably related to any indemnified Taxes. Notwithstanding the foregoing, an Indemnatee shall not be required to (A) make available any Income Tax returns; or to (B) execute and deliver any forms or documents which would in the good faith determination of such Indemnatee disadvantage such Indemnatee in the context of its overall filing position or with regard to other Taxes not indemnified under this Agreement or the Tax Indemnity Agreement.

(x) Non-Parties. If an Indemnatee is not a party to this

Agreement, Lessee may require the Indemnatee to agree to the terms of this Section 7(b) prior to making any payment to such Indemnatee under this Section 7(b).

(xi) Owner Participant. For the purposes of this Section 7(b),

the term "Owner Participant" shall mean and include [_____] (and its permitted successors and assigns) and where appropriate the affiliated group of corporations (and each member thereof) making a consolidated or combined return of which [_____] (and its permitted successors and assigns) is a member.

(xii) Income Tax. For purposes of this Section 7, the term Income

Tax means any Tax based on or measured by or with respect to net income (including, without limitation, capital gains taxes, minimum taxes, income taxes collected by withholding, and taxes on tax preference items) or net receipts and taxes imposed on gross income or gross receipts which are expressly in lieu of a net income tax (provided, however, that sales, use, value added, rental, license, ad valorem or property Taxes shall not constitute an Income Tax) and Taxes which are capital, doing business, franchise, excess profits, net worth taxes and interest, additions to tax, penalties, or other charges in respect thereof.

(c) General Indemnity. Lessee hereby agrees to indemnify, on an

after-tax basis, each Indemnitee against, and agrees to protect, save and keep harmless each of them from (whether or not the transactions contemplated herein or in any of the other Operative Documents or the Pass Through Trust Agreements are consummated), any and all Expenses imposed on, incurred by or asserted against any Indemnitee, in any way relating to or arising out of (A) the Operative Documents and each Pass Through Trust Agreement (and any amendments thereto), the negotiation and the consummation of the transactions contemplated thereby or any sublease under the Lease Agreement or the enforcement of any of the terms of any thereof; or (B) the manufacture, design, purchase, resale, acceptance or rejection of the Airframe or any Engine or Parts; or (C) the Aircraft (or any portion thereof) or any Engine whether or not installed on the Airframe or any airframe on which an Engine is installed whether or not arising out of the finance, refinance, ownership, delivery, nondelivery, storage, lease, sublease, possession, use, non-use, operation, maintenance, modification, alteration, condition, sale, replacement, substitution, return or other disposition, registration, reregistration or airworthiness of the Aircraft (or any portion thereof) including, without limitation, latent or other defects, whether or not discoverable, strict tort liability and any damage to property or the environment, death or injury to any person and any claim for patent, trademark or copyright infringement; or (D) the offer, sale, holding, transfer or delivery of the Loan Certificates or the Pass Through Certificates, whether before, on or after the Delivery Date (the indemnity in this clause (D) to extend also to any person who controls an Indemnitee, its successors, assigns, employees, directors, officers, servants and agents within the meaning of Section 15 of the Securities Act of 1933, as amended); or (E) the offer, holding, transfer or sale of any interest in the Trust Estate or the Trust Agreement or any similar interest (a) on or prior to the Delivery Date, or (b) subsequent to the Delivery Date during the continuation of an Event of Default under the Lease or in connection with the exercise by the Lessee of its

purchase options under the Lease or in connection with a refinancing pursuant to Section 17 hereof or in connection with the termination of the Lease or action or direction of Lessee pursuant to Sections 7, 8, 9, 10, or 19 thereof; provided, that the foregoing indemnity shall not extend to any Expense to the extent resulting from or arising out of one or more of the following: (1) any representation or warranty by such Indemnitee in the Operative Documents or in any Pass Through Trust Agreement being incorrect, or (2) the failure by such Indemnitee to perform or observe any agreement, covenant or condition in any of the Operative Documents or in any Pass Through Trust Agreement including, without limitation, the creation or existence of a Lessor Lien (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), or (3) the willful misconduct or the gross negligence of such Indemnitee (other than gross negligence imputed to such Indemnitee solely by reason of its interest in the Aircraft), or (4) (A) in the case of such Indemnitee a disposition (voluntary or involuntary) of all or any part of its interest in the Airframe or any Engine, (B) in the case of a Certificate Holder a disposition (voluntary or involuntary) by such Certificate Holder of all or any part of its interest in any Loan Certificate or (C) in the case of any Indemnitee a disposition by such Indemnitee of all or any part of such Indemnitee's interest in the Operative Documents or the Pass Through Trust Agreements other than in each of (A), (B) and (C) during the continuance of an Event of Default under the Lease or pursuant to the exercise by the Lessee of its purchase options under the Lease or in connection with a refinancing pursuant to Section 17 hereof or in connection with the termination of the Lease or action or direction of Lessee pursuant to Sections 7, 8, 9, 10 or 19 thereof, or (5) other than to the extent provided in the succeeding paragraph, any Tax (as defined in Section 7(b) hereof) whether or not Lessee is required to indemnify for such Tax pursuant to Section 7(b) hereof (it being understood that Section 7(b) hereof and the Tax Indemnity Agreement and provisions requiring payments to be made on an after-tax basis or expressly providing for additional indemnification by Lessee exclusively provide for Lessee's liability with respect to Taxes), or (6) the offer or sale by the Owner Participant after the Delivery Date of any interest in the Trust Estate or the Trust Agreement or any similar interest, unless such offer or sale shall occur (A) during a period when an Event of Default has occurred and is continuing under the Lease at the time of such offer or sale or (B) in connection with the exercise by Lessee of its purchase options under the Lease or, (7) in the case of the Owner Participant, a failure on the part of the Owner Trustee to distribute in accordance with the Trust Agreement any amounts received and distributable by it thereunder or, in the case of a Certificate Holder, a failure on the part of the Indenture Trustee to distribute in accordance with the Trust

Indenture any amounts received and distributable by it thereunder to such Certificate Holder or a failure on the part of any Pass Through Trustee to distribute in accordance with the applicable Pass Through Trust Agreement any amounts received and distributable by such Pass Through Trustee under such Pass Through Trust Agreement, or (8) other than during the continuation of a Default or an Event of Default under the Lease the authorization or giving or withholding of any future amendments, supplements, waivers or consents with respect to any of the Operative Documents or any Pass Through Trust Agreement unless such amendments, supplements, waivers or consents (a) are requested by Lessee or (b) are required or permitted pursuant to the terms of the Operative Documents (unless the same results from the actions of an Indemnitee) (provided if Lessee is not responsible for the Expense associated with such amendment, supplement, waiver or consent, the party requesting the execution of the same shall be responsible for such expense), or (9) other than to the extent provided in the succeeding paragraph any loss of tax benefits or increase in tax liability under any tax law whether or not Lessee is required to indemnify therefor pursuant to this Agreement or the Tax Indemnity Agreement (it being understood that Section 7(b) hereof and the Tax Indemnity Agreement and provisions requiring payments to be made on an after-tax basis or expressly providing for additional indemnification by Lessee exclusively provide for Lessee's liability with respect to Taxes), or (10) except to the extent fairly attributable to acts or events occurring on or prior thereto, acts or events which occur after the earlier of: (I) the return of possession of the Airframe or any Engine or any Part to the Owner Trustee or its designee pursuant to the terms of the Lease (other than pursuant to Section 15 thereof, in which case Lessee's liability under this Section 7(c) shall survive for so long as Owner Trustee shall be entitled to exercise remedies under such Section 15), (II) the termination of the Term in accordance with Sections 5, 9 or 19 of the Lease, (III) the last day of the Term if Owner Trustee shall have furnished the notice referred to in Section 10(d) of the Lease and Lessee shall have failed to return possession to Owner Trustee on such day or (IV) the payment by Lessee of all amounts required to be paid under the Lease following an Event of Loss (but excluding from the terms of this subsection (IV) an Event of Loss followed by the replacement of the Aircraft).

Notwithstanding clause 7(c)(5) or (9) above, Lessee further agrees that any payment or indemnity pursuant to this Section 7(c) in respect of any "Expenses" shall be in an amount which, after deduction of all Taxes required to be paid by such recipient with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in the United States, or under the laws of any taxing

authority or governmental subdivision of a foreign country, or any territory or possession of the United States or any international authority, shall be equal to the excess, if any, of (A) the amount of such Expense over (B) the current net reduction in Taxes actually required to be paid by such recipient resulting from the accrual or payment of such Expense.

Nothing in this Section 7(c) shall be construed as a guaranty by Lessee of payments due pursuant to the Loan Certificates or the Pass Through Certificates or of the residual value of the Aircraft.

If a claim is made against an Indemnitee involving one or more Expenses and such Indemnitee has notice thereof, such Indemnitee shall promptly after receiving such notice give notice of such claim to Lessee; provided that the failure to provide such notice shall not release Lessee from any of its obligations to indemnify hereunder or from any other obligation that the Lessee may have to such Indemnitee at law or in equity, and no payment by Lessee to an Indemnitee pursuant to this Section 7(c) shall be deemed to constitute a waiver or release of any right or remedy which the Lessee may have against such Indemnitee for any actual damages as a result of the failure by such Indemnitee to give Lessee such notice. So long as Lessee has acknowledged its obligation to indemnify pursuant to this Section 7(c), Lessee shall be entitled, at its sole cost and expense, acting through counsel reasonably acceptable to the respective Indemnitee, (A) in any judicial or administrative proceeding that involves solely a claim for one or more Expenses, to assume responsibility for and control thereof, (B) in any judicial or administrative proceeding involving a claim for one or more Expenses and other claims related or unrelated to the transactions contemplated by the Operative Documents, to assume responsibility for and control of such claim for Expenses to the extent that the same may be and is severed from such other claims (and such Indemnitee shall use reasonable efforts to obtain such severance), and (C) in any other case, to be consulted by such Indemnitee with respect to judicial proceedings subject to the control of such Indemnitee and to be allowed, at Lessee's sole expense, to participate therein. Notwithstanding any of the foregoing to the contrary, Lessee shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings if (i) any Default under Section 14(a), (b), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing, (ii) if such proceedings will involve a material risk of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on, the Aircraft, the Trust Indenture Estate or the Trust Estate or any part thereof unless Lessee shall have posted a bond or other security reasonably satisfactory to the relevant Indemnitees in respect to such risk

or (iii) if such proceedings could, in the good faith opinion of the Indemnatee entail any risk of criminal liability or any material risk of civil liability (unless, in the case of such civil liability, Lessee has agreed to indemnify against such civil liability in a manner reasonably acceptable to such Indemnatee). The Indemnatee may participate at its own expense and with its own counsel in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; provided, however, that if in the written opinion of

counsel to such Indemnatee (which opinion and counsel shall be reasonably acceptable to Lessee) an actual or potential material conflict of interest exists where it is advisable for such Indemnatee to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee.

The Indemnatee shall supply Lessee, at Lessee's expense, with such information reasonably requested by Lessee as is necessary or advisable for Lessee to control or participate in any proceeding to the extent permitted by this Section 7(c). Such Indemnatee shall not enter into a settlement or other compromise with respect to any Expense as to which Lessee has acknowledged its obligation to indemnify (and if Lessee has not so acknowledged only upon 5 Business Days' prior written notice to Lessee) without the prior written consent of Lessee (except during the continuance of any Default under Section 14(a), (b), (f) or (g) of the Lease or an Event of Default under the Lease when such consent shall not be required if such Indemnatee gives 30 days' prior written notice to Lessee describing the proposed settlement or compromise), which consent shall not be unreasonably withheld or delayed, unless such Indemnatee waives its right to be indemnified with respect to such Expense under this Section 7(c).

The Lessee shall supply the Indemnatee with such information reasonably requested by the Indemnatee as is necessary or advisable for the Indemnatee to control or participate in any proceeding to the extent permitted by this Section 7(c).

Upon payment of any Expense pursuant to this Section 7(c), Lessee, without any further action, shall be subrogated to any claims the Indemnatee may have relating thereto other than claims under Section 9.06 of the Trust Indenture or Section 5.03 or 7.01 of the Trust Agreement. The Indemnatee agrees to give such further assurances or agreements and to cooperate with Lessee to permit Lessee to pursue such claims, if any, to the extent reasonably requested by Lessee.

In the event that Lessee shall have paid an amount to an Indemnatee pursuant to this Section 7(c), and such Indemnatee

subsequently shall be reimbursed in respect of such indemnified amount from any other person, such Indemnitee shall, unless a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing, promptly pay Lessee but not before Lessee shall have made all payments then due to such Indemnitee pursuant to this Section 7(c) and any other payments then due under any of the Operative Documents, an amount equal to the sum of (I) the amount of such reimbursement, including interest received attributable thereto, net of taxes required to be paid by such Indemnitee as a result of any reimbursement including interest received attributable thereto and (II) any tax benefit actually realized by such Indemnitee as a result of any payment by such Indemnitee made pursuant to this sentence; provided, however, that in the case of any Indemnitee which is the Owner Participant or any successor, assign or Affiliate of the Owner Participant such amount attributable to (I) above shall not be in excess of the amount of such Expense payment net of any amount paid in respect of Taxes required to be paid by such Indemnitee in respect of the receipt or accrual of such payment or advance made by Lessee to such Indemnitee plus interest received, if any, from the relevant taxing authority with respect to any such Expense payment, it being intended that such Indemnitee shall realize a net benefit pursuant to this Section 7(c) only if Lessee shall first have been reimbursed for any payments by it to such Indemnitee pursuant to this Section 7(c).

Lessee agrees to pay the reasonable and continuing fees and expenses of the Indenture Trustee (including, but not limited to, the reasonable fees and expenses of its counsel and any agent appointed in accordance with Section 9.02(c) of the Trust Indenture) and each Pass Through Trustee (including, but not limited to, the reasonable fees and expenses of its counsel) and, as provided in Section 6.07 of the Trust Agreement, the Owner Trustee (including, but not limited to, the reasonable fees and expenses of its counsel), in each case without cost, on a net after-tax basis, to the Owner Participant, for acting as such, other than such fees and expenses which constitute Transaction Expenses.

Lessee's obligations under the indemnities provided for in this Agreement shall be those of a primary obligor, whether or not the Person indemnified shall also be indemnified with respect to the same matter under the terms of any other document or instrument, and the Person seeking indemnification from Lessee pursuant to any provision of this Agreement may proceed directly against Lessee without first seeking to enforce any other right of indemnification.

To the extent permitted by applicable law, interest at the Past Due Rate shall be paid, on demand, on any amount or indemnity not paid when due pursuant to this Section 7 until the same shall be paid. Such interest shall be paid in the same manner as the unpaid amount in respect of which such interest is due.

Any amount which is payable to Lessee by any Person pursuant to this Section 7 shall not be paid to Lessee if a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing or if any payment is due and owing by Lessee under the Lease or to such Person under any other Operative Document. Any such amount shall be held by such Person and, if such Default or an Event of Default under the Lease shall have occurred and be continuing, shall be applied against Lessee's obligations hereunder to such Person as and when due (and, to the extent that Lessee has no obligations hereunder to such Person, such amount shall be paid to Lessee). At such time as there shall not be continuing any such Default or an Event of Default or there shall not be due and owing any such payment, such amount shall be paid to Lessee to the extent not previously applied in accordance with the immediately preceding sentence.

(d) Withholding. If Lessee advises the Owner Trustee, the Indenture -----
Trustee and the relevant Certificate Holder in writing that interest on its Loan Certificates is subject to United States withholding tax, then the Owner Trustee shall instruct the Indenture Trustee to, and Indenture Trustee shall, withhold as provided in Section 9.11 of the Trust Indenture.

SECTION 8. Representations, Warranties and Covenants. (a) The Owner -----
Participant represents that it is acquiring its interest in the Trust Estate for investment purposes only and not with a present intent as to any resale or distribution thereof (subject nonetheless to any requirement of law that the disposition of its properties shall at all times be and remain within its control) and that neither it nor anyone acting on its behalf (other than for purposes of this paragraph, Lessee and the Underwriter) has directly or indirectly offered any interest in the Trust Estate or any Loan Certificates or Pass Through Certificates or any similar securities for sale to, or solicited any offer to acquire any of the same from, anyone in a manner which would result in a violation of the Securities Act of 1933, as amended or the securities laws, rules and regulations of any state.

(b) Each of the Owner Participant and State Street Bank and Trust Company, in its individual capacity, represents and warrants to the other parties to this Agreement that it is, and on the Delivery Date will be, a Citizen of the United States. The Owner Participant agrees, solely for the benefit of Lessee and the Certificate Holders, that if during such time as the Aircraft is registered in the United States (or if Lessee desires to register the Aircraft in the United States) (i) it shall not be a Citizen of the United States and (ii) the Aircraft shall be, or would therefore become, ineligible for registration in the name of the Owner Trustee under the Federal Aviation Act and regulations then applicable thereunder, then the Owner Participant shall (at its own expense and without any reimbursement or indemnification from Lessee) as soon as is reasonably practicable but in any event within 30 days after obtaining Actual Knowledge of such ineligibility and of such loss of citizenship (A) effect voting trust or other similar arrangements or take any other action as may be necessary to prevent any deregistration or to maintain the United States registration of the Aircraft, or (B) transfer its beneficial interest in the Trust Estate in accordance with Section 8(1) hereof. It is understood that: (1) the Owner Participant shall be liable to any of the other parties hereto for any damages suffered by any such other party as the result of the representation and warranty of the Owner Participant in the first sentence of this Section 8(b) proving to be untrue as of the Delivery Date; and (2) the Owner Participant shall be liable to Lessee, any Sublessee and any Certificate Holder for any damages which may be incurred by Lessee, any Sublessee or such Certificate Holder as a result of the Owner Participant's failure to immediately comply with its obligations pursuant to the second sentence of this Section 8(b) unless such failure is a result of such party's breach of its obligations to cooperate set forth in the following sentence (including any damages suffered by any such party (other than damages suffered by Lessee which Lessee could have mitigated by taking reasonable steps (Lessee having no obligation to restrict the use of the Aircraft to so mitigate)) at any time after the fifth Business Day following the Owner Participant's having obtained Actual Knowledge of such ineligibility or loss of citizenship). Each party hereto agrees, upon the request and at the sole expense of the Owner Participant, to reasonably cooperate with the Owner Participant in complying with its obligations under the provisions of the second sentence of this Section 8(b) and such request shall not be subject to the indemnity contained in Section 7(c) hereof. State Street Bank and Trust Company in its individual capacity, agrees that if at any time a responsible officer of State Street Bank and Trust Company, shall obtain Actual Knowledge that State Street Bank and Trust Company has ceased to be a Citizen of the United States, it will promptly resign as Owner Trustee (if and

so long as such citizenship is necessary under the Federal Aviation Act as in effect at such time or, if it is not necessary, if and so long as the Owner Trustee's citizenship would have any adverse effect on a Certificate Holder, Lessee or the Owner Participant), effective upon the appointment of a successor Owner Trustee in accordance with Section 9.01 of the Trust Agreement. If the Owner Participant or State Street Bank and Trust Company, in its individual capacity, does not comply with the requirements of this Section 8(b), the Owner Trustee, the Indenture Trustee, the Owner Participant and the Certificate Holders hereby agree that a Default or an Event of Default shall not have occurred and be continuing under the Lease due to noncompliance by Lessee with the registration requirements in the Lease.

(c) State Street Bank and Trust Company, in its individual capacity represents and warrants that both the principal place of business of the Owner Trustee and the place where the Owner Trustee's records concerning the Aircraft and all of its interest in, to and under the Operative Documents to which it is a party are or will be kept is Boston, Massachusetts (other than such as may be maintained or held by the Indenture Trustee pursuant to the Trust Indenture) and has its chief executive office (as such term is used in Article 9 of the Uniform Commercial Code) in the Commonwealth of Massachusetts. State Street Bank and Trust Company, in its individual capacity agrees that it will not change the location of such office to a location outside of Boston, Massachusetts, without prior written notice to Lessee, Indenture Trustee and the Owner Participant.

(d) [Intentionally omitted.]

(e) The Owner Participant agrees that, if, at any time after the Restricted Period and so long as no Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(vii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or Event of Default under the Lease shall have occurred or be continuing, Lessee has requested its consent to the registration of the Aircraft, in the name of the Owner Trustee (or, if appropriate, in the name of Lessee or a Sublessee as a "lessee" or a "sublessee"), at Lessee's expense, (i) upon 30 days' prior written notice in a country listed on Exhibit G to the Lease, with which the United States maintains diplomatic relations at the time of such request, provided that with respect to any country listed on Exhibit G to the Lease as a "Restricted Country" such country must at the time of such registration impose and enforce aircraft maintenance standards not materially less stringent than those of the FAA, or the central civil aviation authority of any of Canada, France, Germany, Japan or

the United Kingdom, or (ii) upon 30 days' prior written notice in any other country with which the United States maintains diplomatic relations at the time of such request and the Owner Participant has not determined, acting reasonably, that such other country would not provide substantially equivalent protection for the rights of owner participants, lessors or lenders in similar transactions as provided under United States laws, the Owner Participant will not, in the case of either (i) or (ii), unreasonably withhold its consent to such change of registration. In addition, such change of registration to a country listed on Exhibit G shall be permitted only if such change will not result in the imposition of, or increase the amount of, any Tax for which Lessee is not required to indemnify or is not then willing to enter into a binding agreement to indemnify, in a manner satisfactory in form and substance to the indemnified party, each party referred to in clause (E) of paragraph (i) below. The Owner Participant further agrees that the inability of Lessee to deliver to the Owner Participant and, so long as the Lien of the Trust Indenture has not been released, the Indenture Trustee, an opinion (reasonably satisfactory in form and substance to the Owner Participant) of counsel reasonably acceptable to the Owner Participant in such country listed on Exhibit G to the Lease to the effect that the courts of such country would give effect to the Owner Trustee's title to the Aircraft, to the registry of the Aircraft in the name of the Owner Trustee, and to the priority of the lien under the Trust Indenture substantially to the same extent as provided under United States law, shall constitute the sole reasonable grounds to withhold such consent in regard to a country listed in Exhibit G, and if said opinion is delivered, the Owner Participant will instruct the Owner Trustee, and the Indenture Trustee, subject only to compliance with the provisions of Section 7.02 of the Indenture, shall cooperate, to make such change of registration.

It is further agreed, however, that prior to any such change in the country of registry of the Aircraft to a country not listed on Exhibit G to the Lease, the Owner Participant, the Owner Trustee in its individual capacity and, so long as the Lien of the Trust Indenture has not been released, the Indenture Trustee shall have received:

(i) assurances reasonably satisfactory to the Owner Participant and the Owner Trustee in its individual capacity (A) to the effect that the insurance or self-insurance provisions of the Lease have been compiled with after giving effect to such change of registry, (B) of the payment by Lessee on an after-tax basis of any expenses of the Owner Participant, the Owner Trustee and the Indenture Trustee in connection with such change of registry, (C) to the effect that the original indemnities (and any additional

indemnities for which Lessee is then willing to enter into a binding agreement to indemnify) in favor of the Owner Participant, the Owner Trustee (in its individual capacity and as trustee under the Trust Agreement) and the Indenture Trustee, under this Agreement, the Trust Indenture and the Tax Indemnity Agreement, afford each such party substantially the same protection as provided prior to such change of registry, (D) as to the continuation of the Trust Indenture as a first priority lien on the Aircraft, (E) that such change will not result in the imposition of, or increase in the amount of, any Tax for which Lessee is not required to indemnify, or is not then willing to enter into a binding agreement to indemnify in a manner satisfactory in form and substance to the indemnified party, the Owner Participant, the Indenture Trustee, the Owner Trustee (in its individual capacity and as trustee under the Trust Agreement), or any successor, assign or Affiliate of any thereof, or the Trust Estate pursuant to Section 7(b) hereof; and (F) that such new country of registry imposes and enforces aircraft maintenance standards not materially less stringent than those of the FAA or the central civil aviation authority of Canada, France, Germany, Japan or the United Kingdom; and

(ii) a favorable opinion of counsel (reasonably satisfactory to the Owner Trustee, in its individual capacity, and to the Owner Participant) in the new jurisdiction of registry to the effect (A) that the terms (including, without limitation, the governing-law, service-of-process and jurisdictional-submission provisions thereof) of the Lease and the Trust Indenture are legal, valid, binding and enforceable in such jurisdiction, (B) that it is not necessary for the Owner Participant, the Owner Trustee or the Indenture Trustee to register or qualify to do business in such jurisdiction, (C) that there is no tort liability of the owner of an aircraft not in possession thereof under the laws of such jurisdiction other than tort liability which might have been imposed on such owner under the laws of the United States or any state thereof (it being understood that, in the event such latter opinion cannot be given in a form satisfactory to the Owner Participant, such opinion shall be waived if insurance reasonably satisfactory to Owner Participant and the Owner Trustee, in its individual capacity, is provided, at Lessee's expense, to cover such risk), (D) (unless Lessee shall have agreed to provide insurance covering the risk of requisition of use or title of the Aircraft by the government of such jurisdiction so long as the Aircraft is registered under the laws of such jurisdiction) that the laws of such jurisdiction require fair compensation by the government of such jurisdiction

payable in currency freely convertible into Dollars for the loss of use or title of the Aircraft in the event of the requisition by such government of such use or title, and (E) to such further effect with respect to such other matters as the Owner Trustee, in its individual capacity, or the Owner Participant may reasonably request.

Upon receipt by the Owner Participant and the Indenture Trustee of an opinion of counsel meeting the foregoing requirements, Exhibit F and Exhibit G to the Lease shall be amended to add such country.

If, at any time, the Owner Participant delivers an opinion (a "Delisting Opinion") from a law firm (such opinion and counsel to be reasonably satisfactory to Lessee) in a country then listed on Exhibit F or G to the Lease to the effect that a reputable law firm located in such jurisdiction would not as of the date of such opinion be able to deliver an opinion of counsel as to the matters listed in subsections (A) through (D) of subparagraph (ii) above (provided that in regard to (C) and (D), Lessee is not willing at the time of registration to provide the insurance required by such subsection (C) or (D)), then Exhibits F and G to the Lease shall be amended to delete such country. Lessee shall pay the reasonable costs of the Owner Participant in obtaining the Delisting Opinion provided such opinion is in fact obtained in connection with Lessee's request to change the registry of the Aircraft to, or to sublease the Aircraft in, a country listed on Exhibit F or G to the Lease.

Lessee shall pay all reasonable fees and expenses on an after-tax basis of the Owner Participant, the Owner Trustee and the Indenture Trustee in connection with any change of registry of the Aircraft.

(f) The Owner Participant represents and warrants as follows:

(i) the Owner Participant is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization, and has the corporate power and authority to carry on its business as now conducted, to own or hold under lease its properties and to enter into and perform its obligations under the Owner Participant Documents;

(ii) the Owner Participant Documents have been duly authorized by all necessary corporate action on the part of the Owner Participant, do not require any approval

not already obtained of stockholders of the Owner Participant or any approval or consent not already obtained of any trustee or holders of any indebtedness or obligations of the Owner Participant, and have been duly executed and delivered by the Owner Participant, and neither the execution and delivery thereof by the Owner Participant, nor the consummation of the transactions contemplated thereby by the Owner Participant, nor compliance by the Owner Participant with any of the terms and provisions thereof will contravene any United States federal or state law, judgment, governmental rule, regulation or order applicable to or binding on the Owner Participant (it being understood that no representation or warranty is made with respect to laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations relating to the citizenship requirements of the Owner Participant under applicable aviation law) or contravene or result in any breach of or constitute any default under, or result in the creation of any Lien (other than Liens provided for or otherwise permitted in the Operative Documents) upon the Trust Estate under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by-law or other agreement or instrument to which the Owner Participant is a party or by which it or its properties may be bound or affected (it being understood that no representation or warranty is made in this subsection (f)(ii) with respect to ERISA);

(iii) each of the Owner Participant Documents constitutes a legal, valid and binding obligation of the Owner Participant enforceable against the Owner Participant in accordance with the terms thereof, and the trust intended to be formed by the Trust Agreement has been duly and validly formed;

(iv) Neither the execution and delivery by the Owner Participant of this Agreement or any other Owner Participant Document, nor the consummation by it of any of the transactions contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of, any federal or other governmental authority or agency, except those contemplated by the Operative Documents (it being understood that no representation or warranty is made with respect to the laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations

relating to the citizenship requirements of the Owner Participant under applicable aviation law);

(v) there are no pending or, to the knowledge of the Owner Participant, threatened actions or proceedings against the Owner Participant before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of the Owner Participant to perform its obligations under any of, the Owner Participant Documents; and

(vi) on the Delivery Date, the Aircraft will be free of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to the Owner Participant.

(g) Each of State Street Bank and Trust Company in its individual capacity and the Owner Participant severally covenants and agrees (i) that it shall not cause or permit to exist any Lessor Lien attributable to it with respect to the Aircraft or any other portion of the Trust Estate, (ii) that it will promptly, at its own expense, take such action as may be necessary duly to discharge such Lessor Lien attributable to it and (iii) to make restitution to the Trust Estate for any actual diminution of the assets of the Trust Estate resulting from such Lessor Liens attributable to it. The Owner Participant agrees to make restitution to the Trust Estate for any actual diminution of the assets of the Trust Estate resulting from any Taxes or Expenses (as such terms are defined in Section 7 hereof) imposed on the Trust Estate against which Lessee is not required to indemnify the Trust Estate pursuant to Section 7 hereof, but excluding Taxes or Expenses referred to in Section 7(b)(ii)(5) and 7(b)(ii)(7) and excluding any diminution of the Trust Estate attributable to or caused by State Street Bank and Trust Company in its individual capacity; provided that if the Owner Participant shall make restitution to the Trust Estate on account of any diminution of the Trust Estate attributable to or caused by State Street Bank and Trust Company in its individual capacity, then State Street Bank and Trust Company, in its individual capacity, shall reimburse the Owner Participant for such amount together with interest thereon at the Past Due Rate.

(h) First Security Bank of Utah, National Association, in its individual capacity, covenants and agrees that it shall not cause or permit to exist any Lien, arising as a result of (i) claims against the Indenture Trustee not related to its interest in the Aircraft or the administration of the Trust Estate

pursuant to the Trust Indenture, (ii) acts of the Indenture Trustee not permitted by, or failure of the Indenture Trustee to take any action required by, the Operative Documents to the extent such acts arise or such failure arises from or constitutes gross negligence or willful misconduct, (iii) claims against the Indenture Trustee relating to Taxes or Expenses which are excluded from the indemnification provided by Section 7 pursuant to said Section 7, or (iv) claims against the Indenture Trustee arising out of the transfer by the Indenture Trustee of all or any portion of its interest in the Aircraft, the Trust Estate, the Trust Indenture Estate or the Operative Documents other than (A) a transfer of the Aircraft pursuant to Section 9, 10 or 19 of the Lease or Article 5 or 8 of the Trust Indenture, (B) any borrowing pursuant to Section 17 hereof or (C) a transfer of the Aircraft pursuant to Section 15 of the Lease while an Event of Default is continuing and prior to the time that the Indenture Trustee has received all amounts due pursuant to the Trust Indenture.

(i) [Intentionally omitted.]

(j) The Indenture Trustee, and by the acceptance of a Loan Certificate each Certificate Holder (and each Pass Through Trustee, so long as the relevant Pass Through Trust Agreement is in effect), each hereby waives to the fullest extent permitted by law the benefit of the provisions of Section 1111(b) of Title 11 of the United States Code with respect to recourse against the Owner Trustee (in its individual capacity) and the Owner Participant on account of any amount payable as principal of, Premium, if any, and interest on the Loan Certificates. If (i) all or any part of the Trust Estate becomes the property of, or the Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code or any successor provision, (ii) pursuant to such reorganization provisions the Owner Trustee (in its individual capacity) or the Owner Participant is required, by reason of the Owner Trustee (in its individual capacity) or the Owner Participant being held to have recourse liability to a Certificate Holder, a Pass Through Trustee or the Indenture Trustee, directly or indirectly (other than the recourse liability of the Owner Participant under this Participation Agreement), to make payment on account of any amount payable as principal, Premium, if any, or interest on the Loan Certificates and (iii) such Certificate Holder, such Pass Through Trustee or the Indenture Trustee actually receives any Excess Payment (as hereinafter defined) which reflects any payment by the Owner Trustee (in its individual capacity) or the Owner Participant on account of clause (ii) above, then such Certificate Holder, such Pass Through Trustee or the Indenture Trustee, as the case may be, shall promptly refund to the Owner Trustee or the Owner Participant (whichever shall have made such

payment) such Excess Payment. For purposes of this Section 8(j), "Excess Payment" means the amount by which such payment exceeds the amount which would have been received by such Certificate Holder, such Pass Through Trustee or the Indenture Trustee if the Owner Trustee (in its individual capacity) or the Owner Participant had not become subject to the recourse liability referred to in clause (ii) above. Nothing contained in this Section 8(j) shall prevent any Certificate Holder, any Pass Through Trustee or the Indenture Trustee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of the Owner Trustee (in its individual capacity) or the Owner Participant under this Participation Agreement or the Trust Indenture (and any exhibits or annexes thereto).

(k) First Security Bank of Utah, National Association, in its individual capacity ("FSBU") and as Indenture Trustee and Pass Through Trustee as provided below, represents as follows:

(i) it is a Citizen of the United States, that it will notify promptly all parties to this Agreement if in its reasonable opinion its status as a Citizen of the United States is likely to change and that it will resign as Indenture Trustee as provided in Section 9.07 of the Trust Indenture if it should cease to be a Citizen of the United States;

(ii) it is a national banking association and has the full corporate power, authority and legal right under the laws of the United States of America to enter into and perform its obligations under the Trust Indenture, this Agreement, the Basic Agreement and each Pass Through Trust Agreement and, in its capacity as Indenture Trustee and Pass Through Trustee, respectively, to authenticate the Loan Certificates and the Pass Through Certificates;

(iii) the Indenture Trustee Documents, and the authentication of the Loan Certificates and the Pass Through Certificates have been duly authorized by all necessary corporate action on the part of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and neither the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery thereof in any such capacity nor the performance by it in any such capacity of any of the terms and provisions thereof will violate any federal or Utah law or regulation relating to the banking or trust powers of FSBU or contravene or result in any breach of, or constitute any default under its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which FSBU, the

Indenture Trustee or the Pass Through Trustee is a party or by which it or its properties may be bound or affected;

(iv) each of the Indenture Trustee Documents has been duly executed (or, in the case of the Loan Certificates and the Pass Through Certificates, authenticated) and delivered by FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and, assuming that each such agreement is the legal, valid and binding obligation of each other party thereto (other than FSBU, the Indenture Trustee and the relevant Pass Through Trustee), is the legal, valid and binding obligation of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, enforceable against it in accordance with its terms;

(v) neither the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery by FSBU, the Indenture Trustee or any Pass Through Trustee, as it is a party in any such capacity to any of the Indenture Trustee Documents, nor the consummation by it in any such capacity of any of the transactions contemplated hereby, by the Trust Indenture, by the Pass Through Trust Agreements, by the Loan Certificates or by the Pass Through Certificates requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action with respect to, any Utah state or federal governmental authority or agency regulating the banking, trust or fiduciary powers of FSBU;

(vi) there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision or taxing authority thereof in connection with the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery by it as a party in any such capacity to any Indenture Trustee Document or the performance by it as a party in any such capacity of any Indenture Trustee Document (other than franchise or other taxes based on or measured by any fees or compensation received by FSBU, the Indenture Trustee or any Pass Through Trustee, as the case may be, for services rendered in connection with the transactions contemplated thereby), and there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision thereof in connection with the acquisition, possession or ownership by any Pass Through Trustee of any of the Loan Certificates (other than franchise or other taxes based on or measured by any fees or

compensation received by a Pass Through Trustee for services rendered in connection with the transactions contemplated by the respective Pass Through Trust Agreement) and, assuming that the trust created by the respective Pass Through Trust Agreement will not be taxable as a corporation, but, rather, will be characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code, such trust will not be subject to any Taxes imposed by the State of Utah or any political subdivision thereof;

(vii) there are no pending or threatened actions or proceedings against any of FSBU, the Indenture Trustee, or the Pass Through Trustees before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of FSBU, the Indenture Trustee, or the Pass Through Trustees to perform its obligations as a party in any such capacity under any Indenture Trustee Document; and

(viii) except for the issuance and sale pursuant to the respective Pass Through Trust Agreement of the Pass Through Certificates contemplated hereby, neither FSBU nor any Pass Through Trustee has directly or indirectly offered any Loan Certificate for sale to any Person, or solicited any offer to acquire any Loan Certificate from any Person other than the Owner Trustee and the Owner Participant, and neither FSBU nor any Pass Through Trustee has authorized anyone to act on its behalf to offer directly or indirectly any Loan Certificate for sale to any Person, or to solicit any offer to acquire any Loan Certificate from any Person other than the Owner Trustee and the Owner Participant, and no Pass Through Trustee is in default under any respective Pass Through Trust Agreement.

(1) So long as the Aircraft shall be leased to Lessee under the Lease and so long as the Loan Certificates are outstanding, the Owner Participant will not sell, assign, convey or otherwise transfer any of its right, title or interest in and to this Agreement, the Trust Estate or the Trust Agreement to any person or entity, unless (i) the proposed transferee is a "Transferee" (as defined below) and (ii) the Owner Participant and the Transferee shall have delivered to the Owner Trustee, the Lessee and the Indenture Trustee opinions substantially in the form of Exhibits A-1 and A-2, respectively, hereto (or otherwise in form and substance reasonably satisfactory to Lessee and the Indenture Trustee) of counsel reasonably satisfactory to the Indenture Trustee and Lessee. A "Transferee" shall mean either (A) a bank or other financial institution with a combined

capital, surplus and undivided profits of at least \$75,000,000 or a corporation whose net worth is at least \$75,000,000, (B) any subsidiary of such a bank, financial institution or corporation, provided that such bank, financial institution or corporation furnishes to the Owner Trustee, the Indenture Trustee and Lessee a guaranty substantially in the form of Exhibit C hereto with respect to the Owner Participant's obligations, in the case of the Owner Trustee, under the Trust Agreement and, in the case of the Indenture Trustee and Lessee, the Owner Participant's obligations hereunder, or (C) any other entity, provided such obligations are guaranteed by the transferor Owner Participant; provided, however, that unless otherwise consented to by Lessee no Transferee shall be an airline, a commercial air carrier, an air freight forwarder, an entity engaged in the business of parcel transport by air or other similar person or a corporation or other entity controlling, controlled by or under common control with such an airline, a commercial air carrier, an air freight forwarder, an entity engaged in the business of parcel transport by air or other similar person. Each such transfer to a Transferee shall be subject to the conditions that (M) upon giving effect to such transfer, the Transferee is a Citizen of the United States or the Transferee, at its sole cost and expense on an after-tax basis (including any continuing costs of the voting trust), shall have entered into a voting trust or similar arrangement which permits the registration of the Aircraft under the Federal Aviation Act in the name of the Owner Trustee, (N) the Transferee has the full power and authority to enter into and carry out the transactions contemplated hereby, (O) the Transferee enters into an agreement substantially in the form of Exhibit B hereto (or otherwise in form and substance reasonably satisfactory to Lessee and the Indenture Trustee), (P) such transfer does not violate any applicable law including, without limitation, the Federal Aviation Act, or any rules or regulations promulgated thereunder, the Securities Act of 1933 or the Trust Indenture Act of 1939 (but not including ERISA), (Q) the transferor Owner Participant assumes the risk of any loss of Interest Deductions, MACRS Deductions, FSC Benefits or any Inclusion Event (each as defined in the Tax Indemnity Agreement) resulting from such transfer, (R) after giving effect to such transfer, there shall be no more than three Owner Participants of record at that time, (S) such transfer will not give rise to a Default or Event of Default under the Trust Indenture and (T) if such transfer will result in there being more than one Owner Participant, it shall be a condition precedent to such transfer that all such Owner Participants shall have agreed in a manner reasonably satisfactory to Lessee that if the provisions of the Operative Documents require or contemplate the waiver, consent or direction of Owner Participant, such provisions shall be deemed satisfied by the waiver, direction or consent of Owner Participants holding a majority of the beneficial interests in

the Trust Estate. Upon any such transfer by the Owner Participant as above provided, (i) the Transferee shall be deemed the Owner Participant for all purposes hereof and of the other Operative Documents and each reference herein to the transferor Owner Participant shall thereafter be deemed for all purposes to be to the Transferee and the transferor Owner Participant shall be relieved of all obligations of the transferring Owner Participant under the Owner Participant Documents arising after the date of such transfer except to the extent fairly attributable to acts or events occurring prior thereto and not assumed by the transferee Owner Participant (in each case, to the extent of the participation so transferred) and (ii) Lessee shall acknowledge its consent to such transfer to the Transferee, shall represent to the Transferee that no Event of Default or Event of Loss, or circumstance which with the passage of time or the giving of notice or both would constitute an Event of Default or Event of Loss, then exists and Lessee shall promptly obtain new insurance certificates (consistent with the provisions of Section 11 of the Lease) that reflect the interests of the Transferee in the Aircraft. If the Owner Participant intends to transfer any of its interests hereunder, it shall give prior written notice thereof as soon as practicable, but in no event less than 10 days prior thereto, to the Indenture Trustee, the Owner Trustee and Lessee, specifying the name and address of the proposed Transferee. The Owner Participant shall pay all of the reasonable costs of the other parties hereto, on a net after-tax basis, of any such transfer. For purposes of this paragraph, "net worth" shall mean the excess of total tangible assets over total liabilities, each to be determined in accordance with generally accepted accounting principles consistently applied. Notwithstanding anything contained in this Section 8(l) to the contrary, each of Lessee, the Owner Trustee, the Indenture Trustee, the Pass Through Trustees and, by its acceptance of a Loan Certificate, each Certificate Holder agrees that the Owner Participant may pledge its beneficial interest in the Trust Estate created pursuant to the Trust Agreement to First Security Bank of Utah, National Association, as indenture trustee (the "777B Indenture Trustee") pursuant to that certain Trust Indenture and Mortgage (1995 777 B) dated as of May 1, 1995, pursuant to a certain letter agreement to be entered into between [_____] and the 777B Indenture Trustee.

(m) Notwithstanding the provisions of Section 8(r) hereof, unless waived by each Certificate Holder, Lessee shall not be entitled to terminate the Lease or assume the Loan Certificates on a Purchase Option Date if on such Purchase Option Date an Event of Default under the Lease shall have occurred and be continuing.

(n) State Street Bank and Trust Company and First Security Bank of Utah, National Association, each in its individual capacity, agrees for the benefit of Lessee to comply with the terms of the Trust Indenture which it is required to comply with in its individual capacity.

(o) The Owner Participant represents and warrants that no part of the funds used by it to acquire its interest in the Trust Estate constitutes assets of any "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of any "plan" within the meaning of Section 4975(e)(1) of the Code (such employee benefit plans and plans hereinafter referred to as "ERISA Plans").

(p) State Street Bank and Trust Company (A) in its individual capacity ("SSBTC") represents and warrants that:

(i) the Trust Agreement and, assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the other Owner Trustee Documents has been duly executed and delivered by one of its officers who is duly authorized to execute and deliver such instruments on behalf of the Owner Trustee;

(ii) the Trust Estate is free and clear of Lessor Liens attributable to SSBTC, and there are no Liens affecting the title of the Owner Trustee to the Aircraft or resulting from any act or claim against SSBTC arising out of any event or condition not related to the ownership, leasing, use or operation of the Aircraft or to any other transaction contemplated by this Agreement or any of the other Operative Documents, including any Lien resulting from the nonpayment by SSBTC of any Taxes imposed or measured by its net income;

(iii) there has not occurred any event which constitutes (or to the best of its knowledge would, with the passage of time or the giving of notice or both, constitute) an Event of Default as defined in the Trust Indenture which has been caused by or relates to SSBTC and which is presently continuing;

(iv) it is a Massachusetts trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and (assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant) has the corporate power and authority to enter into and perform its obligations under the Trust Agreement, and (assuming due authorization,

execution and delivery of the Trust Agreement by the Owner Participant) has full right, power and authority to enter into and perform its obligations as Owner Trustee pursuant to the Trust Agreement under each of the other Owner Trustee Documents;

(v) each of the Owner Trustee Documents has been duly authorized by all necessary corporate action on its part, and neither the execution and delivery thereof nor its performance of any of the terms and provisions thereof will violate any federal or Massachusetts Commonwealth law or regulation relating to its banking or trust powers or contravene or result in any breach of, or constitute any default under, its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it or its properties may be bound or affected;

(vi) assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the Owner Trustee Documents has been duly executed and delivered by it, and each of the Trust Agreement and the Participation Agreement (to the extent executed by the Owner Trustee in its individual capacity) is a legal, valid and binding obligation of SSBTC and as Owner Trustee, as the case may be, enforceable against such party in accordance with the terms thereof;

(vii) on the Delivery Date, the Owner Trustee shall have received whatever title to the Aircraft as was conveyed to it by the Lessee;

(viii) it has not offered any interest in the Trust Estate or any Loan Certificates or Pass Through Certificates or any similar securities for sale to, or solicited any offer to acquire the same from, anyone other than the Indenture Trustee, the Pass Through Trustees and the Owner Participant, and no responsible officer or responsible employee of SSBTC has knowledge of any such offer or solicitation, except as set forth in Section 7(a)(xi) hereof;

(ix) assuming due authorization, execution and delivery of each of the Owner Trustee Documents by each of the parties thereto (other than the Owner Trustee), each of the Owner Trustee Documents is a legal, valid and binding obligation of the Owner Trustee, enforceable against the Owner Trustee in accordance with its respective terms;

(x) neither the due execution and delivery of the Owner Trustee Documents by SSBTC, in its individual capacity or as Owner Trustee under the Trust Agreement, as the case may be, nor the consummation by it of any of the transactions contemplated thereby require the consent or approval of, the giving of notice to, or the registration with, any federal or Massachusetts Commonwealth governmental authority or agency pursuant to any federal or Massachusetts Commonwealth law governing the banking or trust powers of SSBTC; and

(B) SSBT solely in its capacity as Owner Trustee further represents and warrants that:

(i) SSBT is a trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(ii) assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the Trust Agreement, this Agreement, the Trust Indenture, the Lease and the Loan Certificates has been, or on the Delivery Date will have been, duly executed and delivered by it, and each of this Agreement, the Trust Agreement, the Lease and the Trust Indenture, on the Delivery Date, will constitute a legal, valid and binding obligation of the Owner Trustee, enforceable against it in accordance with the terms thereof;

(iii) the Owner Trustee has never directly or indirectly offered any Loan Certificate or any interest in or to the Trust Estate, the Trust Agreement or any similar interest for sale to, or solicited any offer to acquire any of the same from, any Person other than the Indenture Trustee, each of the Pass Through Trustees and the Owner Participant; and it has not authorized any Person to act on its behalf (other than for purposes of this paragraph, the Lessee and the Underwriters) to offer directly or indirectly any Loan Certificate or any interest in and to the Trust Estate, the Trust Agreement or any similar interest for sale to, or to solicit any offer to acquire any of the same from, any Person; and

(iv) there are no pending or threatened actions or proceedings against SSBTC or the Owner Trustee before any court or administrative agency which, if determined adversely to it, would materially adversely affect the ability of SSBTC or the Owner Trustee, as the

case may be, to perform its obligations under any of the Owner Trustee Documents or any other documents executed by the Owner Trustee or SSBTC in connection with the transactions contemplated by the Operative Documents.

(q) The Owner Participant agrees, solely for the benefit of Lessee, that it will comply with any obligation expressly required of it under Section 9(c) of the Lease. The Owner Participant further covenants and agrees to pay or cause the Owner Trustee to pay those costs and expenses specified to be paid by the Owner Participant pursuant to the Lease and all costs and expenses that are for the account of the Lessor pursuant to Sections 5(a), 5(c), 5(d), 5(e) and 5(f), 12 and 19(c) of the Lease.

(r) Subject to compliance by Lessee with all of its obligations under the Lessee Documents, each of the Owner Trustee, the Indenture Trustee, each Certificate Holder and the Owner Participant covenants and agrees that, at Lessee's expense on a net after-tax basis (including, without limitation, reasonable attorney's fees and expenses of each of such parties), (i) Lessee may elect to terminate the Lease and to purchase the Aircraft pursuant to Section 19(b) of the Lease and that each of such parties will execute and deliver appropriate documentation transferring all right, title and interest in the Aircraft to Lessee (without recourse or warranty except as to Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) with respect to the Owner Participant) (including without limitation, such bills of sale and other instruments and documents as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to the Aircraft in Lessee), and (ii) Lessee, in connection with such purchase and subject to the provisions of the second paragraph of this Section 8(r), may assume (and receive a credit in an amount equal to the principal amount of the debt assumed against the purchase price payable by Lessee pursuant to Section 19(b) of the Lease) the obligations of the Owner Trustee pursuant to Section 7.03 of the Trust Indenture and the Loan Certificates (and the Lease, to the extent that the Owner Trustee's obligations thereunder are incorporated into the Trust Indenture or the Loan Certificates), and Lessee shall confirm that its obligations under the Lease shall be direct obligations to the Indenture Trustee as if set forth in the Trust Indenture, and that each of the parties shall execute and deliver appropriate documentation in form and substance reasonably satisfactory to such parties under which Lessee will assume such obligations on the basis of full recourse to Lessee, maintaining the security interest in the Aircraft created by the Trust Indenture, releasing the Owner Participant and the Owner Trustee

from all future obligations in respect of the Loan Certificates, the Trust Indenture and all other Operative Documents and all such other actions (including the furnishing of legal opinions reasonably requested by any party) as are reasonably necessary to permit such assumption by Lessee.

If Lessee elects to assume the rights and obligations of the Owner Trustee in accordance with Section 7.03 of the Trust Indenture in connection with the purchase by the Lessee of the Aircraft pursuant to Section 19(b) of the Lease and to pay the EBO Price in installments as permitted thereby, then:

(A) in addition to the provisions contemplated above, the Trust Indenture shall be amended (a) to provide for an additional series of loan certificates (the "EBO Certificates") to be issued to the Owner Participant on the EBO Date to evidence the payment of the EBO Price in installments on the dates specified in Exhibit H to the Lease (taking into account the credit provided for above), (2) to provide that the Indenture Trustee will make no distributions to the Owner Participant or the Owner Trustee or otherwise in respect of the EBO Certificates prior to the payment in full of all amounts then due and payable to the other Holders or, if an "Event of Default" under the Trust Indenture (an "Indenture Event of Default") or any payment Default under the Trust Indenture shall have occurred and be continuing, prior (unless such Loan Certificates shall have been purchased by the Owner Trustee) to the payment in full of the principal amount of, and interest accrued on, the Loan Certificates other than the EBO Certificates, (3) to include the failure to pay any installments of the EBO Certificates within 10 calendar days of when due as an Event of Default, (4) to include a right so long as the EBO Certificates shall be outstanding for the Owner Participant to purchase the other Loan Certificates under circumstances similar to, and on the same terms as provided in, Section 8.03(e)(ii) of the Trust Indenture (it being understood that upon any assumption pursuant to Section 7.03 of the Trust Indenture, the provisions of the Trust Indenture intended for the benefit of the Owner Participant (other than provisions concerning, but only to the extent applicable to, Excluded Payments), including, without limitation, Sections 8.03(e)(i) and 8.03(e)(iii) of the Trust Indenture providing the Owner Trustee or the Owner Participant with certain rights, shall be of no further force and effect), (5) to provide that the Owner Participant and the Owner Trustee shall have no voting or consent rights under the Trust Indenture by reason of being the holder of the EBO Certificates or otherwise until all other Loan Certificates have either been paid in full or been purchased by the Owner

Participant (pursuant to the provisions contemplated by clause (A)(4) of this Section 8(r) by the reference therein to Section 8.03(e)(ii) of the Trust Indenture), except that without the consent of the Owner Participant

the Trust Indenture could not be amended, modified or supplemented to reduce the amount or extend the time of payment of any amount owing or payable under the EBO Certificates, and (6) to confirm that, although the Owner Participant cannot participate in the exercise of remedies under the Trust Indenture, it shall not be precluded from demanding, collecting, suing for or otherwise receiving and enforcing payment of the EBO Certificates by demand upon Lessee; and

(B) upon Lessee's payment in full of all amounts due on or prior to the EBO Date in accordance with Section 19(b) of the Lease and compliance with all of the conditions to such assumption in accordance with this Section 8(r) and Section 7.03 of the Trust Indenture, (1) the Owner Trustee shall assign the right to the remaining installments of the EBO Price to the Owner Participant, (2) the EBO Certificates shall be issued to the Owner Participant in aggregate amount of such remaining installments of the EBO Price and (3) the Owner Trustee (AA) shall transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens) and on an "as is" basis, all right, title and interest of the Owner Trustee in and to the Aircraft and (BB) shall furnish to or at the direction of Lessee one or more bills of sale in form and substance reasonably satisfactory to Lessee evidencing such transfer.

(s) Lessee will not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets to any Person unless:

(i) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee as an entirety shall be a Citizen of the United States and shall be a Certificated Air Carrier;

(ii) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee as an entirety shall execute and deliver to the Owner Trustee, the Indenture Trustee, the Owner Participant and the Pass Through Trustees a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Owner Participant containing an assumption by such successor corporation or Person of the due and punctual performance and observance of

each covenant and condition of the Operative Documents and the Pass Through Trust Agreements to be performed or observed by Lessee;

(iii) immediately after giving effect to such transaction, no Event of Default under the Lease shall have occurred and be continuing;

(iv) Lessee shall have delivered to the Owner Trustee, the Indenture Trustee, the Pass Through Trustees and the Owner Participant a certificate signed by the President or any Vice President and by the Secretary or an Assistant Secretary of Lessee, and an opinion of counsel (which may be Lessee's General Counsel) reasonably satisfactory to the Owner Participant, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (ii) above comply with this Section 8(s) and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(v) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee, shall make such filings and recordings with the FAA pursuant to the Federal Aviation Act, as shall be necessary or desirable to evidence such consolidation, merger, conveyance, transfer or lease with or to such entity.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety in accordance with this Section 8(s), the successor corporation or Person formed by such consolidation or into which Lessee is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, Lessee under this Agreement and under the Pass Through Trust Agreements with the same effect as if such successor corporation or Person had been named as Lessee herein and therein. No such conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety shall have the effect of releasing Lessee or any successor corporation or Person which shall theretofore have become such in the manner prescribed in this Section 8(s) from its liability in respect of any Operative Document to which it is a party or any Pass Through Trust Agreement. Nothing contained herein shall permit any lease, sublease or other arrangement for the use, operation or possession of the Aircraft except in compliance with the applicable provisions of the Lease.

(t) Lessee, at its expense, will, at the request of any party hereto, take, or cause to be taken, such action with respect to the recording, filing, rerecording and refiling of the Trust Agreement, the Lease, the Lease Supplement, the Trust Indenture, the Trust Supplement and any financing statements or other instruments as are necessary to maintain, so long as the Trust Indenture or the Lease is in effect, the perfection of the security interests created by the Trust Indenture and any security interest that may be claimed to have been created by the Lease and the ownership interest of the Owner Trustee in the Aircraft.

(u) Section 3 of the Lease contemplates that, under certain circumstances, the Owner Participant will make certain recalculations of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and the EBO Percentage, and the Owner Participant hereby agrees to make such recalculations as and when contemplated by the Lease and subject to all the terms and conditions of the Lease and promptly to take such further actions as may be necessary or desirable to give effect to and to cause the Owner Trustee to give effect to the provisions of Section 3 of the Lease.

(v) The Owner Participant hereby agrees not to revoke the Trust Agreement or the trusts created thereunder without the prior written consent of (i) the Lessee so long as the Lease shall remain in effect and no Event of Default under the Lease shall have occurred and be continuing and (ii) the Indenture Trustee so long as the Trust Indenture shall be in effect.

(w) Lessee covenants and agrees with the Owner Participant, the Indenture Trustee and the Owner Trustee that at all times during the Term it will be a Certificated Air Carrier

(x) (i) Each Pass Through Trustee hereby agrees that, except as otherwise required by applicable law (including, without limitation, any law which requires such Pass Through Trustee to act within its own discretion), it shall not, without the prior written consent of the Owner Trustee, direct the Indenture Trustee to take or refrain from taking any action under the Trust Indenture that requires the approval, waiver, authorization, direction or consent of, or notice from, the Certificate Holders holding a specified percentage in principal amount of Outstanding (as defined in the Trust Indenture) Loan Certificates unless such Pass Through Trustee receives a Direction (as defined in the relevant Pass Through Trust Agreement) to so direct the Indenture Trustee from Certificate Holders (as defined in the relevant Pass Through Trust Agreement) holding the same percentage of Certificates (as defined in the

relevant Pass Through Trust Agreement) evidencing Fractional Undivided Interests (as defined in the relevant Pass Through Trust Agreement) in the Trust (as defined in the relevant Pass Through Trust Agreement) holding the Loan Certificates.

(ii) Lessee and each Pass Through Trustee hereby agree that Article X of each Pass Through Trust Agreement (to the extent relating to the Certificates) shall not be amended without the prior written consent of the Owner Participant.

(iii) Each Pass Through Trustee hereby agrees that, except as otherwise required by applicable law (including, without limitation, any law which requires such Pass Through Trustee to act within its own discretion), if requested to do so by the Owner Trustee or the Owner Participant, such Pass Through Trustee shall request a Direction from the relevant Certificate Holders to establish whether such Pass Through Trustee, in its capacity as a Certificate Holder, may direct the Indenture Trustee to take or refrain from taking any action under the Operative Documents.

(y) The Owner Trustee agrees that any profit, income, interest, dividend or gain realized upon the maturity, sale or other disposition of any Permitted Investment made by the Indenture Trustee pursuant to Section 9.04 of the Trust Indenture, and paid to Lessee on behalf of the Owner Trustee by the Indenture Trustee in accordance with the terms of such Section 9.04, shall be entirely for the account of, and the sole property of, Lessee who, for such purposes, shall not be deemed to be acting as agent of the Owner Trustee, and Lessee shall have no obligation to pay over such income, interest, dividend or gain to the Owner Trustee, except to the extent the Owner Trustee or Owner Participant are owed any amounts under the Operative Documents by Lessee and such amounts are not paid when due, in which event the Owner Participant may cause the Owner Trustee to distribute and apply such income, interest, dividend or gain in satisfaction or partial satisfaction of the amounts so due.

(z) The Owner Participant hereby agrees to instruct the Owner Trustee to promptly distribute any money received by it pursuant to Section 7.01 or 10.04 of the Trust Indenture to Lessee to the extent such amounts were paid by Lessee or on behalf of Lessee and the Owner Trustee or the Owner Participant is not owed any amounts under any of the Operative Documents by Lessee (and if the Owner Trustee or Owner Participant is owed any such amount, the monies received under Section 7.01 or 10.04 of the Trust Indenture may be applied in satisfaction or partial satisfaction thereof). Lessee agrees to hold any money received by it pursuant to the foregoing sentence in trust for the benefit of the Owner Participant and may, in its discretion, invest and

reinvest all money so held by it in such Permitted Investments as Lessee deems appropriate. Lessee will apply such money to the payment of previously unclaimed payments with respect to the Loan Certificates when and as claims for payment are made by the Holders of such Loan Certificates. As compensation for its services pursuant to this Section 8(z), Lessee shall be entitled to an annual fee from the Owner Participant in an amount to be agreed to at the time by Lessee and the Owner Participant but in no event shall such fee exceed at any time the amount of earnings on the monies so held in trust distributable at such time to the Owner Participant. Any net losses on such investment shall be for the account of Lessee. Any net earnings on such investment shall be distributed from time to time by Lessee to the Owner Participant after deducting therefrom any portion of such fee then due and unpaid. Upon the date required by applicable law dealing with unclaimed property, Lessee will distribute to the Owner Participant any amount held by it pursuant to this Section 8(z) and not previously applied to the payment of the Loan Certificates, after deducting therefrom any portion of such fee then due and unpaid.

(aa) The Owner Participant agrees that, at Lessee's expense (including, without limitation, reasonable attorneys fees and other out-of-pocket expense of the Owner Trustee and Owner Participant), upon request of the Lessee, the Owner Participant will negotiate promptly in good faith with respect to any arrangements pursuant to which the Trust Indenture may be satisfied and discharged in respect of the Loan Certificates in accordance with subsection (a)(ii) or (a)(iii) of Section 10.01 of the Trust Indenture, provided, that there shall be no adverse impact upon the rights or interests of the Owner Participant or Owner Trustee, and the Owner Trustee agrees to act upon the instructions of the Owner Participant in connection therewith. The Owner Trustee agrees that it will not, and the Owner Participant agrees that during such time as an Event of Default has not occurred under the Lease it will not cause the Owner Trustee to take any action to effect such satisfaction and discharge except upon the request of the Lessee made pursuant to this Section 8(aa).

SECTION 9. [Intentionally Omitted].

SECTION 10. Other Documents; Amendment. Each of the Owner

Participant and the Owner Trustee hereby (A) agrees with Lessee, the Certificate Holders and the Indenture Trustee to comply with all of the terms of the Trust Agreement (as the same may hereafter be amended or supplemented from time to time in accordance with the terms thereof) applicable to it, to the extent such non-compliance would be adverse to such party; and (B) agrees with Lessee, the Certificate Holders and the Indenture

Trustee not to amend, supplement or otherwise modify any provision of the Trust Agreement in a manner adversely affecting such party without the prior written consent of such party. Notwithstanding the foregoing, unless an Event of Default shall have occurred and be continuing and so long as the Lease has not been terminated, the Indenture Trustee and the Owner Participant hereby agree for the benefit of Lessee that without the consent of Lessee they will not (and the Owner Participant agrees that it will not cause the Owner Trustee to) amend, supplement or otherwise modify any provision of the Trust Indenture in a manner adversely affecting Lessee. The Indenture Trustee and the Owner Trustee agree to promptly furnish to Lessee copies of any supplement, amendment, waiver or modification of any of the Operative Documents to which Lessee is not a party. Each Certificate Holder agrees that it will not take any action in respect of the Trust Indenture Estate except through the Indenture Trustee pursuant to the Trust Indenture or as otherwise permitted by the Trust Indenture.

SECTION 11. Certain Covenants of Lessee. Lessee covenants and agrees

with the Participants, the Indenture Trustee and the Owner Trustee, in its capacity as such and in its individual capacity as follows:

(a) Lessee will cause to be done, executed, acknowledged and delivered all and every such further acts, conveyances and assurances as the Owner Trustee, the Indenture Trustee or the Owner Participant shall reasonably require for accomplishing the purposes of this Agreement and the other Operative Documents; provided that any instrument or other document so executed by Lessee will not expand any obligations or limit any rights of Lessee in respect of the transactions contemplated by any Operative Documents. Lessee, forthwith upon delivery of the Aircraft under the Lease shall cause the Aircraft to be duly registered, and at all times thereafter to remain duly registered, in the name of the Owner Trustee, except as otherwise required or permitted hereunder or under the Lease, under the Federal Aviation Act or under the applicable law of another permitted government of registry, or shall furnish to the Owner Trustee such information as may be required to enable the Owner Trustee to make application for such registration (at the expense of Lessee, including, without limitation, reasonable attorney's fees and expenses), and shall promptly furnish to the Owner Trustee such information as may be required to enable the Owner Trustee to timely file any reports required to be filed by it as the lessor under the Lease or as the owner of the Aircraft with any governmental authority (including tax authorities).

(b) Lessee, at its expense, will cause the Trust Agreement, the Lease, all Lease Supplements, all amendments to the Lease, the Trust Indenture, and all supplements and amendments to the Trust Indenture to be promptly filed and recorded, or filed for recording, to the extent permitted under the Federal Aviation Act, or required under any other applicable law. Upon the execution and delivery of the Owner Trustee's FAA Bill of Sale, the Lease Supplement covering the Aircraft and the Trust Supplement, the Lease and the Trust Indenture shall be filed for recording with the Federal Aviation Administration in the following order of priority; first, the

Owner Trustee's FAA Bill of Sale, second, the FAA registration application,

third, the Trust Indenture, with the Trust Agreement and the Trust

Supplement attached, and fourth, the Lease, with the Lease Supplement

covering the Aircraft, the Trust Indenture and the Trust Supplement attached. Lessee agrees to furnish the Owner Participant, the Owner Trustee and the Indenture Trustee with copies of the foregoing documents with recording data as promptly as practicable following the issuance of same by the FAA.

SECTION 12. Owner for Income Tax Purposes. It is hereby agreed among

Lessee, the Owner Participant and the Owner Trustee that for income tax purposes the Owner Participant will be the owner of the Aircraft to be delivered under the Lease and Lessee will be the lessee thereof, and each party hereto agrees to characterize the Lease as a lease for income tax purposes.

SECTION 13. Notices; Consent to Jurisdiction. (a) All notices,

demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by telecopier (with a copy of such notice to follow by registered or certified mail or by prepaid courier), or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or received or if given by certified mail, three Business Days after being deposited in the mails, in accordance with the provisions of this Section 13(a). Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 13(a), notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) as follows: (A) if to Lessee, the Owner Trustee, the Indenture Trustee, the Pass Through Trustees or the Owner Participant, to the respective addresses set forth on Schedule I hereto (and in the case of Owner Trustee a copy shall be sent to the Owner Participant) or

(B) if to a subsequent Owner Participant, addressed to such subsequent Owner Participant at such address as such subsequent Owner Participant shall have furnished by notice to the parties hereto or (C) if to any subsequent Certificate Holder, addressed to such Certificate Holder at its address set forth in the Loan Certificate Register maintained pursuant to Section 2.03 of the Trust Indenture.

(b) Each party to this Agreement including each Certificate Holder (individually a "Party" and collectively "Parties") irrevocably agrees that any legal suit, action or proceeding brought by any other Party, which arises solely out of or relates solely to the Operative Documents or any of the transactions contemplated hereby or thereby or any document referred to herein or therein, may be instituted in the Circuit Court of the State of Illinois, Cook County or the United States District Court for the Northern District of Illinois and that they hereby waive the right to trial by jury in any such proceeding; provided, however, that the foregoing provisions shall not apply to third party tort claims (but shall apply to an indemnity claim with respect to such tort claim) and that the foregoing shall not apply to any right a Party may have to seek removal of such legal suit, action or proceeding to federal court or to seek consolidation of any separate legal suits, actions or proceedings brought by any one or more of the other Parties in the same or different jurisdictions. The agreement set forth in this Section 13(b) is given solely for the benefit of the Parties and such agreement is not intended to and shall not inure to the benefit of any other person.

SECTION 14. Change of Situs of Owner Trust. The Owner Participant

agrees that if, at any time, the Trust Estate becomes subject to any Taxes for which it is indemnified pursuant to Section 7(b) hereof and if, as a consequence thereof, Lessee shall request that the situs of the trust be moved to another state in the United States from the state in which it is then located, the situs of the trust may be moved with the written consent of the Owner Participant (which consent shall not be unreasonably withheld) and the Owner Participant will take whatever action may be reasonably necessary to accomplish such removal; provided that (A) Lessee shall provide such additional tax indemnification, as the Owner Participant may reasonably request, (B) the rights and obligations under the Operative Documents of the Owner Participant shall not be altered as a result of the taking of such action, (C) the lien of the Trust Indenture on the Trust Indenture Estate shall not be adversely affected by such action, and the Lessee shall execute and deliver such documents as may be requested by the Indenture Trustee to continue the perfection of the lien on the Trust Indenture Estate and (D) the Owner Participant and the Indenture Trustee shall

have received an opinion or opinions of counsel (reasonably satisfactory to the Owner Participant) in scope, form and substance reasonably satisfactory to the Owner Participant to the effect that (I) the trust, as thus removed, shall remain a validly established trust, (II) any amendments to the Trust Agreement necessitated by such removal shall have been duly authorized, executed and delivered by the parties thereto and shall constitute the valid and binding obligations of such parties, enforceable in accordance with their terms, (III) such removal will not result in the imposition of, or increase in the amount of, any Tax for which Lessee is not required to indemnify the Owner Participant, the Owner Trustee or the Trust Estate pursuant to Section 7(b) hereof (taking into account any additional indemnification provided by Lessee pursuant to clause (A) of this sentence), (IV) such removal will not, in the Owner Participant's judgment, result in any Loss of MACRS Deductions, FSC Benefits, Interest Deductions or an Inclusion Event (as defined in the Tax Indemnity Agreement) with respect to which Lessee is not required to indemnify the Owner Participant pursuant to Section 5 of the Tax Indemnity Agreement (taking into account any additional indemnification provided by Lessee pursuant to clause (A) of this sentence), and (V) covering such other matters as the Owner Participant may reasonably request, (E) if such removal involves the replacement of the Owner Trustee, the Owner Participant shall have received an opinion of counsel to such successor Owner Trustee in form and substance reasonably satisfactory to the Owner Participant covering the matters set forth in the opinion provided pursuant to Section 4(a)(xiii) hereof and (F) Lessee shall indemnify and hold harmless the Owner Participant on a net after-tax basis against any and all reasonable and actual costs and expenses including attorneys' fees and disbursements, registration, recording or filing fees and Taxes incurred by the Owner Trustee or Owner Participant, in connection with such change of situs.

SECTION 15. Miscellaneous. (a) Each of the Participants and the

Certificate Holders covenants and agrees that it shall not unreasonably withhold its consent to any consent requested of the Owner Trustee, as Lessor, or the Indenture Trustee under the terms of the Lease, which by its terms is not to be unreasonably withheld by the Owner Trustee, as Lessor, or by the Indenture Trustee.

(b) The representations, warranties, indemnities and agreements of Lessee, the Owner Trustee, the Indenture Trustee, the Participants and the Certificate Holders provided for in this Agreement, and Lessee's, the Owner Trustee's, Indenture Trustee's, the Participants' and the Certificate Holders' obligations under any and all thereof, shall survive the making available of the respective Commitments by the Participants, the

delivery or return of the Aircraft, the transfer of any interest of the Owner Participant in the Trust Estate or the Aircraft or any Engine or the transfer of any interest by any Certificate Holder in any Loan Certificate or the Trust Indenture Estate and the expiration or other termination of this Agreement or any other Operative Document or any of the Pass Through Trust Agreements.

(c) This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought; and no such termination, amendment, supplement, waiver or modification shall be effective unless a signed copy thereof shall have been delivered to the Lessee, the Indenture Trustee and the Owner Trustee. The terms of this Agreement shall be binding upon, and inure to the benefit of and shall be enforceable by, Lessee, the Participants, the Indenture Trustee, the Certificate Holders and the Owner Trustee. This Agreement shall in all respects be governed by, and construed in accordance with, the internal laws of the State of Illinois, including all matters of construction, validity and performance. This Agreement is being delivered in the State of Illinois.

(d) The parties hereto agree that all of the statements, representations, covenants and agreements made by the Owner Trustee (when made in such capacity) contained in this Agreement and any agreement referred to herein other than the Trust Agreement, unless expressly otherwise stated, are made and intended only for the purpose of binding the Trust Estate and establishing the existence of rights and remedies which can be exercised and enforced against the Trust Estate. Therefore, anything contained in this Agreement or such other agreements to the contrary notwithstanding (except for any express provisions that the Owner Trustee is responsible for or is acting in or making representations or agreements in its individual capacity), no recourse shall be had with respect to this Agreement or such other agreements against the Owner Trustee in its individual capacity or against any institution or person which becomes a successor trustee or co-trustee or any officer, director, trustee, servant or direct or indirect parent or controlling person or persons of any of them; provided, however, that this Section 15(d) shall not be construed to prohibit any action or proceeding against any party hereto for its own willful misconduct or grossly negligent conduct; and provided, further, that nothing contained in this Section 15(d) shall be construed

to limit the exercise and enforcement in accordance with the terms of this Agreement or such other agreements of rights and remedies against the Trust Estate. The foregoing provisions of this Section 15(d) shall survive the termination of this Agreement, the other Operative Documents and the Pass Through Trust Agreements.

(e) No Participant shall have any obligation or duty to the Lessee, to any other Participant or to others with respect to the transactions contemplated hereby except those obligations or duties of such Participant expressly set forth in this Agreement and the other Operative Documents and no Participant shall be liable for performance by any other party hereto of such other party's obligations or duties hereunder. Without limitation of the generality of the foregoing, under no circumstances whatsoever shall any Participant be liable to Lessee, nor shall any Participant be liable to any other Participant, for any action or inaction on the part of the Indenture Trustee or the Owner Trustee in connection with the transactions contemplated herein, whether or not such action or inaction is caused by the willful misconduct or gross negligence of the Indenture Trustee or the Owner Trustee.

(f) This Agreement shall be binding upon and shall inure to the benefit of and shall be enforceable against, the parties hereto and their respective successors and permitted assigns including each successive holder of the Owner Participant's interest and each successive holder of any Loan Certificate issued and delivered pursuant to this Agreement or the Trust Indenture whether or not an express assignment to such holder of rights and obligations under this Agreement has been made.

(g) The Owner Participant hereby consents to the Owner Trustee's appointment of Lessee as its exclusive agent pursuant to the terms of Section 7(a)(4) of the Lease.

SECTION 16. Invoices and Payment of Expenses. Each of the Owner

Trustee, the Indenture Trustee, Lessee and the Participants shall promptly submit to the Owner Participant and the Lessee for their joint prompt approval (except in the case of Transactions Expenses referred to in clauses (i)(6), (v) and (viii) of the definition thereof which shall be approved solely by the Owner Participant) copies of invoices of the Transaction Expenses as they are received. The Owner Participant agrees to transfer to the Owner Trustee from time to time promptly upon receipt of invoices of Transaction Expenses such amount as shall be necessary in order to enable the Owner Trustee to pay such Transaction Expenses or to pay such amounts directly. To the extent of funds received by it, the Owner Trustee agrees to pay

all invoices of Transaction Expenses that have been so approved promptly upon receipt thereof. Notwithstanding the foregoing, in the event that the transactions contemplated hereby shall not be consummated, Lessee shall pay all Transaction Expenses, except that the fees, expenses and disbursements of the Owner Participant (including those relating to its counsel) shall be borne by the Owner Participant if such failure to consummate the transactions results from the failure of the Owner Participant to adhere to the terms and conditions set forth in the letter dated March 2, 1995 addressed to Lessee and Capstar Partners and agreed to by Lessee or to close after all conditions precedent to the Owner Participant's funding of its Commitment set forth herein have been satisfied. To the extent Transaction Expenses exceed [_____] of Lessor's Cost, the Lessee may, in lieu of electing an optimization pursuant to Section 18 hereof, promptly reimburse the Owner Trustee or Owner Participant, as appropriate, for all or a portion of the Transaction Expenses described in clause (i)(5) and/or clause (vi) (excluding any debt placement fees included in said clause (vi)) of the definition of Transaction Expenses.

SECTION 17. Optional Redemption of Certificates. (a) Subject to the

terms of this Section 17, in the event that at any time Lessee shall have given written notice to the Owner Trustee, the Indenture Trustee and the Owner Participant that there be effected a voluntary redemption of all of the outstanding Loan Certificates by the Owner Trustee as part of a refunding or refinancing transaction, the Owner Participant agrees to negotiate promptly in a commercially reasonable manner to conclude an agreement with Lessee as to the terms of such refunding or refinancing transaction (including the terms of any debt to be issued in connection with such refunding or refinancing transaction and the documentation to be executed in connection therewith), and if after such negotiation Lessee and the Owner Participant shall have concluded an agreement with respect to such terms:

(1) within ten Business Days after the reaching of such agreement, the Owner Participant will deliver to Lessee a certificate of an authorized representative of the Owner Participant (the "Refinancing Certificate") setting forth (i) the proposed date on which the outstanding Loan Certificates will be redeemed, describing the new debt to be issued and the other aspects of such refunding or refinancing transaction to be consummated (such date, the "Refinancing Date") and (ii) the following information: (A) the principal amount of debt to be issued by the Owner Trustee on the Refinancing Date, and (B) the proposed revised schedules of Basic Rent, Excess Amount, debt amortization, Stipulated Loss Value percentages, Termination

Value percentages, Special Termination Value percentages and EBO Percentage. Within ten Business Days of its receipt of the Refinancing Certificate, Lessee may demand a verification pursuant to Exhibit E to the Lease of the information set forth in the Refinancing Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Refinancing Certificate or the determination pursuant to such verification procedures of the revised Basic Rent, Excess Amount, debt amortization, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage and the Debt/Equity Ratio (such information, the "Refinancing Information") the appropriate parties will take the actions specified in paragraphs (2) through (6) below;

(2) the appropriate parties will enter into a financing or loan agreement in form and substance reasonably satisfactory to the Owner Participant, the Owner Trustee and the Lessee (which may involve an underwriting agreement in connection with a public offering of such debt or the purchase of such debt by a publicly funded entity (or entities) or the sale of the Owner Trustee's interest in the Trust Estate and/or the Aircraft and its resale to the Owner Trustee) with the institution or institutions to be named therein (A) providing for (i) the issuance and sale by the Owner Trustee to such institution or institutions on the Refinancing Date of debt securities in an aggregate principal amount specified in the Refinancing Information, which amount shall be at least equal to the aggregate principal amount of all Loan Certificates outstanding on the Refinancing Date (such debt securities, the "New Debt") and (ii) the application of the proceeds of the sale of the New Debt to the redemption of all such Loan Certificates on the Refinancing Date and (B) pursuant to which the parties to the refinancing transaction (including the Owner Participant and Lessee but excluding any public holders of debt) make such representations, warranties and covenants as the Owner Participant or Lessee may reasonably require;

(3) Lessee and the Owner Trustee will amend the Lease to provide that (i) Basic Rent, Excess Amount and the EBO Percentage in respect of the period from and after the Refinancing Date shall be as provided in the Refinancing Information and (ii) amounts payable in respect of Stipulated Loss Value percentages, Special Termination Value Percentages and Termination Value percentages from and after the Refinancing Date shall be as provided in the Refinancing Information;

(4) the Owner Trustee will enter into an agreement to provide for the securing thereunder of the New Debt in like manner as the Loan Certificates and will enter into such amendments and supplements to the Trust Indenture (or such new indenture or other security agreement) as may be necessary to effect such refunding or refinancing (which agreements, amendments and supplements shall be reasonably satisfactory to the Owner Participant);

(5) unless otherwise agreed or required by the Owner Participant, and whether or not such refunding or refinancing transaction is consummated, Lessee, on behalf of Lessor, shall pay on an after-tax basis all of the reasonable Expenses of all parties to such refunding or refinancing, including without limitation, the reasonable fees and expenses of such parties' counsel and any related loan or commitment fees; and

(6) subject to compliance by the Owner Trustee with all applicable terms and conditions for voluntary prepayment under the Trust Indenture and this Agreement, each Certificate Holder of a Loan Certificate being refinanced or refunded will transfer to the Owner Trustee the Loan Certificates held by it immediately prior to such refunding or refinancing for cancellation (and the Owner Trustee shall cancel the same), against receipt by such Certificate Holder of the then outstanding principal amount of such Loan Certificates, accrued and unpaid interest thereon, plus Premium, if any, together with payment in full of all other amounts then payable to such Certificate Holder and the Indenture Trustee hereunder or under the Trust Indenture.

(b) In the case of a refunding or refinancing involving a public offering of the New Debt, the Owner Participant shall have the right (but not the obligation) to review and approve (which approval shall not be unreasonably withheld) all offering materials to be employed in connection therewith. It is expressly understood that the Owner Participant shall have no obligation hereunder to consent thereto if, in its good faith judgment, such refunding or refinancing (A) increases its, any of its Affiliates (other than any Affiliate which is acting as an underwriter) or the Owner Trustee's exposure to (i) liabilities under federal or state securities laws, (ii) regulation under state or federal securities laws, (iii) the need to publicly disclose information that is not generally available to the public, or (iv) being adversely affected in its respective ability to engage in any other financing transaction, in each case to a level unacceptable to it in its reasonable, good faith, judgment, or (B) requires the identity of the Owner Participant

to be disclosed in any offering materials. Lessee shall have the right to purchase such debt securities and apply such securities as a credit against its obligations to pay Rent, provided that (x) in connection with such refunding or refinancing Lessee shall have agreed to indemnify the Owner Participant with respect to such right in a manner satisfactory to the Owner Participant, and (y) Lessee may not, at any one time hold in the aggregate any such debt securities having a face value in excess of that portion of the two next succeeding installments of Basic Rent which is required to be paid to the holders of such debt securities on account of principal and interest. Any trustee of public debt shall be a bank or trust company having its principal place of business in the Borough of Manhattan, City and State of New York, Chicago, Illinois, Hartford, Connecticut or Boston, Massachusetts and having, or having a parent willing to guarantee the obligations of such bank or trust company and having, a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of trustee upon reasonable or customary terms.

(c) Lessee shall give the Indenture Trustee at least twenty-five (25) days irrevocable written notice of the proposed date of the optional redemption.

(d) Notwithstanding the foregoing, the Owner Participant shall have no obligation to proceed with any refunding or refinancing transaction as contemplated by this Section 17:

(i) if in the Owner Participant's good faith judgment, such transaction would have an adverse impact (including, without limitation the risk of adverse tax consequences) on it;

(ii) unless a third party or parties, unaffiliated with Lessee and Owner Participant, shall have committed to (and shall) provide the entire financing needed to consummate the proposed refunding or refinancing transaction, it being understood that Owner Participant shall have no obligation to locate any such party or parties;

(iii) unless Lessee indemnifies Owner Trustee and Owner Participant by agreement in form and substance reasonably satisfactory to each of them, for any liability, obligation (other than the obligation to pay principal and interest and related payments in respect of the New Debt), cost or expense (including, without limitation, reasonable attorneys' fees) related to or arising out of any such refunding or refinancing transaction;

(iv) unless the New Debt is denominated in Dollars; or

(v) if the refinancing would increase or decrease the Owner Participant's Commitment.

(e) There shall be no more than one redemption permitted under this Section 17.

(f) No voluntary redemption shall occur pursuant to this Section 17 prior to the fifth anniversary of the Delivery Date.

SECTION 18. Optimization. (a) In the event that: (i) the Delivery

Date occurs other than on May 15, 1995 or (ii) Transaction Expenses paid by Lessor are determined to be other than [____%] of Lessor's Cost, the Lessee may, pursuant to this Section 18 and in accordance with the requirements of Section 3(c) of the Lease, optimize the Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage subject to the proviso set forth in Section 3(c)(i) of the Lease. The Owner Participant shall deliver to Lessee and the Indenture Trustee a certificate of an authorized representative of the Owner Participant (the "Optimization Certificate") setting forth the proposed revised schedules of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage. Within fifteen days of its receipt of the Optimization Certificate, Lessee may demand a verification, pursuant to Exhibit E of the Lease, of the information set forth in the Optimization Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Optimization Certificate or the determination pursuant to such verification procedures of such information, the Owner Participant will cause the Lessor (A) to execute an amendment to the Lease setting forth the optimized Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage, and (B) the Lessee will execute such amended Lease necessary to effectuate the foregoing.

(b) In connection with optimization adjustments of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage pursuant to this Section 18 and Section 3(c) of the Lease, none of the principal amount, amortization schedules or interest rate of the Loan Certificates shall be altered.

(c) Lessee shall pay on an after-tax basis all of the reasonable Expenses of all parties to such optimization, including, without limitation, the reasonable fees and expenses of such parties' counsel.

SECTION 19. Nondisclosure. Each party hereto (other than the Owner

Participant) agrees that it will use its best efforts not to disclose the identity of the Owner Participant and the terms of the Operative Documents in connection with the issuance or release for external publication of any article or advertising or publicity matter relating to the terms or conditions of any of the Operative Documents or the transactions contemplated thereby without the prior written consent of the Owner Participant (except as expressly permitted by the Operative Documents or (t) with respect to the terms of the Operative Documents to the extent required in connection with a public placement of the debt pursuant to Section 17 hereof or (u) to the extent required in connection with a private placement of the debt pursuant to Section 17 hereof or (v) to the extent required to appropriate regulatory authorities or in response to subpoena or other legal process or as otherwise required by law or (w) to such party's insurance agents, auditors and counsel or other agents or (x) in the case of any Pass Through Trustee, the Indenture Trustee, the Owner Participant or the Owner Trustee (as the case may be), to prospective transferees or to any successor Owner Trustee (as the case may be), who in turn agree to use their best efforts not to make such disclosure in breach of this Section 19 or (y) as may be necessary or desirable in connection with the enforcement by such party of any Operative Document).

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.,
Lessee

By: _____
Vice President and Treasurer

_____,
Owner Participant

By: _____
Title: _____

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
Indenture Trustee

By: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee,
Owner Trustee

By: _____
Title: _____

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
in its capacity as Pass Through Trustee under each of the Pass Through Trust Agreements

By: _____
Title: _____

SCHEDULE I

Names and Addresses

Lessee:

- - - - -

U.S. Mail

- - - - -

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

Attn: Vice President and
Treasurer

Telecopy: (708) 952-7117

Owner Participant:

- - - - -

Attn: _____
Telecopy: _____

Pass Through Trustee:

- - - - -

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111

Attn: Corporate Trust Department
Telecopy: (801) 246-5053

Overnight Delivery Service

- - - - -

United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, IL 60007

Attn: Vice President and
Treasurer

Payment Address

- - - - -

The Chase Manhattan Bank, N.A.
New York, N.Y.
ABA #: 021000021

Account #: 910-2-499093
Account Name:
Reference: UAL/1995 777 A

Indenture Trustee:

- - - - -

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111

Attn: Corporate Trust Department
Telecopy: (801) 246-5053

Owner Trustee:

- - - - -

State Street Bank and Trust
Company
225 Franklin Street
Boston, Massachusetts 02110
(or, if given by overnight
delivery service)
Two International Place
Boston, Massachusetts 02110

Attn: _____
Telecopy: (617) 664-5367

SCHEDULE II

Commitments

Certificate Holder -----	Percentage of Lessor's Cost -----	Dollar Amount -----
First Security Bank of Utah, National Association, in its capacity as Pass Through Trustee under Pass Through Trust Agreement 1995-A1		
First Security Bank of Utah, National Association, in its capacity as Pass Through Trustee under Pass Through Trust Agreement 1995-A2		
Owner Participant: -----		
[_____]		\$
Total Commitments: =====	100.00% =====	\$ =

PARTICIPATION AGREEMENT
(1995 777 B)

Dated as of May 1, 1995

Among

UNITED AIR LINES, INC.,
Lessee,

Owner Participant,

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
in its capacity as
Pass Through Trustee under each of the
Pass Through Trust Agreements,

STATE STREET BANK AND TRUST COMPANY,
Not in its Individual Capacity,
except as expressly provided herein,
but solely as Owner Trustee,

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
In its Individual Capacity and as Indenture Trustee

United Air Lines, Inc.
1995 777 B Equipment Trust
One Boeing 777-222 Aircraft

TABLE OF CONTENTS

	Page

SECTION 1. Certain Definitions; Participations in Lessor's Cost of the Aircraft.....	3
SECTION 2. Lessee's Notice of Delivery Date.....	4
SECTION 3. Instructions to the Owner Trustee and Indenture Trustee.....	5
SECTION 4. Conditions.....	6
(a) Conditions Precedent to the Participations in the Aircraft.....	6
(b) Conditions Precedent to the Obligations of Lessee.....	15
SECTION 5. Confidentiality of Purchase Agreement.....	16
SECTION 6. Extent of Interest of Certificate Holders.....	17
SECTION 7. Lessee's Representations, Warranties and Indemnities.....	17
(a) In General.....	17
(b) General Tax Indemnity.....	22
(c) General Indemnity.....	34
(d) Withholding.....	40
SECTION 8. Representations, Warranties and Covenants.....	40
SECTION 9. [Intentionally Omitted].....	63
SECTION 10. Other Documents; Amendment.....	63
SECTION 11. Certain Covenants of Lessee.....	64
SECTION 12. Owner for Income Tax Purposes.....	65
SECTION 13. Notices; Consent to Jurisdiction.....	65
SECTION 14. Change of Situs of Owner Trust.....	66
SECTION 15. Miscellaneous.....	67
SECTION 16. Invoices and Payment of Expenses.....	69
SECTION 17. Optional Redemption of Certificates.....	70

	Page
SECTION 18. Optimization.....	74
SECTION 19. Nondisclosure.....	75

SCHEDULE

SCHEDULE I	--	Names and Addresses
SCHEDULE II	--	Commitments
SCHEDULE III	--	Legal Opinions
EXHIBIT A-1	--	Form of Transferor Opinion Re: Transfer of Owner Participant's Interest
EXHIBIT A-2	--	Form of Transferee Opinion Re: Transfer of Owner Participant's Interest
EXHIBIT B	--	Form of Assignment and Assumption Agreement
EXHIBIT C	--	Form of Guaranty Agreement

PARTICIPATION AGREEMENT
(1995 777 B)

THIS PARTICIPATION AGREEMENT (1995 777 B) dated as of May 1, 1995 among (i) United Air Lines, Inc., a Delaware corporation (the "Lessee"), (ii) [_____], a corporation organized under the laws of Delaware (the "Owner Participant"), (iii) STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement (the "Owner Trustee"), (iv) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as otherwise provided herein, but solely as trustee under the Pass Through Trust Agreement (the "Pass Through Trustee"), dated as of February 1, 1992, as amended and restated as of May 1, 1995 (the "Basic Agreement"), in each case between the Lessee and STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, as supplemented by Trust Supplements Nos. 1995-A1 and 1995-A2, each dated as of May __, 1995 between the Lessee and the Pass Through Trustee creating the 1995-A1 Pass Through Trust and the 1995-A2 Pass Through Trust, respectively (the Basic Agreement as so supplemented being the "1995-A1 Pass Through Trust Agreement" and the "1995-A2 Pass Through Trust Agreement", respectively, each of the 1995-A1 Pass Through Trust Agreement and the 1995-A2 Pass Through Trust Agreement being a "Pass Through Trust Agreement") and (v) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and as Indenture Trustee under the Trust Indenture (the "Indenture Trustee").

WITNESSETH:

WHEREAS, pursuant to the Purchase Agreement between Lessee and the Manufacturer, the Manufacturer has agreed to sell to Lessee, among other things, certain Boeing Model 777-222 aircraft, one of which has been recently purchased from the Manufacturer by Lessee and is the subject of this Agreement; and

WHEREAS, concurrently with the execution and delivery of this Agreement, the Owner Participant is entering into the Trust Agreement pursuant to which Trust Agreement the Owner Trustee agrees, among other things, to hold the Trust Estate defined in Section 1.01 thereof (the "Trust Estate") for the use and benefit of the Owner Participant; and

WHEREAS, concurrently with the execution and delivery of this Agreement,

[Participation Agreement (1995 777 B)]

(i) Lessee and the Owner Trustee are entering into the Owner Trustee's Purchase Agreement and Assignment (1995 777 B) dated as of May 1, 1995 (the "Owner Trustee's Purchase Agreement"), whereby Lessee agrees to sell the Aircraft to the Owner Trustee and assigns to the Owner Trustee certain rights and interests of Lessee under the Purchase Agreement with respect to the Aircraft; and

(ii) the Manufacturer has executed the Consent and Agreement (1995 777 B) dated as of May 1, 1995 substantially in the form attached to the Owner Trustee's Purchase Agreement, with respect to the Owner Trustee's Purchase Agreement; and

WHEREAS, the Indenture Trustee and the Owner Trustee concurrently with the execution and delivery of this Agreement are entering into the Trust Indenture and Mortgage (1995 777 B) dated as of May 1, 1995 pursuant to which the Owner Trustee agrees, among other things, to issue one or more Loan Certificates in the form set forth in Exhibit A-1 or Exhibit A-2 to the Trust Indenture to each Pass Through Trustee on behalf of the related grantor trusts created by the applicable Pass Through Trust Agreement as evidence of the Owner Trustee's indebtedness to each Pass Through Trustee, which Loan Certificates are to be secured by the mortgage and security interest in the Aircraft created pursuant to the Trust Indenture by the Owner Trustee in favor of the Indenture Trustee, and the Owner Trustee shall execute and deliver the Trust Supplement covering the Aircraft, supplementing the Trust Agreement and the Trust Indenture; and

WHEREAS, as described in Section 2 hereof, the Owner Trustee and Lessee are entering into a Lease Agreement (1995 777 B) dated as of May 1, 1995 whereby, subject to the terms and conditions set forth therein, the Owner Trustee agrees to lease to Lessee, and Lessee agrees to lease from the Owner Trustee, the Aircraft on the Delivery Date; and

WHEREAS, in connection with the foregoing, each Pass Through Trustee will issue the Pass Through Certificates substantially in the form of Exhibit A to each Pass Through Trust Agreement; and

WHEREAS, to facilitate the Owner Trustee's issuance of the Loan Certificates to the applicable Pass Through Trustee and the purchase of the Loan Certificates by each such Pass Through Trustee, the Lessee has duly authorized the execution and delivery of each of the two Pass Through Trust Agreements as the "issuer" thereunder, as such term is defined in and solely for purposes of the Securities Act of 1933, as amended, and of the Pass Through Certificates being issued thereunder as the

"obligor" thereunder, as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to the Pass Through Certificates and is undertaking to perform certain administrative and ministerial duties thereunder and is also undertaking to pay the fees and expenses of the Pass Through Trustees; and

WHEREAS, certain terms are used herein as defined in Section 1(a) hereof.

NOW THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. Certain Definitions; Participations in Lessor's Cost of the Aircraft. (a) The terms "Lessee," "Owner Participant," "Pass Through Trustee," "Owner Trustee" and "Indenture Trustee" shall have the further meanings attributed thereto in the Lease Agreement referred to above and, except as otherwise defined in this Agreement, terms used herein in capitalized form shall have the meanings attributed thereto in the Lease Agreement referred to above. Unless the context otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be amended from time to time in accordance with its terms and the terms of each other agreement restricting the amendment thereof.

(b) Subject to the terms and conditions of this Agreement, (i) each of the Pass Through Trustees agrees to finance in part, the Owner Trustee's payment of Lessor's Cost for the Aircraft by making a secured loan to the Owner Trustee (herein called a "Loan" and collectively, the "Loans") on a date to be designated pursuant to Section 2 hereof, but in no event later than May 31, 1995, in the amount in Dollars equal to the amount set forth opposite its name on Schedule II hereto and (ii) the Owner Participant hereby agrees, in connection with its equity investment in the beneficial ownership of the Aircraft and the sale of the Aircraft by the Lessee to the Owner Trustee pursuant to the Owner Trustee's Bill of Sale, as contemplated hereby and by the Owner Trustee's Purchase Agreement, to make its equity investment in the beneficial ownership of the Aircraft on a date to be designated as set forth above, but in no event later than May 31, 1995, in an amount in Dollars equal to the amount set forth opposite its name on Schedule II hereto. To fund its obligations set out in (i) above, each Pass Through Trustee shall, in accordance with Section 2.01 of the applicable Pass Through Trust Agreement, execute, authenticate and deliver Pass Through Certificates, dated a date not later than the Delivery Date and of the maturities, in the principal amounts, bearing the interest rates and of the other economic terms specified in the request of the Company (as defined in the Basic Agreement)

delivered pursuant to such Section 2.01, and deliver such Pass Through Certificates to the Underwriters (as defined in Section 4(a)(xvii) as specified in such request against payment by the Underwriters of an amount equal to the aggregate principal amount of its Loan. In the case of the Owner Participant, the amount of its participation to be made as provided above in the payment of Lessor's Cost and, in the case of each Pass Through Trustee, the amount of its Loan, is hereinafter called such Participant's "Commitment" for the Aircraft. In case any Participant shall default in its obligation to make the amount of its Commitment available pursuant to Section 2 hereof in respect of the Aircraft, the other Participants shall have no obligation to make any portion of such amount available or to increase the amount of its Commitment and the obligation of the nondefaulting Participants shall remain subject to the terms and conditions set forth in this Agreement.

SECTION 2. Lessee's Notice of Delivery Date. Lessee agrees to give the Owner Participant, the Owner Trustee, the Pass Through Trustees and the Indenture Trustee at least two Business Days' prior written notice of the Delivery Date for the Aircraft, which Delivery Date shall be a Business Day not later than May 31, 1995, which notice shall specify the amount of Lessor's Cost and the amount of each Participant's Commitment for the Aircraft. As to each Participant, the making of its Commitment for such Aircraft available in the manner required by this Section 2 shall constitute a waiver of such notice. The Owner Trustee and the Indenture Trustee shall be deemed to have waived such notice if the Indenture Trustee shall have received from the Owner Participant funds in the full amount of the Owner Participant's Commitment and the proceeds of the sale of the Loan Certificates in the full amount of the Pass Through Trustees' Commitments.

Subject to the terms and conditions of this Agreement, and simultaneously with receipt by the parties hereto of all amounts to be paid to them on the Delivery Date pursuant to this Section 2, the Lessee shall transfer title to and deliver the Aircraft to the Owner Trustee, the Owner Trustee shall purchase and take title to, and accept delivery of, the Aircraft, and the Owner Trustee shall lease the Aircraft to Lessee, it being understood that the transactions described in this Section 2 are simultaneous and mutually dependent. On the Delivery Date, subject to the terms and conditions of this Agreement, and in consideration for the transfer of title to the Aircraft to the Owner Trustee, the Owner Trustee and the Indenture Trustee (on behalf of the Owner Trustee) shall pay over the funds made available to it equal to Lessor's Cost to Lessee's account no. _____ at First Security Bank of Utah, National Association. In addition, subject to the terms and conditions of this Agreement, the Owner Trustee shall, on the Delivery Date,

issue to the Pass Through Trustees the Loan Certificates to evidence the Loans

The Owner Participant agrees, subject to the terms and conditions of this Agreement, to make its Commitment available to the Owner Trustee at the Owner Trustee's account no. _____ at First Security Bank of Utah, National Association, and the Pass Through Trustees agree to make their Commitment available to the Indenture Trustee at the Indenture Trustee's account no. _____ at First Security Bank of Utah, National Association, at or before 10:00 a.m., New York City time, on the Delivery Date specified in Lessee's notice referred to in the first paragraph of this Section 2 (such specified Delivery Date being herein called the "Scheduled Delivery Date").

SECTION 3. Instructions to the Owner Trustee and Indenture Trustee. Subject to the terms and conditions of this Agreement, the Owner Trustee and the Indenture Trustee, upon their respective receipts in full of the Owner Participant's and the Pass Through Trustees' Commitments for the Aircraft, as provided in Section 2 hereof, together with instructions from such Participant or its special counsel to release such funds to Lessee, shall transfer such funds to the Lessee and the Owner Trustee shall purchase the Aircraft from the Lessee and lease the Aircraft to Lessee and such action shall constitute, without further act, authorization and direction by the Owner Participant to the Owner Trustee and the Indenture Trustee acting on behalf of the Owner Participant (in regard to item (a) below) and to the Owner Trustee (in regard to items (b) - (f) below):

(a) to pay to Lessee the Lessor's Cost in the manner set forth in Section 2;

(b) to the extent not previously accomplished by a prior authorization, to authorize a representative or representatives of the Owner Trustee (who shall be an employee or employees, or an agent or agents, of Lessee designated by Lessee) to accept delivery of the Aircraft on the Delivery Date pursuant to the Owner Trustee's Bill of Sale;

(c) to accept from the Lessee the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;

(d) to execute an Aircraft Registration Application, a Lease Supplement and a Trust Supplement, in each case covering the Aircraft;

(e) to borrow from the Pass Through Trustees amounts equal to their respective Loans to finance a portion of Lessor's

Cost and to issue to the Pass Through Trustees Loan Certificates in the amounts specified herein; and

(f) to take such other action as may be required to be taken by the Owner Trustee on the Delivery Date by the terms of any Operative Document.

SECTION 4. Conditions. (a) Conditions Precedent to the Participations in the Aircraft. It is agreed that the respective obligations of the Participants to participate in the payments of Lessor's Cost are subject to the satisfaction prior to or on the Delivery Date of the following conditions precedent, except that paragraphs (iii), (xx), (xxiv) (insofar as it relates to the Pass Through Trustees), (xxv), (xxvi) and (xxviii) shall not be a condition precedent to the obligation of the Pass Through Trustees, and paragraphs (iv), (x) (insofar as it relates to the Owner Participant), (xiv), (xix) and (xxvii) shall not be a condition precedent to the obligation of the Owner Participant:

(i) The Participants shall have received due notice with respect to such participation pursuant to Section 2 hereof (or shall have waived such notice either in writing or as provided in Section 2).

(ii) No change shall have occurred after the date of the execution and delivery of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory or judicial authorities which, in the opinion of the Owner Participant or the Pass Through Trustees, as the case may be, would make it a violation of law or regulations for (x) the Lessee, the Indenture Trustee, any Participant or the Owner Trustee to execute, deliver and perform the Operative Documents to which any of them is a party or (y) the Pass Through Trustees or the Owner Participant to make their respective Commitments available or, in the case of any Pass Through Trustee, to acquire a Loan Certificate or to realize the benefits of the security afforded by the Trust Indenture.

(iii) In the case of the Owner Participant, the Pass Through Trustees shall have made available the amount of their respective Commitments for the Aircraft in accordance with Section 1 hereof.

(iv) In the case of the Pass Through Trustees, the Owner Participant shall have made available the amount of its Commitment for the Aircraft in accordance with Section 1 hereof.

(v) The following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto, shall each be satisfactory in form and substance to the Participants and shall be in full force and effect and executed counterparts shall have been delivered to the Participants, and their respective counsel, provided that only the applicable Pass Through Trustee shall receive an executed original of its Loan Certificate, only the Indenture Trustee, acting on behalf of the Certificate Holders, shall receive the original counterparts of the Lease and the Lease Supplement, only the Owner Participant shall receive a copy of the Purchase Agreement which shall be delivered to and retained by the Owner Trustee (the Owner Trustee and the Owner Participant and their respective counsel may inspect the Purchase Agreement prior to the Delivery Date but thereafter shall not have access to the same until the return of the Aircraft to Lessor (but only to the extent the Purchase Agreement has any continued effectiveness on such return date) or unless a Lease Default or Event of Default shall have occurred and be continuing) and provided further that only the Lessee and the Owner Participant shall receive copies of the Tax Indemnity Agreement:

- (1) the Lease;
- (2) a Lease Supplement covering the Aircraft and dated the Delivery Date;
- (3) the Tax Indemnity Agreement;
- (4) the Trust Agreement;
- (5) a Trust Supplement covering the Aircraft and dated the Delivery Date;
- (6) the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;
- (7) the Owner Trustee's Purchase Agreement;
- (8) an acceptance certificate covering the Aircraft in the form agreed to by the Participants and Lessee (the "Acceptance Certificate") duly completed and executed by the Owner Trustee or its agent, which shall be a representative of Lessee, and by such representative on behalf of Lessee;
- (9) the Trust Indenture;

- (10) the Loan Certificates;
- (11) the Consent and Agreement;
- (12) the Purchase Agreement;
- (13) the Owner Participant Parent Guaranty; and
- (14) the Pass Through Trust Agreements.

(vi) A Uniform Commercial Code financing statement or statements covering all the security interests created by or pursuant to the Granting Clause of the Trust Indenture shall have been executed and delivered by the Owner Trustee and the Indenture Trustee, and such financing statement or statements shall have been duly filed in all places necessary or advisable, and any additional Uniform Commercial Code financing statements deemed advisable by the Owner Participant or the Pass Through Trustees shall have been executed and delivered by Lessee, the Indenture Trustee or the Owner Trustee and duly filed.

(vii) Each Participant and the Indenture Trustee shall have received the following, in each case in form and substance satisfactory to it, provided that only the Owner Participant shall receive a copy of the Purchase Agreement which shall be delivered to and retained by the Owner Trustee (the Owner Trustee and the Owner Participant and their respective counsel may inspect the Purchase Agreement prior to the Delivery Date but thereafter shall not have access to the same until the return of the Aircraft to Lessor (but only to the extent the Purchase Agreement has any continued effectiveness on such return date) or unless a Lease Default or Event of Default shall have occurred and be continuing):

(1) a certified copy of the Certificate of Incorporation and By-Laws of Lessee and a copy of resolutions of the board of directors of Lessee or the executive committee thereof, certified by the Secretary or an Assistant Secretary of Lessee, duly authorizing the execution, delivery and performance by Lessee of this Agreement, the Lease, the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale, the Owner Trustee's FAA Bill of Sale, the Tax Indemnity Agreement and each other document required to be executed and delivered by Lessee on the Delivery Date in accordance with the provisions hereof and thereof;

(2) such other documents and evidence with respect to Lessee, the Manufacturer, the Owner Trustee, the Indenture Trustee and the Participants, as the Pass Through Trustees or the Owner Participant, or their respective counsel, may reasonably request in order to establish the authority of such parties to consummate the transactions contemplated by this Agreement, the taking of all corporate proceedings in connection therewith and the compliance with the conditions herein set forth;

(3) a certificate of Lessee (i) as to the Person or Persons authorized to execute and deliver this Agreement, the other Lessee Documents, and any other documents to be executed on behalf of Lessee in connection with the transactions contemplated hereby and as to the signature of such person or persons, and (ii) to the effect that the application of the proceeds from the Pass Through Certificates as provided for herein will not be inconsistent with any of the provisions of the Pass Through Trust Agreements;

(4) a copy of the Purchase Agreement certified by the Secretary or an Assistant Secretary of Lessee as being a true and accurate copy of the same with all amendments attached thereto that relate to the Manufacturer's warranties or related obligations or any right in such Agreement assigned by the Lessee to the Owner Trustee pursuant to the Owner Trustee's Purchase Agreement;

(5) a copy of the general authorizing resolutions of the boards of directors (or executive committees) or other satisfactory evidence of authorization of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, certified as of the Delivery Date by the Secretary or an Assistant Secretary of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, respectively, which authorize the execution, delivery and performance by the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent of all of the Operative Documents to which it is a party, together with such other documents and evidence with respect to the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent as either the Pass Through

Trustees (or their counsel) or the Owner Participant (or its counsel) may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement, the taking of all corporate proceedings in connection therewith and compliance with the conditions herein set forth; provided, this clause shall not be a condition precedent as to any Participant as to documents to be provided by that Participant; and

(6) a copy of the excerpts the "United Air Lines 777 Maintenance Program" referred to in Section 5 of the Lease.

(viii) All appropriate action required to have been taken by the Federal Aviation Administration, or any governmental or political agency, subdivision or instrumentality of the United States, on or prior to the Delivery Date in connection with the transactions contemplated by this Agreement shall have been taken, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Delivery Date in connection with the transactions contemplated by this Agreement shall have been issued, and all such orders, permits, waivers, authorizations, exemptions and approvals shall be in full force and effect on the Delivery Date.

(ix) On the Delivery Date, the following statements shall be true, and the Participants and the Indenture Trustee shall have received evidence satisfactory to each of them to the effect that:

(1) the Owner Trustee has good and marketable title (subject to filing and recording of the Owner Trustee's FAA Bill of Sale with the Federal Aviation Administration) to the Aircraft, free and clear of Liens other than the rights of Lessee under the Lease and Lease Supplement covering the Aircraft, the mortgage and security interest created by the Trust Indenture, the rights of the Owner Participant under the Trust Agreement and the Trust Supplement and Liens permitted by clause (iii) (solely for Taxes not yet due) of Section 6 of the Lease;

(2) application for registration of the Aircraft in the name of the Owner Trustee (together with any required affidavits) and the Owner Trustee's FAA Bill of Sale have been duly filed with the FAA;

(3) the Trust Agreement, the Trust Indenture and the Trust Supplement and the Lease and the Lease Supplement have been duly filed with the FAA for recordation;

(4) the Owner Trustee, as lessor under the Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under the Lease Agreement pursuant to the Trust Indenture, are entitled to the protection of Section 1110 of the Bankruptcy Code in connection with the Owner Trustee's and the Indenture Trustee's right to take possession of the Airframe and Engines in the event of a case under Chapter 11 of the Bankruptcy Code in which the Lessee is a debtor; and

(5) the Aircraft has been duly certified by the FAA as to type and airworthiness in accordance with the terms of the Lease and has a current, valid U.S. standard certificate of airworthiness issued by the FAA.

(x) On the Delivery Date, (A) the representations and warranties of Lessee, the Owner Participant and the Owner Trustee contained in Sections 7 and 8 of this Agreement and in the Tax Indemnity Agreement and the Owner Participant Parent contained in the Owner Participant Parent Guaranty shall be true and accurate as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been true and accurate on and as of such earlier date), (B) no event shall have occurred and be continuing, or would result from the purchase, sale, lease or mortgage of the Aircraft, which constitutes (or would, with the passage of time or the giving of notice or both, constitute) an Event of Default as defined in the Lease or the Trust Indenture, and (C) no event shall have occurred that might have the effect of materially and adversely affecting the ability of Lessee to carry on its business as conducted on December 31, 1994 or to perform its obligations under the Operative Documents.

(xi) The Participants shall have received an opinion addressed to the Participants, the Indenture Trustee, and the Owner Trustee from (a) Francesca M. Maher, Vice President-Law, Deputy General Counsel and Corporate Secretary for Lessee, in substantially the form of Schedule III-1(a) hereto and (b) Vedder, Price, Kaufman & Kammholz, special counsel to the Lessee, in substantially the form of Schedule III-1(b) hereto.

(xii) The Participants shall have received an opinion addressed to the Participants, the Owner Trustee, the Indenture Trustee and Lessee from counsel to the Manufacturer, in substantially the form of Schedule III-2 hereto.

(xiii) The Participants shall have received an opinion addressed to the Participants, the Indenture Trustee, the Owner Trustee and Lessee, from Bingham, Dana & Gould, special counsel for the Owner Trustee, in substantially the form of Schedule III-3 hereto.

(xiv) The Pass Through Trustees shall have received an opinion addressed to the Indenture Trustee, the Pass Through Trustees, the Owner Trustee and Lessee from (a) Dewey Ballantine, special counsel to the Owner Participant and the Owner Participant Parent, in substantially the form of Schedule III-4(a) hereto and (b) Michael Flynn, Vice President-General Counsel and Secretary to the Owner Participant and the Owner Participant Parent in substantially the form of Schedule III-4(b) hereto.

(xv) The Participants shall have received an opinion addressed to the Participants, the Indenture Trustee, the Owner Trustee and Lessee, from Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, in substantially the form of Schedule III-5 hereto.

(xvi) The Participants shall have received an opinion addressed to the Participants, the Owner Trustee and Lessee from Ray, Quinney & Nebeker, special counsel for the Indenture Trustee and the Pass Through Trustees, in substantially the form of Schedule III-6 hereto.

(xvii) The Owner Participant shall have received an opinion addressed to it from Vedder, Price, Kaufman & Kammholz, special counsel to the Lessee, substantially to the same effect as the opinion delivered pursuant to Section 5(b)(1) of the Purchase Agreement dated _____ (the "Underwriting Agreement") among Lessee, Merrill Lynch & Co. and Lehman Brothers (the "Underwriter").

(xviii) The Participants and the Indenture Trustee shall have received a certificate signed by the President or any Vice President of Lessee, dated the Delivery Date, addressed to the Participants and the Indenture Trustee and certifying as to the fulfillment of all conditions in this Section 4(a) insofar as they relate to Lessee and as to the matters stated in paragraphs (viii), (x) (insofar as it relates to Lessee), (xxii) and (xxiii) (to the knowledge of

Lessee, except in regard to matters relating to the Participants, Indenture Trustee or the Owner Trustee, in which event such representation shall be to the knowledge of Lessee without any investigation whatsoever) of this Section 4(a).

(xix) (a) The Owner Participant shall, by making its Commitment available as provided in Section 1(b)(ii) of this Agreement, (b) the Indenture Trustee shall by authenticating the Loan Certificates issued on the Delivery Date, (c) the Owner Trustee shall, by accepting the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale and (d) the Pass Through Trustees shall, by making their respective Commitments available as provided in Section 1(b)(i) of this Agreement, be respectively deemed to have reaffirmed as of the Delivery Date the representations and warranties made by it in Section 8 of this Agreement.

(xx) The Owner Participant shall have received an opinion, in form and substance reasonably satisfactory to the Owner Participant, from BK Associates, independent aircraft appraisers, or such other recognized aircraft appraiser selected by the Owner Participant, to the effect that (A) on the Delivery Date, the fair market value of the Aircraft is equal to Lessor's Cost; (B) on the Delivery Date, the Aircraft is expected to have an economic useful life of at least 125% of the aggregate of the Interim Term and the Basic Term; (C) on the Delivery Date, the Aircraft is expected to have a residual value at the end of the Basic Term of at least 20% of Lessor's Cost (without considering the effects of inflation or deflation and assuming the Aircraft is in compliance with Section 5 of the Lease); (D) on the Delivery Date, the Aircraft is expected to have a fair market value on the EBO Date that does not exceed an amount equal to the EBO Price; (E) the fair market value of each Engine is at least equal to Engine Cost; and (F) the Aircraft is not limited use property.

(xxi) The Participants and the Indenture Trustee shall have received an independent insurance broker's report, and certificates of insurance, in form and substance reasonably satisfactory to the Participants, as to the due compliance with the terms of Section 11 of the Lease relating to insurance with respect to the Aircraft.

(xxii) On the Delivery Date it shall be true that no Event of Loss (or event which with the passage of time would become an Event of Loss) with respect to the Airframe or any Engine has occurred.

(xxiii) No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Delivery Date to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(xxiv) The respective representations and warranties of the Indenture Trustee and the Pass Through Trustees contained in Section 8 hereof shall be true and accurate as of the Delivery Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which event such representations and warranties shall have been true and accurate on and as of such earlier date) and the Lessee and each Participant shall have received a certificate signed by the Chairman of the Board, the President, any Vice President or any Assistant Vice President of the Indenture Trustee and the Pass Through Trustees certifying as to the foregoing matters with respect to the Indenture Trustee and the Pass Through Trustees, as applicable.

(xxv) The Owner Participant shall have received from Dewey Ballantine, special counsel to the Owner Participant, a favorable opinion, in form and substance satisfactory to the Owner Participant, with respect to certain income tax aspects of the transactions contemplated by the Operative Documents.

(xxvi) In the opinion of the Owner Participant and its special counsel, no law (including tax laws), regulation or regulatory order or holding applicable to the Owner Participant or the Owner Participant's participation in the transactions contemplated hereby, shall have been enacted, issued or proposed prior to the Delivery Date that would have a material adverse impact on the Owner Participant.

(xxvii) The Pass Through Trustees shall have received a letter from BK Associates to the effect that the fair market value of the Aircraft on the Delivery Date is not less than 125% of the aggregate amount of the Loans.

(xxviii) The Lessee shall have executed and delivered to Owner Participant a letter relating to Lessee's average cost of capital together with appropriate supporting documentation.

Promptly upon the registration of the Aircraft and the recording of the Lease, the Trust Indenture, the Trust Agreement, the Lease Supplement and the Trust Supplement covering the Aircraft pursuant to the Federal Aviation Act, Lessee will cause Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, to deliver to the Owner Participant, the Indenture Trustee, the Pass Through Trustees, the Owner Trustee and Lessee an opinion as to the due and valid registration of the Aircraft in the name of the Owner Trustee, the due recording of the Owner Trustee's FAA Bill of Sale, the Trust Indenture, the Lease Supplement, the Trust Supplement, the Lease and the Trust Agreement and the lack of filing of any intervening documents with respect to the Aircraft.

(b) Conditions Precedent to the Obligations of Lessee. It is agreed that the obligations of Lessee (A) to sell the Aircraft to the Owner Trustee, (B) to accept delivery of the Aircraft under the Lease and (C) to enter into its other Operative Documents, are all subject to the fulfillment to the satisfaction of Lessee prior to or on the Delivery Date of the following conditions precedent:

(i) The conditions specified in Section 4(a)(iii), 4(a)(iv), 4(a)(viii), 4(a)(xxii) and 4(a)(xxiii) hereof shall have been satisfied, unless such nonsatisfaction is the result of the actions of Lessee.

(ii) Those documents described in Section 4(a)(v) shall have been duly authorized, executed and delivered by the respective party or parties thereto (other than Lessee) in the manner specified in Section 4(a)(v), shall each be satisfactory in form and substance to Lessee, shall be in full force and effect on the Delivery Date, and an executed counterpart of each thereof (other than the Loan Certificates) shall have been delivered to Lessee or its counsel.

(iii) Lessee shall have received a copy of the general authorizing resolutions of the boards of directors (or executive committees) or other satisfactory evidence of authorization of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, certified as of the Delivery Date by the Secretary or an Assistant Secretary of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent, respectively, which authorize the execution, delivery and performance by the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent of all the Operative Documents to which

it is a party, together with such other documents and evidence with respect to the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Owner Participant Parent as Lessee or its counsel may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement, the taking of all corporate proceedings in connection therewith and compliance with the conditions herein set forth.

(iv) The representations and warranties of the Participants, the Indenture Trustee and the Owner Trustee contained in Section 8 hereof and the Owner Participant Parent in the Owner Participant Parent Guaranty shall be true and accurate as of the Delivery Date as though made on and as of such date except to the extent that such representations and warranties relate solely to an earlier date (in which event such representations and warranties shall have been true and accurate on and as of such earlier date) and Lessee shall have received a certificate signed by the Chairman of the Board, the President, any Vice President or any Assistant Vice President or other authorized representative of the Indenture Trustee, the Owner Participant, the Pass Through Trustees and the Owner Trustee, respectively, certifying as to the foregoing matters with respect to the Indenture Trustee, the Owner Participant and the Owner Trustee, respectively.

(v) Lessee shall have received the opinions set forth in Sections 4(a)(xii), 4(a)(xiii), 4(a)(xiv), 4(a)(xv), and 4(a)(xvi), in each case addressed to Lessee and dated the Delivery Date.

(vi) No change shall have occurred after the date of the execution and delivery of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities which, in the opinion of Lessee, would make it a violation of law or regulations for Lessee to enter into any transaction contemplated by the Operative Documents.

(vii) No law (including tax laws), regulation or regulatory order or holding applicable to the Lessee or Lessee's participation in the transactions contemplated hereby, shall have been enacted, issued, or proposed prior to the Delivery Date that would have a material adverse impact on Lessee.

SECTION 5. Confidentiality of Purchase Agreement. Lessor, the Participants, and the Indenture Trustee shall keep

the Purchase Agreement confidential and shall not disclose the same to any Person, except (A) to prospective and permitted transferees of Lessor's, a Pass Through Trustee's, the Owner Participant's or the Indenture Trustee's interest who agree to hold such information confidential, (B) to the aforementioned prospective and permitted transferees', Lessor's, Pass Through Trustees', the Owner Participant's or the Indenture Trustee's counsel or special counsel, independent insurance brokers or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, including Federal or state banking examiners or tax auditors or (D) as may be necessary or desirable for purposes of protecting the interest of any such Person or for enforcement of the Lease by Owner Trustee, the Participants or the Indenture Trustee; provided, however, that any and all disclosures of all or any part of the Purchase Agreement which are permitted by (C) or (D) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons to whom such disclosures are hereby permitted.

SECTION 6. Extent of Interest of Certificate Holders. No Certificate Holder shall have any further interest in, or other right with respect to, the mortgage and security interests created by the Trust Indenture when and if the Original Amount of, Premium, if any, and interest on all Loan Certificates held by such Certificate Holder and all other sums payable to such Certificate Holder hereunder, under the Trust Indenture and under such Loan Certificates shall have been paid in full. Each Certificate Holder by its acceptance of a Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to such Certificate Holder as provided in Section 2.09 of the Trust Indenture and that neither the Owner Participant nor the Owner Trustee shall be personally liable to any Certificate Holder for any amounts payable under the Loan Certificates, the Trust Indenture, hereunder, or under any other Operative Documents (including, without limitation, amounts payable as Premium), except as expressly provided in this Agreement or (in the case of the Owner Trustee) in the Trust Indenture.

SECTION 7. Lessee's Representations, Warranties and Indemnities. (a) In General. Lessee represents and warrants that as of the Delivery Date:

(i) Lessee is a corporation duly organized and validly existing in good standing pursuant to the laws of the State of Delaware; is duly qualified to do business as a foreign corporation in each jurisdiction in which its

operations or the nature of its business requires, except where the failure to be so qualified would not have a material adverse effect on Lessee or its business; is a Citizen of the United States and a Certificated Air Carrier; holds all material licenses, certificates, permits and franchises from the appropriate agencies of the United States of America and/or all other governmental authorities having jurisdiction, necessary to authorize Lessee to engage in air transport and to carry on scheduled passenger service, in each case as presently conducted; has its chief executive office (as such term is defined in Article 9 of the Uniform Commercial Code) in Elk Grove Township, Illinois; and has the corporate power and authority to conduct its business as it is presently being conducted, to hold under lease the Aircraft and to enter into and perform its obligations under the Lessee Documents;

(ii) the execution, delivery and performance by Lessee of the Lessee Documents have been duly authorized by all necessary corporate action on the part of Lessee, do not require any stockholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee except such as have been duly obtained, and none of such Lessee Documents contravenes any law, judgment, governmental rule, regulation or order binding on Lessee or the certificate of incorporation or by-laws of Lessee or contravenes the provisions of, or constitutes a default under, or results in the creation of any Lien (other than Permitted Liens) upon the property of Lessee under, its certificate of incorporation or bylaws, or any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement or other agreement or instrument to which Lessee is a party or by which it or its properties may be bound or affected;

(iii) neither the execution and delivery by Lessee of the Lessee Documents nor the performance by Lessee of its obligations thereunder require the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any federal, state or foreign government authority or agency, except for (A) the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the operation of the Aircraft by Lessee, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained, and are in full force and effect, (B) the registration of the Aircraft referred to in Section 4(a)(ix)(2), (C) any normal periodic and other reporting requirements under the applicable rules and regulations of the FAA to the extent required to be given or obtained only

after the Delivery Date, (D) the recordings with the FAA described in the opinion referred to in Section 4(a)(xv) and (E) any normal periodic and other reporting requirements under the applicable rules and regulations of the FAA to the extent required to be given or obtained only after the Delivery Date, it being understood that the registration of the issuance and sale of the Pass Through Certificates to be issued pursuant to the provisions of the Pass Through Trust Agreements under the Securities Act of 1933, as amended, and under the securities laws of any state in which the Pass Through Certificates may be offered for sale if the laws of such state require such action has been duly accomplished and the qualification of each Pass Through Trust Agreement under the Trust Indenture Act of 1939, as amended, has been duly obtained;

(iv) each of the Lessee Documents has been duly executed and delivered by Lessee and constitutes legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with the terms thereof;

(v) there are no pending or threatened actions or proceedings before any court or administrative agency involving any Lessee Document or the transactions contemplated hereby or which individually (or in the aggregate in the case of any group of related lawsuits) is expected to have a material adverse effect on the financial condition of Lessee or the ability of Lessee to perform its obligations under the Lessee Documents;

(vi) except for (A) the registration of the Aircraft pursuant to the Federal Aviation Act, (B) the filing for recording pursuant to said Act of the Trust Agreement, the Lease with the Lease Supplement covering the Aircraft, the Trust Indenture and the Trust Supplement attached thereto and made a part thereof, and the Owner Trustee's FAA Bill of Sale, (C) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Illinois (which financing statement Lessee has caused to be presented in due form for filing with the appropriate filing office in the State of Illinois) and such other states as may be specified in the opinions furnished pursuant to Section 4(a)(xi) hereof and (D) the taking of possession by the Indenture Trustee of the original counterparts of the Lease and the Lease Supplement covering the Aircraft, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial

Code of any applicable jurisdiction), is necessary or advisable in order to establish and perfect the Owner Trustee's title to and interest in the Aircraft as against the Lessee and the Indenture Trustee's security interest in the Aircraft as against the Owner Trustee, and in each case as against any third parties in any applicable jurisdictions in the United States;

(vii) there has not occurred any event which constitutes a Default or an Event of Default under the Lease which is presently continuing and there has not occurred any event which constitutes or would, with the passage of time or the giving of notice, or both, constitute an Event of Loss;

(viii) the statements of financial position of Lessee as of December 31, 1994 and the related statements of earnings and cash flow of Lessee for the year then ended, copies of which have been furnished to the Participants, fairly present the financial condition of Lessee as at such date and the results of operations and cash flow of Lessee for the period ended on such date, in accordance with generally accepted accounting principles consistently applied (except as may be stated in the notes thereto), and since December 31, 1994, there has been no material adverse change in such condition or operations, except for such matters timely disclosed in press releases issued by UAL Corporation or Lessee or in public filings, effective as of the date hereof, with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, by UAL Corporation or Lessee;

(ix) the Owner Trustee will have received good and marketable title to the Aircraft free and clear of all Liens, except the rights of Lessee under the Lease and the Lease Supplement covering the Aircraft, the Lien of the Trust Indenture, the beneficial interest of the Owner Participant in the Aircraft, and the Liens permitted by clause (iii) (solely for Taxes not yet due) of Section 6 of the Lease;

(x) none of the proceeds from the issuance of the Loan Certificates or from the acquisition by the Owner Participant of its beneficial interest in the Trust Estate will be used directly or indirectly by Lessee to purchase or carry any "margin stock" as such term is defined in Regulation G or U of the Board of Governors of the Federal Reserve System;

(xi) neither Lessee nor anyone acting on behalf of Lessee has (A) directly or indirectly offered any interest in the Trust Estate for sale to, or solicited any offer to acquire any of the same from, anyone other than the Owner Participant, and not more than _____ (___) other institutions believed capable of evaluating and bearing the risks of investment in the transactions contemplated hereby, or (B) offered any interest in the Trust Estate or any Pass Through Certificate or any Loan Certificate in a manner which would violate the Securities Act of 1933, as amended, the regulations thereunder, administrative and judicial interpretation thereof or the securities laws, rules or regulations of any state;

(xii) Lessee is not in default in the performance of any term or condition of the Owner Trustee's Purchase Agreement, and is not in default in the performance of any term or condition of the Purchase Agreement which materially adversely impairs the transactions contemplated hereby;

(xiii) no governmental approval of any kind is required of the Owner Participant, any Pass Through Trustee, the Owner Trustee or the Indenture Trustee for their respective execution of or performance under this Agreement, the Pass Through Trust Agreements or any agreement contemplated hereby solely by reason of any fact or circumstance peculiar to: (a) Lessee, (b) the nature of the Aircraft, or (c) Lessee's proposed operations or use of the Aircraft;

(xiv) all sales or use tax then due and for which Lessee is responsible pursuant to Section 7(b)(i) hereof shall have been paid, other than such taxes which are being contested by Lessee in good faith and by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft or any interest therein;

(xv) The Aircraft has been duly certified by the FAA as to type and airworthiness and such certification remains in full force and effect;

(xvi) Owner Trustee, as lessor under the Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under the Lease pursuant to the Trust Indenture, are entitled to the protection of Section 1110 of the Bankruptcy Code in connection with the Owner Trustee's and the Indenture Trustee's right to take possession of the Airframe and Engines in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor; and

(xvii) neither Lessee nor any subsidiary of Lessee is an "investment company" or a company "controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended.

(b) General Tax Indemnity. (i) Indemnity. Except as provided in Section 7(b)(ii) hereof, whether or not any of the transactions contemplated herein are consummated, Lessee shall pay when due and assume liability for, and protect, save and shall indemnify and hold harmless each Indemnitee (except that, for purposes of this Section 7(b)(i), an Indemnitee shall not include any Certificate Holder) from and against (x) any and all Taxes howsoever imposed against any Indemnitee, Lessee or all or any part of the Aircraft, the Airframe, the Engines, the Parts or any part thereof or otherwise by any federal, state or local government or other taxing authority in the United States or by any foreign government or any political subdivision or taxing authority thereof or by any territory or possession of the United States or by any international authority upon or in connection with, relating to, or measured by (A) the assembly, manufacture, construction, substitution, improvement, location, conditioning, installation, financing, refinancing, purchase, acquisition, acceptance, delivery, nondelivery, transport, ownership, registration, reregistration, possession, repossession, control, operation, use, maintenance, repair, replacement, insuring, sale, return, abandonment, storage, redelivery, leasing, subleasing, modification, rebuilding of, transfer of title to, transfer of registration of, rejection, importation, mortgaging, exportation or disposition of, or the imposition of any Lien (or the incurrance of any liability to refund or pay over any amount as the result of any Lien) on, the Aircraft, the Airframe, the Engines, the Parts or any part thereof, (B) the rentals, receipts or earnings from the Aircraft, the Airframe, the Engines, the Parts or any part thereof, (C) any amount paid or payable pursuant to any Operative Documents or any Pass Through Trust Agreement or any document related thereto or the property or the income or other proceeds with respect to any of the property held in the Trust Estate or the Trust Indenture Estate or the property held by each Pass Through Trustee under the respective Pass Through Trust Agreement, (D) the Aircraft, the Airframe, the Engines, the Parts or any part thereof or any contract relating to the manufacture, construction, acquisition or delivery thereof, (E) any or all of the Operative Documents, the Pass Through Trust Agreements, or the issuance of the Loan Certificates or the Pass Through Certificates (or the refinancing thereof) and any other documents contemplated hereby or thereby and amendments and supplements hereto and thereto which have been approved by Lessee or the execution, delivery, recording or performance of any thereof or the issuance, acquisition, holding or subsequent transfer thereof, (F) the payment of the Original

Amount of, or interest or Premium on, or other amounts payable with respect to, the Loan Certificates or the payment of principal of, interest on or any other amounts payable with respect to the Pass Through Certificates, (G) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents, or (H) any change in the Owner Trustee or the situs of the Trust Estate made pursuant to Sections 8(c) or 14 hereof; and (y) any reasonable out-of-pocket costs and expenses fairly attributed to any of the foregoing incurred by any Indemnitee.

(ii) Exclusions from General Tax Indemnity. The provisions of Section 7(b)(i) shall not apply:

(1) in the case of an Indemnitee which is the Owner Participant, the Owner Trustee, the Trust Estate, or a successor, assign, or Affiliate of any thereof, to any Income Tax (as defined in Section 7(b)(xii) hereof) imposed by (A) the United States Federal government, (B) any state or local taxing jurisdiction or authority in the United States to the extent such Income Taxes would not have been imposed if (I) the use, location or operation of the Aircraft, or (II) the activities of the Lessee, to or in such state or local jurisdiction, had been the only connection between the Indemnitee and such jurisdiction, or (C) any foreign government or any political subdivision or taxing authority thereof or by any territory or possession of the United States or by any international authority, except to the extent such Income Taxes are attributable to (I) the use, location or operation of the Aircraft, or (II) the activities of the Lessee, to or in such jurisdiction;

(2) to any Tax imposed on an Indemnitee which is the Owner Participant, the Owner Trustee, or the Trust Estate, or any successor, assign or Affiliate of any thereof, as a result of a voluntary transfer or disposition by such Indemnitee including, without limitation, the revocation of the trust created by the Trust Agreement or an involuntary transfer or disposition relating to bankruptcy or similar proceedings of all or any portion of its respective equitable or legal ownership interest in the Aircraft, the Airframe, the Engines, the Parts or any part thereof, the Trust Estate or the Operative Documents and each Pass Through Trust Agreement, unless such transfer or disposition, whether or not voluntary or involuntary, shall occur, (A) during a period when an Event of Default has occurred and is continuing under

the Lease at the time of transfer or disposition and such transfer is as a result of such Event of Default, or (B) in connection with the termination of the Lease or action or direction of the Lessee pursuant to Sections 7, 8, 9, 10 or 19 thereof;

(3) to any Tax imposed on any Indemnitee which is the Indenture Trustee, the Trust Indenture Estate or a Pass Through Trustee or any successor, assign or Affiliate of any thereof, as a result of a voluntary or involuntary transfer or other disposition of all or any portion of its respective equitable or legal interests in the Trust Estate or the Trust Indenture Estate or the Operative Documents and each Pass Through Trust Agreement unless, in each case, such transfer or disposition shall occur (A) during a period when an Event of Default has occurred and is continuing under the Lease at the time of transfer or disposition and such transfer or disposition is a result of such Event of Default, or (B) in connection with the termination of the Lease or action or direction of the Lessee pursuant to Sections 9, 10 or 19 thereof;

(4) to any Tax imposed on the Owner Participant, Trust Estate or Owner Trustee which results from the willful misconduct or gross negligence of (i) the Owner Participant, to the extent imposed on the Owner Participant, Trust Estate or Owner Trustee, or (ii) to the extent imposed on the Owner Trustee, the Owner Trustee;

(5) to any Tax imposed on an Indemnitee which is the Indenture Trustee, the Trust Indenture Estate or a Pass Through Trustee which results from the willful misconduct or gross negligence of such Indemnitee;

(6) to any Tax based on or measured by any fees received by the Owner Trustee, the Indenture Trustee or a Pass Through Trustee in connection with any transaction contemplated by the Operative Documents;

(7) so long as no Event of Default or event which, with the passage of time or the giving of notice or both, would become an Event of Default, shall be continuing, to any Tax imposed with respect to (A) any period after the expiration of the Term and, unless purchased by the Lessee, return of the Aircraft, (B) the earlier discharge in full of Lessee's obligation to

pay the Stipulated Loss Value or the Termination Value and all other amounts due under the Lease or (C) placement in storage or parking of the Aircraft pursuant to Section 5(d) of the Lease; provided, however, that this Section 7(b)(ii)(8) shall not apply to any Tax (x) relating to events or conditions occurring or matters arising upon or prior to such expiration, discharge, storage or parking, or (y) imposed on or with respect to any payments of Tax indemnified hereunder which are due after such expiration, discharge, storage or parking until after such payments have been made;

(8) in the case of an Indemnitee which is the Trust Indenture Estate or any successor, assign or Affiliate thereof, to any Tax in the nature of an intangible or similar tax upon or with respect to the value of the interest of the Trust Indenture Estate or the Pass Through Certificates, as the case may be, in any of the Loan Certificates imposed by any government or taxing authority;

(9) to any Tax which Lessee or an Indemnitee is contesting in good faith under the provisions of Section 7(b)(iv) hereof until the conclusion of such contest;

(10) to any Tax imposed on the Owner Trustee or an Owner Participant resulting from, or which would not have occurred but for, a Lessor Lien (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens);

(11) in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, to any Taxes to the extent of the amount of such Taxes that are imposed by any jurisdiction on and with respect to any activities of such Indemnitee in such jurisdiction which activities are unrelated to the transactions contemplated by the Operative Documents and each Pass Through Trust Agreement; and

(12) to any Tax which has been properly included in the Lessor's Cost.

The provisions of this Section 7(b)(ii) shall not apply to any Tax imposed in respect of the receipt or accrual of any indemnity payment made by Lessee pursuant to this Section 7(b) or Section 7(c) hereof or pursuant to the Tax Indemnity Agreement; provided, however, that this clause

shall not result in any duplication of any amounts of any gross-up payable under Section 7(b)(iii) or Section 7(c) hereof or the Tax Indemnity Agreement.

Notwithstanding the exclusions set forth in this Section 7(b) or any other provision of the Operative Documents or the Pass Through Trust Agreements, the Lessee hereby agrees to indemnify and hold harmless on a net after-tax basis the Trust Estate, the Owner Trustee and the Owner Participant for any failure to withhold U.S. Federal Income Taxes upon payments of principal, interest, Premium or discount on the Loan Certificates or the Pass Through Certificates, including interest and penalties, unless the Owner Participant has been timely advised by the Lessee in writing that such withholding is required.

(iii) Calculation of General Tax Indemnity Payments. Any payment which Lessee shall be required to make to or for the account of any Indemnatee in connection with any Tax which is subject to indemnification under this Section 7(b) shall be in an amount which, after reduction by the amount of all Taxes required to be paid by such Indemnatee in respect of the receipt or accrual of such amount and after consideration of any current savings of such Indemnatee resulting by way of any deduction, credit or other tax benefit attributable to such indemnified Tax that actually reduces any taxes for which Lessee is not actually required to indemnify such Indemnatee pursuant to Section 7(b) hereof or the Tax Indemnity Agreement shall be equal to the payment otherwise required hereunder.

If, by reason of any Tax payment made to or for the account of an Indemnatee by Lessee pursuant to this Section 7(b), such Indemnatee subsequently realizes a tax deduction, savings or credit (including any foreign tax credit and any reduction in Taxes) not previously taken into account in computing such payment, such Indemnatee shall promptly pay to Lessee an amount equal to the sum of (I) the actual reduction in Taxes, if any, realized by such Indemnatee which is attributable to such deduction, savings or credit and (II) the actual reduction in Taxes realized by such Indemnatee as a result of any payment made by such Indemnatee pursuant to this sentence; provided, however, that in the case of an Indemnatee which is the Owner Participant or the Owner Trustee, such Indemnatee shall not be obligated to make any payment pursuant to this Section 7(b)(iii) to the extent that the amount calculated pursuant to (I) above would exceed (x) the amount of all prior payments (determined without regard to any amount paid in respect of Taxes required to be paid by such Indemnatee in

respect of the receipt or accrual of such amounts received by such Indemnatee) from Lessee pursuant to this Section 7(b), less (y) the portion of all prior payments computed pursuant to (I) above by such Indemnatee to Lessee hereunder.

For purposes of this Section 7(b)(iii), items of foreign Tax of any Indemnatee shall be deemed to be utilized by such Indemnatee as credits or deductions for any taxable year in accordance with the following priorities:

First, all available foreign Taxes other than those described below in Second; and

Second, all available foreign Taxes arising out of any equipment leasing transaction to the extent that such Indemnatee was indemnified or held harmless for such Taxes by a lessee on a *pari passu* basis.

Any Taxes that are imposed on any Indemnatee as a result of the disallowance or reduction of any tax benefit referred to in this subsection as to which such Indemnatee has made in full the payment to Lessee required hereby (or as to which such Indemnatee would have made its payment but for Section 7(b)(vii) hereof) or which is otherwise taken into account in calculating Lessee's indemnity obligation, in a taxable year subsequent to the utilization by such Indemnatee (including the expiration of any tax credit carryovers or carrybacks of such Indemnatee that would not otherwise have expired) shall be treated as a Tax for which Lessee is obligated to indemnify such Indemnatee pursuant to the provisions of this Section 7(b) without regard to the provisions of Section 7(b)(ii), 7(b)(iv) or the third paragraph of this Section 7(b)(iii).

(iv) General Tax Indemnity -- Contests. If a written claim shall be made against any Indemnatee for any Tax for which Lessee is obligated pursuant to this Section 7(b), such Indemnatee shall notify Lessee in writing promptly after receipt thereof (as well as the name of independent tax counsel for purposes of this Section 7(b)(iv)) and, in any event, within 30 days of receipt of such notice and shall provide Lessee such information regarding such claim as Lessee may reasonably request, but the failure to give such notice or to provide such information when required shall not diminish Lessee's obligation hereunder unless such failure effectively precludes Lessee's ability to (A) require such Indemnatee to contest the Tax or (B) contest the Tax itself (in a case

where Lessee cannot require the Indemnatee to contest such Tax).

If a written claim shall be made for any Tax, other than an Income Tax, for which Lessee is obligated pursuant to this Section 7(b), and under applicable law of the taxing jurisdiction Lessee is allowed to directly contest such Tax and the Tax to be contested is not reflected in a report or return with other Taxes of any Indemnatee and if the Indemnatee determines in good faith that it will not suffer any adverse consequences as a result, then the Lessee shall be permitted, at its expense and in its own name, or, if consented to by the Indemnatee, in the name of such Indemnatee, to contest the imposition of such Tax; provided, however, that Lessee shall not be permitted or entitled to contest any Tax (A) if such contest will result in the risk of an imposition of criminal penalties or a material risk of a sale, forfeiture or loss of the Aircraft, the Airframe, the Engines, the Parts or any part thereof or the creation of any Lien other than Liens for Taxes of Lessee (x) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft, and (y) for the payment of which such reserves, if any, as required to be provided under generally accepted accounting principles have been provided and, to the extent permitted by law, Lessee shall be entitled to withhold payment during pendency of such contest, (B) if an Event of Default shall have occurred and be continuing, unless the Lessee shall have, at the option of the Owner Participant, either (i) provided security for its obligations hereunder reasonably satisfactory to the Owner Participant by placing in escrow sufficient funds to cover any such contested Tax or (ii) paid such Tax, (C) unless in Lessee's request to the Indemnatee to contest such Tax, Lessee shall have agreed to pay such Indemnatee on demand all costs and expenses that such Indemnatee actually incurs in connection with contesting such claim (including, without limitation, all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to tax) or (D) unless in the case of an Indemnatee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, prior to the commencement of a contest Lessee shall have delivered to such Indemnatee a written acknowledgement of Lessee's obligation to indemnify fully such Indemnatee to the extent that the contest is not successful; provided, however, that Lessee will not be bound by its acknowledgement of liability if and

to the extent that the contest results in a determination which clearly and unambiguously demonstrates that Lessee is not otherwise liable under this Section 7(b) with respect to such Tax.

If requested by Lessee in writing (A) within 30 days of Lessee's receipt of notice from an Indemnitee under the first paragraph of this Section 7(b)(iv) and (B) with respect to a Tax for which Lessee is obligated to indemnify pursuant to this Section 7(b) which is not described in the previous paragraph exclusive of the proviso thereto, such Indemnitee shall in good faith at Lessee's expense contest the imposition of any such Tax. After consulting with Lessee and Lessee's counsel concerning the forum in which the adjustment is most likely to be favorably resolved, such Indemnitee shall, in its sole discretion, select the forum for such contest and determine whether any such contest shall be by (A) resisting payment of such Tax, (B) paying such Tax under protest or (C) paying such Tax and seeking a refund or other repayment thereof. In no event shall such Indemnitee be requested or required to contest the imposition of any Tax for which Lessee is liable under this Section 7(b) unless (I) in Lessee's request to the Indemnitee to contest such Tax, Lessee shall have agreed to pay such Indemnitee on demand all reasonable costs and expenses that such Indemnitee actually incurs in connection with contesting such claim (including, without limitation, all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to tax), (II) such action to be taken will not result in the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft, or the creation of any Lien other than Liens for Taxes of Lessee (x) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft and (y) for the payment of which such reserves, if any, as are required to be provided under generally accepted accounting principles have been provided by Lessee, (III) if such contest shall be conducted in a manner requiring the payment of the claim, Lessee shall have paid the amount required directly to the appropriate authority or made an advance of the amount thereof to such Indemnitee on an interest-free basis and agreed to indemnify the Indemnitee against any additional net after-tax cost to such Indemnitee with respect to such advance or payment, (IV) with regard to an Income Tax on an Indemnitee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee,

independent tax counsel selected by such Indemnitee and reasonably satisfactory to the Lessee shall furnish an opinion, prepared at the Lessee's expense, to the effect that there is a reasonable basis to contest such claim and with respect to appeal, to the effect that it is more likely than not such appeal will be successful, (V) in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, prior to the commencement of a contest Lessee shall have delivered to such Indemnitee a written acknowledgment of Lessee's obligation to indemnify fully such Indemnitee to the extent that the contest is not successful; provided, however, that Lessee will not be bound by its acknowledgment of liability if and to the extent that the contest results in a determination which clearly and unambiguously demonstrates that Lessee is not otherwise liable under this Section 7(b) with respect to such Tax, (VI) if an Event of Default shall have occurred and be continuing, the Lessee shall have, at the option of the Owner Participant, either (i) provided security for its obligations hereunder reasonably satisfactory to the Owner Participant by placing in escrow sufficient funds to cover any such contested Tax or (ii) paid such Tax, and (VII) the amount of the indemnity computed under Section 7(b) arising from a claim for Tax exceeds \$10,000. In no event shall an Indemnitee be required to appeal or to seek leave to appeal an adverse determination with respect to Taxes contested by, or in the name of, the Indemnitee to the United States Supreme Court.

If any Indemnitee shall obtain a refund of all or any part of any Tax paid by Lessee such Indemnitee shall pay Lessee an amount equal to the sum of (I) the amount of such refund, including interest received attributable thereto, net of taxes required to be paid by such Indemnitee as a result of any refund and/or interest received and (II) any tax benefit realized by such Indemnitee as a result of any payment by such Indemnitee made pursuant to this sentence; provided, however, that in the case of any Indemnitee which is the Owner Participant or any successor, assign or Affiliate of the Owner Participant such amount attributable to (I) above shall not be in excess of the amount of such Tax payment (determined without regard to any amount paid in respect of Taxes required to be paid by such Indemnitee in respect of the receipt or accrual of such payment or advance made by Lessee to such Indemnitee) plus interest received, if any, from the relevant taxing authority with respect to such Tax payment (net of Taxes required to be paid by such Indemnitee in connection with the receipt of such interest), it being intended that such Indemnitee shall realize a net

benefit pursuant to this Section 7(b) only if Lessee shall first have been reimbursed for any payments by it to such Indemnatee pursuant to this Section 7(b) arising from the same Loss. If any Indemnatee shall have paid Lessee any refund of all or part of any Tax paid by Lessee and it is subsequently determined that such Indemnatee was not entitled to the refund, such determination shall be treated as the imposition of a Tax for which Lessee is obligated to indemnify such Indemnatee pursuant to the provisions of this Section 7(b) without regard to Section 7(b)(ii) or Section 7(b)(iv).

Nothing contained in this Section 7(b)(iv) shall require any Indemnatee to contest, or permit Lessee to contest, a claim with respect to the imposition of any Tax if such Indemnatee shall waive its right to indemnification under this Section 7 with respect to such claim or a claim with respect to which a previous contest pursuant to the provision of this Section 7(b)(iv) shall have been determined adversely to the taxpayer.

(v) General Tax Indemnity -- Reports. Lessee will provide such information (including information on the routes and operations of the Aircraft) as may be reasonably requested by an Indemnatee or required to enable an Indemnatee to fulfill its tax filing or audit requirements with respect to the transactions contemplated by the Operative Documents. In the event any return, statement or report is required to be made or filed with respect to any Tax imposed on or indemnified against by Lessee under this Section 7(b) (other than with respect to Income Taxes), Lessee shall notify the Indemnatee of such requirement and (i) to the extent permitted by law, and not otherwise requested by the Indemnatee, or required by law, Lessee shall make and file in its own name (and pay the tax shown due on) such return, statement or report in such manner as will show the ownership of the Aircraft in the Owner Trustee and furnish the Indemnatee with a copy of such return, statement or report; provided, however, that Lessee shall have no obligation under this clause (i) to the extent such Indemnatee after receipt of Lessee's written request shall have failed to furnish Lessee with such information as is peculiarly within such Indemnatee's control and is necessary to file such returns, statements or reports, and (ii) in the case of a return, statement or report required (or requested by the Indemnatee) to be in the name of or filed by such Indemnatee, Lessee shall prepare and furnish such return, statement or report for filing by such Indemnatee in such manner as shall be reasonably satisfactory to such Indemnatee and send the same to such Indemnatee for filing

no later than 10 Business Days prior to the due date; provided, however, that Lessee shall have no obligation under this clause (ii) to the extent such Indemnatee after receipt of Lessee's written request shall have failed to furnish Lessee with such information as is peculiarly within such Indemnatee's control and is necessary to prepare such return, statement or report. Lessee shall hold each Indemnatee harmless from and against any liabilities, including, but not limited to penalties, additions to tax, fines and interest, arising out of any insufficiency or inaccuracy in any such return, statement, report or information if such insufficiency or inaccuracy is attributable to Lessee.

(vi) General Tax Indemnity -- Payment. Except as provided in Section 7(b)(iv) or (v) hereof, Lessee shall pay any Tax directly to the appropriate taxing authority if legally permissible and upon demand of an Indemnatee shall pay such Tax and any other amounts due hereunder to such Indemnatee within 20 Business Days of such demand, but in no event shall any such payments be made more than 10 Business Days prior to the date the Tax to which any such payment hereunder relates is due (unless Lessee has not received such demand at least 15 Business Days prior to such date in which case within five Business Days after receipt of such demand), in immediately available funds. Any such demand for payment from an Indemnatee shall specify in reasonable detail, the payment and the facts upon which the right to payment is based. Each Indemnatee shall promptly forward to Lessee any notice, bill or advice received by it concerning any Tax indemnified against hereunder. As soon as practicable after each payment by Lessee of any Tax indemnified against hereunder, Lessee shall furnish the appropriate Indemnatee the original or a certified copy of a receipt for Lessee's payment of such Tax or such other evidence of payment of such Tax as is acceptable to such Indemnatee. Lessee shall also furnish promptly upon request such data as any Indemnatee may reasonably require to enable such Indemnatee to comply with the requirements of any taxing jurisdiction.

(vii) Application of Payments During Existence of Default or Event of Default. Any amount payable to Lessee pursuant to the terms of this Section 7(b) shall not be paid to or retained by Lessee if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing under the Lease. At such time as there shall not be continuing any Default or Event of Default, such amount shall be paid to the Lessee to the extent not previously applied against Lessee's obligations

hereunder as and when due after the Owner Trustee shall have declared the Lease in default pursuant to Section 15 thereof.

(viii) Reimbursements by Indemnitees Generally. If, for any reason, Lessee is required to make any payment with respect to any Taxes imposed on any Indemnatee in respect of the transactions contemplated by the Operative Documents or on the Aircraft, the Airframe, the Engines, the Parts or any part thereof, which Taxes are not the responsibility of Lessee under this Section 7(b), then such Indemnatee shall pay to Lessee an amount which equals the amount paid by Lessee with respect to such Taxes plus interest thereon, computed from the date of payment by Lessee, at the Base Rate.

(ix) Forms, etc. Each Indemnatee agrees to furnish to Lessee from time to time, at the Lessee's request and expense, such duly executed and properly completed forms as may be necessary or appropriate in order to claim any reduction of or exemption from any withholding tax imposed by any taxing authority in respect of any payments otherwise required to be made by Lessee pursuant to the Operative Documents and each Pass Through Trust Agreement, which reduction or exemption may be available to such Indemnatee. In addition, any Indemnatee shall, at Lessee's expense, execute and deliver any forms or documents which Lessee reasonably requests and which are reasonably related to any indemnified Taxes. Notwithstanding the foregoing, an Indemnatee shall not be required to (A) make available any Income Tax returns; or to (B) execute and deliver any forms or documents which would in the good faith determination of such Indemnatee disadvantage such Indemnatee in the context of its overall filing position or with regard to other Taxes not indemnified under this Agreement or the Tax Indemnity Agreement.

(x) Non-Parties. If an Indemnatee is not a party to this Agreement, Lessee may require the Indemnatee to agree to the terms of this Section 7(b) prior to making any payment to such Indemnatee under this Section 7(b).

(xi) Owner Participant. For the purposes of this Section 7(b), the term "Owner Participant" shall mean and include [_____] (and its permitted successors and assigns) and where appropriate the affiliated group of corporations (and each member thereof) making a consolidated or combined return of which [_____] (and its permitted successors and assigns) is a member.

(xii) Income Tax. For purposes of this Section 7, the term Income Tax means any Tax based on or measured by or with respect to net income (including, without limitation, capital gains taxes, minimum taxes, income taxes collected by withholding, and taxes on tax preference items) or net receipts and taxes imposed on gross income or gross receipts which are expressly in lieu of a net income tax (provided, however, that sales, use, value added, rental, license, ad valorem or property Taxes shall not constitute an Income Tax) and Taxes which are capital, doing business, franchise, excess profits, net worth taxes and interest, additions to tax, penalties, or other charges in respect thereof.

(c) General Indemnity. Lessee hereby agrees to indemnify, on an after-tax basis, each Indemnitee against, and agrees to protect, save and keep harmless each of them from (whether or not the transactions contemplated herein or in any of the other Operative Documents or the Pass Through Trust Agreements are consummated), any and all Expenses imposed on, incurred by or asserted against any Indemnitee, in any way relating to or arising out of (A) the Operative Documents and each Pass Through Trust Agreement (and any amendments thereto), the negotiation and the consummation of the transactions contemplated thereby or any sublease under the Lease Agreement or the enforcement of any of the terms of any thereof; or (B) the manufacture, design, purchase, resale, acceptance or rejection of the Airframe or any Engine or Parts; or (C) the Aircraft (or any portion thereof) or any Engine whether or not installed on the Airframe or any airframe on which an Engine is installed whether or not arising out of the finance, refinance, ownership, delivery, nondelivery, storage, lease, sublease, possession, use, non-use, operation, maintenance, modification, alteration, condition, sale, replacement, substitution, return or other disposition, registration, reregistration or airworthiness of the Aircraft (or any portion thereof) including, without limitation, latent or other defects, whether or not discoverable, strict tort liability and any damage to property or the environment, death or injury to any person and any claim for patent, trademark or copyright infringement; or (D) the offer, sale, holding, transfer or delivery of the Loan Certificates or the Pass Through Certificates, whether before, on or after the Delivery Date (the indemnity in this clause (D) to extend also to any person who controls an Indemnitee, its successors, assigns, employees, directors, officers, servants and agents within the meaning of Section 15 of the Securities Act of 1933, as amended); or (E) the offer, holding, transfer or sale of any interest in the Trust Estate or the Trust Agreement or any similar interest (a) on or prior to the Delivery Date, or (b) subsequent to the Delivery Date during the continuation of an Event of Default under the Lease or in connection with the exercise by the Lessee of its

purchase options under the Lease or in connection with a refinancing pursuant to Section 17 hereof or in connection with the termination of the Lease or action or direction of Lessee pursuant to Sections 7, 8, 9, 10, or 19 thereof; provided, that the foregoing indemnity shall not extend to any Expense to the extent resulting from or arising out of one or more of the following: (1) any representation or warranty by such Indemnitee in the Operative Documents or in any Pass Through Trust Agreement being incorrect, or (2) the failure by such Indemnitee to perform or observe any agreement, covenant or condition in any of the Operative Documents or in any Pass Through Trust Agreement including, without limitation, the creation or existence of a Lessor Lien (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), or (3) the willful misconduct or the gross negligence of such Indemnitee (other than gross negligence imputed to such Indemnitee solely by reason of its interest in the Aircraft), or (4) (A) in the case of such Indemnitee a disposition (voluntary or involuntary) of all or any part of its interest in the Airframe or any Engine, (B) in the case of a Certificate Holder a disposition (voluntary or involuntary) by such Certificate Holder of all or any part of its interest in any Loan Certificate or (C) in the case of any Indemnitee a disposition by such Indemnitee of all or any part of such Indemnitee's interest in the Operative Documents or the Pass Through Trust Agreements other than in each of (A), (B) and (C) during the continuance of an Event of Default under the Lease or pursuant to the exercise by the Lessee of its purchase options under the Lease or in connection with a refinancing pursuant to Section 17 hereof or in connection with the termination of the Lease or action or direction of Lessee pursuant to Sections 7, 8, 9, 10 or 19 thereof, or (5) other than to the extent provided in the succeeding paragraph, any Tax (as defined in Section 7(b) hereof) whether or not Lessee is required to indemnify for such Tax pursuant to Section 7(b) hereof (it being understood that Section 7(b) hereof and the Tax Indemnity Agreement and provisions requiring payments to be made on an after-tax basis or expressly providing for additional indemnification by Lessee exclusively provide for Lessee's liability with respect to Taxes), or (6) the offer or sale by the Owner Participant after the Delivery Date of any interest in the Trust Estate or the Trust Agreement or any similar interest, unless such offer or sale shall occur (A) during a period when an Event of Default has occurred and is continuing under the Lease at the time of such offer or sale or (B) in connection with the exercise by Lessee of its purchase options under the Lease or, (7) in the case of the Owner Participant, a failure on the part of the Owner Trustee to distribute in accordance with the Trust Agreement any amounts received and distributable by it thereunder or, in the case of a Certificate Holder, a failure on the part of the Indenture Trustee to distribute in accordance with the Trust

Indenture any amounts received and distributable by it thereunder to such Certificate Holder or a failure on the part of any Pass Through Trustee to distribute in accordance with the applicable Pass Through Trust Agreement any amounts received and distributable by such Pass Through Trustee under such Pass Through Trust Agreement, or (8) other than during the continuation of a Default or an Event of Default under the Lease the authorization or giving or withholding of any future amendments, supplements, waivers or consents with respect to any of the Operative Documents or any Pass Through Trust Agreement unless such amendments, supplements, waivers or consents (a) are requested by Lessee or (b) are required or permitted pursuant to the terms of the Operative Documents (unless the same results from the actions of an Indemnatee) (provided if Lessee is not responsible for the Expense associated with such amendment, supplement, waiver or consent, the party requesting the execution of the same shall be responsible for such expense), or (9) other than to the extent provided in the succeeding paragraph any loss of tax benefits or increase in tax liability under any tax law whether or not Lessee is required to indemnify therefor pursuant to this Agreement or the Tax Indemnity Agreement (it being understood that Section 7(b) hereof and the Tax Indemnity Agreement and provisions requiring payments to be made on an after-tax basis or expressly providing for additional indemnification by Lessee exclusively provide for Lessee's liability with respect to Taxes), or (10) except to the extent fairly attributable to acts or events occurring on or prior thereto, acts or events which occur after the earlier of: (I) the return of possession of the Airframe or any Engine or any Part to the Owner Trustee or its designee pursuant to the terms of the Lease (other than pursuant to Section 15 thereof, in which case Lessee's liability under this Section 7(c) shall survive for so long as Owner Trustee shall be entitled to exercise remedies under such Section 15), (II) the termination of the Term in accordance with Sections 5, 9 or 19 of the Lease, (III) the last day of the Term if Owner Trustee shall have furnished the notice referred to in Section 10(d) of the Lease and Lessee shall have failed to return possession to Owner Trustee on such day or (IV) the payment by Lessee of all amounts required to be paid under the Lease following an Event of Loss (but excluding from the terms of this subsection (IV) an Event of Loss followed by the replacement of the Aircraft).

Notwithstanding clause 7(c)(5) or (9) above, Lessee further agrees that any payment or indemnity pursuant to this Section 7(c) in respect of any "Expenses" shall be in an amount which, after deduction of all Taxes required to be paid by such recipient with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in the United States, or under the laws of any taxing

authority or governmental subdivision of a foreign country, or any territory or possession of the United States or any international authority, shall be equal to the excess, if any, of (A) the amount of such Expense over (B) the current net reduction in Taxes actually required to be paid by such recipient resulting from the accrual or payment of such Expense.

Nothing in this Section 7(c) shall be construed as a guaranty by Lessee of payments due pursuant to the Loan Certificates or the Pass Through Certificates or of the residual value of the Aircraft.

If a claim is made against an Indemnatee involving one or more Expenses and such Indemnatee has notice thereof, such Indemnatee shall promptly after receiving such notice give notice of such claim to Lessee; provided that the failure to provide such notice shall not release Lessee from any of its obligations to indemnify hereunder or from any other obligation that the Lessee may have to such Indemnatee at law or in equity, and no payment by Lessee to an Indemnatee pursuant to this Section 7(c) shall be deemed to constitute a waiver or release of any right or remedy which the Lessee may have against such Indemnatee for any actual damages as a result of the failure by such Indemnatee to give Lessee such notice. So long as Lessee has acknowledged its obligation to indemnify pursuant to this Section 7(c), Lessee shall be entitled, at its sole cost and expense, acting through counsel reasonably acceptable to the respective Indemnatee, (A) in any judicial or administrative proceeding that involves solely a claim for one or more Expenses, to assume responsibility for and control thereof, (B) in any judicial or administrative proceeding involving a claim for one or more Expenses and other claims related or unrelated to the transactions contemplated by the Operative Documents, to assume responsibility for and control of such claim for Expenses to the extent that the same may be and is severed from such other claims (and such Indemnatee shall use reasonable efforts to obtain such severance), and (C) in any other case, to be consulted by such Indemnatee with respect to judicial proceedings subject to the control of such Indemnatee and to be allowed, at Lessee's sole expense, to participate therein. Notwithstanding any of the foregoing to the contrary, Lessee shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings if (i) any Default under Section 14(a), (b), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing, (ii) if such proceedings will involve a material risk of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on, the Aircraft, the Trust Indenture Estate or the Trust Estate or any part thereof unless Lessee shall have posted a bond or other security reasonably satisfactory to the relevant Indemnitees in respect to such risk

or (iii) if such proceedings could, in the good faith opinion of the Indemnitee entail any risk of criminal liability or any material risk of civil liability (unless, in the case of such civil liability, Lessee has agreed to indemnify against such civil liability in a manner reasonably acceptable to such Indemnitee). The Indemnitee may participate at its own expense and with its own counsel in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; provided, however, that if in the written opinion of counsel to such Indemnitee (which opinion and counsel shall be reasonably acceptable to Lessee) an actual or potential material conflict of interest exists where it is advisable for such Indemnitee to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee.

The Indemnitee shall supply Lessee, at Lessee's expense, with such information reasonably requested by Lessee as is necessary or advisable for Lessee to control or participate in any proceeding to the extent permitted by this Section 7(c). Such Indemnitee shall not enter into a settlement or other compromise with respect to any Expense as to which Lessee has acknowledged its obligation to indemnify (and if Lessee has not so acknowledged only upon 5 Business Days' prior written notice to Lessee) without the prior written consent of Lessee (except during the continuance of any Default under Section 14(a), (b), (f) or (g) of the Lease or an Event of Default under the Lease when such consent shall not be required if such Indemnitee gives 30 days' prior written notice to Lessee describing the proposed settlement or compromise), which consent shall not be unreasonably withheld or delayed, unless such Indemnitee waives its right to be indemnified with respect to such Expense under this Section 7(c).

The Lessee shall supply the Indemnitee with such information reasonably requested by the Indemnitee as is necessary or advisable for the Indemnitee to control or participate in any proceeding to the extent permitted by this Section 7(c).

Upon payment of any Expense pursuant to this Section 7(c), Lessee, without any further action, shall be subrogated to any claims the Indemnitee may have relating thereto other than claims under Section 9.06 of the Trust Indenture or Section 5.03 or 7.01 of the Trust Agreement. The Indemnitee agrees to give such further assurances or agreements and to cooperate with Lessee to permit Lessee to pursue such claims, if any, to the extent reasonably requested by Lessee.

In the event that Lessee shall have paid an amount to an Indemnitee pursuant to this Section 7(c), and such Indemnitee

subsequently shall be reimbursed in respect of such indemnified amount from any other person, such Indemnitee shall, unless a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing, promptly pay Lessee but not before Lessee shall have made all payments then due to such Indemnitee pursuant to this Section 7(c) and any other payments then due under any of the Operative Documents, an amount equal to the sum of (I) the amount of such reimbursement, including interest received attributable thereto, net of taxes required to be paid by such Indemnitee as a result of any reimbursement including interest received attributable thereto and (II) any tax benefit actually realized by such Indemnitee as a result of any payment by such Indemnitee made pursuant to this sentence; provided, however, that in the case of any Indemnitee which is the Owner Participant or any successor, assign or Affiliate of the Owner Participant such amount attributable to (I) above shall not be in excess of the amount of such Expense payment net of any amount paid in respect of Taxes required to be paid by such Indemnitee in respect of the receipt or accrual of such payment or advance made by Lessee to such Indemnitee plus interest received, if any, from the relevant taxing authority with respect to any such Expense payment, it being intended that such Indemnitee shall realize a net benefit pursuant to this Section 7(c) only if Lessee shall first have been reimbursed for any payments by it to such Indemnitee pursuant to this Section 7(c).

Lessee agrees to pay the reasonable and continuing fees and expenses of the Indenture Trustee (including, but not limited to, the reasonable fees and expenses of its counsel and any agent appointed in accordance with Section 9.02(c) of the Trust Indenture) and each Pass Through Trustee (including, but not limited to, the reasonable fees and expenses of its counsel) and, as provided in Section 6.07 of the Trust Agreement, the Owner Trustee (including, but not limited to, the reasonable fees and expenses of its counsel), in each case without cost, on a net after-tax basis, to the Owner Participant, for acting as such, other than such fees and expenses which constitute Transaction Expenses.

Lessee's obligations under the indemnities provided for in this Agreement shall be those of a primary obligor, whether or not the Person indemnified shall also be indemnified with respect to the same matter under the terms of any other document or instrument, and the Person seeking indemnification from Lessee pursuant to any provision of this Agreement may proceed directly against Lessee without first seeking to enforce any other right of indemnification.

To the extent permitted by applicable law, interest at the Past Due Rate shall be paid, on demand, on any amount or indemnity not paid when due pursuant to this Section 7 until the same shall be paid. Such interest shall be paid in the same manner as the unpaid amount in respect of which such interest is due.

Any amount which is payable to Lessee by any Person pursuant to this Section 7 shall not be paid to Lessee if a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing or if any payment is due and owing by Lessee under the Lease or to such Person under any other Operative Document. Any such amount shall be held by such Person and, if such Default or an Event of Default under the Lease shall have occurred and be continuing, shall be applied against Lessee's obligations hereunder to such Person as and when due (and, to the extent that Lessee has no obligations hereunder to such Person, such amount shall be paid to Lessee). At such time as there shall not be continuing any such Default or an Event of Default or there shall not be due and owing any such payment, such amount shall be paid to Lessee to the extent not previously applied in accordance with the immediately preceding sentence.

(d) Withholding. If Lessee advises the Owner Trustee, the Indenture Trustee and the relevant Certificate Holder in writing that interest on its Loan Certificates is subject to United States withholding tax, then the Owner Trustee shall instruct the Indenture Trustee to, and Indenture Trustee shall, withhold as provided in Section 9.11 of the Trust Indenture.

SECTION 8. Representations, Warranties and Covenants. (a) The Owner Participant represents that it is acquiring its interest in the Trust Estate for investment purposes only and not with a present intent as to any resale or distribution thereof (subject nonetheless to any requirement of law that the disposition of its properties shall at all times be and remain within its control) and that neither it nor anyone acting on its behalf (other than for purposes of this paragraph, Lessee and the Underwriter) has directly or indirectly offered any interest in the Trust Estate or any Loan Certificates or Pass Through Certificates or any similar securities for sale to, or solicited any offer to acquire any of the same from, anyone in a manner which would result in a violation of the Securities Act of 1933, as amended or the securities laws, rules and regulations of any state.

(b) Each of the Owner Participant and State Street Bank and Trust Company, in its individual capacity, represents and warrants to the other parties to this Agreement that it is, and on the Delivery Date will be, a Citizen of the United States. The Owner Participant agrees, solely for the benefit of Lessee and the Certificate Holders, that if during such time as the Aircraft is registered in the United States (or if Lessee desires to register the Aircraft in the United States) (i) it shall not be a Citizen of the United States and (ii) the Aircraft shall be, or would therefore become, ineligible for registration in the name of the Owner Trustee under the Federal Aviation Act and regulations then applicable thereunder, then the Owner Participant shall (at its own expense and without any reimbursement or indemnification from Lessee) as soon as is reasonably practicable but in any event within 30 days after obtaining Actual Knowledge of such ineligibility and of such loss of citizenship (A) effect voting trust or other similar arrangements or take any other action as may be necessary to prevent any deregistration or to maintain the United States registration of the Aircraft, or (B) transfer its beneficial interest in the Trust Estate in accordance with Section 8(1) hereof. It is understood that: (1) the Owner Participant shall be liable to any of the other parties hereto for any damages suffered by any such other party as the result of the representation and warranty of the Owner Participant in the first sentence of this Section 8(b) proving to be untrue as of the Delivery Date; and (2) the Owner Participant shall be liable to Lessee, any Sublessee and any Certificate Holder for any damages which may be incurred by Lessee, any Sublessee or such Certificate Holder as a result of the Owner Participant's failure to immediately comply with its obligations pursuant to the second sentence of this Section 8(b) unless such failure is a result of such party's breach of its obligations to cooperate set forth in the following sentence (including any damages suffered by any such party (other than damages suffered by Lessee which Lessee could have mitigated by taking reasonable steps (Lessee having no obligation to restrict the use of the Aircraft to so mitigate)) at any time after the fifth Business Day following the Owner Participant's having obtained Actual Knowledge of such ineligibility or loss of citizenship). Each party hereto agrees, upon the request and at the sole expense of the Owner Participant, to reasonably cooperate with the Owner Participant in complying with its obligations under the provisions of the second sentence of this Section 8(b) and such request shall not be subject to the indemnity contained in Section 7(c) hereof. State Street Bank and Trust Company in its individual capacity, agrees that if at any time a responsible officer of State Street Bank and Trust Company, shall obtain Actual Knowledge that State Street Bank and Trust Company has ceased to be a Citizen of the United States, it will promptly resign as Owner Trustee (if and

so long as such citizenship is necessary under the Federal Aviation Act as in effect at such time or, if it is not necessary, if and so long as the Owner Trustee's citizenship would have any adverse effect on a Certificate Holder, Lessee or the Owner Participant), effective upon the appointment of a successor Owner Trustee in accordance with Section 9.01 of the Trust Agreement. If the Owner Participant or State Street Bank and Trust Company, in its individual capacity, does not comply with the requirements of this Section 8(b), the Owner Trustee, the Indenture Trustee, the Owner Participant and the Certificate Holders hereby agree that a Default or an Event of Default shall not have occurred and be continuing under the Lease due to noncompliance by Lessee with the registration requirements in the Lease.

(c) State Street Bank and Trust Company, in its individual capacity represents and warrants that both the principal place of business of the Owner Trustee and the place where the Owner Trustee's records concerning the Aircraft and all of its interest in, to and under the Operative Documents to which it is a party are or will be kept is Boston, Massachusetts (other than such as may be maintained or held by the Indenture Trustee pursuant to the Trust Indenture) and has its chief executive office (as such term is used in Article 9 of the Uniform Commercial Code) in the Commonwealth of Massachusetts. State Street Bank and Trust Company, in its individual capacity agrees that it will not change the location of such office to a location outside of Boston, Massachusetts, without prior written notice to Lessee, Indenture Trustee and the Owner Participant.

(d) [Intentionally omitted.]

(e) The Owner Participant agrees that, if, at any time after the Restricted Period and so long as no Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(vii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or Event of Default under the Lease shall have occurred or be continuing, Lessee has requested its consent to the registration of the Aircraft, in the name of the Owner Trustee (or, if appropriate, in the name of Lessee or a Sublessee as a "lessee" or a "sublessee"), at Lessee's expense, (i) upon 30 days' prior written notice in a country listed on Exhibit G to the Lease, with which the United States maintains diplomatic relations at the time of such request, provided that with respect to any country listed on Exhibit G to the Lease as a "Restricted Country" such country must at the time of such registration impose and enforce aircraft maintenance standards not materially less stringent than those of the FAA, or the central civil aviation authority of any of Canada, France, Germany, Japan or

the United Kingdom, or (ii) upon 30 days' prior written notice in any other country with which the United States maintains diplomatic relations at the time of such request and the Owner Participant has not determined, acting reasonably, that such other country would not provide substantially equivalent protection for the rights of owner participants, lessors or lenders in similar transactions as provided under United States laws, the Owner Participant will not, in the case of either (i) or (ii), unreasonably withhold its consent to such change of registration. In addition, such change of registration to a country listed on Exhibit G shall be permitted only if such change will not result in the imposition of, or increase the amount of, any Tax for which Lessee is not required to indemnify or is not then willing to enter into a binding agreement to indemnify, in a manner satisfactory in form and substance to the indemnified party, each party referred to in clause (E) of paragraph (i) below. The Owner Participant further agrees that the inability of Lessee to deliver to the Owner Participant and, so long as the Lien of the Trust Indenture has not been released, the Indenture Trustee, an opinion (reasonably satisfactory in form and substance to the Owner Participant) of counsel reasonably acceptable to the Owner Participant in such country listed on Exhibit G to the Lease to the effect that the courts of such country would give effect to the Owner Trustee's title to the Aircraft, to the registry of the Aircraft in the name of the Owner Trustee, and to the priority of the lien under the Trust Indenture substantially to the same extent as provided under United States law, shall constitute the sole reasonable grounds to withhold such consent in regard to a country listed in Exhibit G, and if said opinion is delivered, the Owner Participant will instruct the Owner Trustee, and the Indenture Trustee, subject only to compliance with the provisions of Section 7.02 of the Indenture, shall cooperate, to make such change of registration.

It is further agreed, however, that prior to any such change in the country of registry of the Aircraft to a country not listed on Exhibit G to the Lease, the Owner Participant, the Owner Trustee in its individual capacity and, so long as the Lien of the Trust Indenture has not been released, the Indenture Trustee shall have received:

(i) assurances reasonably satisfactory to the Owner Participant and the Owner Trustee in its individual capacity (A) to the effect that the insurance or self-insurance provisions of the Lease have been complied with after giving effect to such change of registry, (B) of the payment by Lessee on an after-tax basis of any expenses of the Owner Participant, the Owner Trustee and the Indenture Trustee in connection with such change of registry, (C) to the effect that the original indemnities (and any additional

indemnities for which Lessee is then willing to enter into a binding agreement to indemnify) in favor of the Owner Participant, the Owner Trustee (in its individual capacity and as trustee under the Trust Agreement) and the Indenture Trustee, under this Agreement, the Trust Indenture and the Tax Indemnity Agreement, afford each such party substantially the same protection as provided prior to such change of registry, (D) as to the continuation of the Trust Indenture as a first priority lien on the Aircraft, (E) that such change will not result in the imposition of, or increase in the amount of, any Tax for which Lessee is not required to indemnify, or is not then willing to enter into a binding agreement to indemnify in a manner satisfactory in form and substance to the indemnified party, the Owner Participant, the Indenture Trustee, the Owner Trustee (in its individual capacity and as trustee under the Trust Agreement), or any successor, assign or Affiliate of any thereof, or the Trust Estate pursuant to Section 7(b) hereof; and (F) that such new country of registry imposes and enforces aircraft maintenance standards not materially less stringent than those of the FAA or the central civil aviation authority of Canada, France, Germany, Japan or the United Kingdom; and

(ii) a favorable opinion of counsel (reasonably satisfactory to the Owner Trustee, in its individual capacity, and to the Owner Participant) in the new jurisdiction of registry to the effect (A) that the terms (including, without limitation, the governing-law, service-of-process and jurisdictional-submission provisions thereof) of the Lease and the Trust Indenture are legal, valid, binding and enforceable in such jurisdiction, (B) that it is not necessary for the Owner Participant, the Owner Trustee or the Indenture Trustee to register or qualify to do business in such jurisdiction, (C) that there is no tort liability of the owner of an aircraft not in possession thereof under the laws of such jurisdiction other than tort liability which might have been imposed on such owner under the laws of the United States or any state thereof (it being understood that, in the event such latter opinion cannot be given in a form satisfactory to the Owner Participant, such opinion shall be waived if insurance reasonably satisfactory to Owner Participant and the Owner Trustee, in its individual capacity, is provided, at Lessee's expense, to cover such risk), (D) (unless Lessee shall have agreed to provide insurance covering the risk of requisition of use or title of the Aircraft by the government of such jurisdiction so long as the Aircraft is registered under the laws of such jurisdiction) that the laws of such jurisdiction require fair compensation by the government of such jurisdiction

payable in currency freely convertible into Dollars for the loss of use or title of the Aircraft in the event of the requisition by such government of such use or title, and (E) to such further effect with respect to such other matters as the Owner Trustee, in its individual capacity, or the Owner Participant may reasonably request.

Upon receipt by the Owner Participant and the Indenture Trustee of an opinion of counsel meeting the foregoing requirements, Exhibit F and Exhibit G to the Lease shall be amended to add such country.

If, at any time, the Owner Participant delivers an opinion (a "Delisting Opinion") from a law firm (such opinion and counsel to be reasonably satisfactory to Lessee) in a country then listed on Exhibit F or G to the Lease to the effect that a reputable law firm located in such jurisdiction would not as of the date of such opinion be able to deliver an opinion of counsel as to the matters listed in subsections (A) through (D) of subparagraph (ii) above (provided that in regard to (C) and (D), Lessee is not willing at the time of registration to provide the insurance required by such subsection (C) or (D)), then Exhibits F and G to the Lease shall be amended to delete such country. Lessee shall pay the reasonable costs of the Owner Participant in obtaining the Delisting Opinion provided such opinion is in fact obtained in connection with Lessee's request to change the registry of the Aircraft to, or to sublease the Aircraft in, a country listed on Exhibit F or G to the Lease.

Lessee shall pay all reasonable fees and expenses on an after-tax basis of the Owner Participant, the Owner Trustee and the Indenture Trustee in connection with any change of registry of the Aircraft.

(f) The Owner Participant represents and warrants as follows:

(i) the Owner Participant is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization, and has the corporate power and authority to carry on its business as now conducted, to own or hold under lease its properties and to enter into and perform its obligations under the Owner Participant Documents;

(ii) the Owner Participant Documents have been duly authorized by all necessary corporate action on the part of the Owner Participant, do not require any approval

not already obtained of stockholders of the Owner Participant or any approval or consent not already obtained of any trustee or holders of any indebtedness or obligations of the Owner Participant, and have been duly executed and delivered by the Owner Participant, and neither the execution and delivery thereof by the Owner Participant, nor the consummation of the transactions contemplated thereby by the Owner Participant, nor compliance by the Owner Participant with any of the terms and provisions thereof will contravene any United States federal or state law, judgment, governmental rule, regulation or order applicable to or binding on the Owner Participant (it being understood that no representation or warranty is made with respect to laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations relating to the citizenship requirements of the Owner Participant under applicable aviation law) or contravene or result in any breach of or constitute any default under, or result in the creation of any Lien (other than Liens provided for or otherwise permitted in the Operative Documents) upon the Trust Estate under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by-law or other agreement or instrument to which the Owner Participant is a party or by which it or its properties may be bound or affected (it being understood that no representation or warranty is made in this subsection (f)(ii) with respect to ERISA);

(iii) each of the Owner Participant Documents constitutes a legal, valid and binding obligation of the Owner Participant enforceable against the Owner Participant in accordance with the terms thereof, and the trust intended to be formed by the Trust Agreement has been duly and validly formed;

(iv) Neither the execution and delivery by the Owner Participant of this Agreement or any other Owner Participant Document, nor the consummation by it of any of the transactions contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of, any federal or other governmental authority or agency, except those contemplated by the Operative Documents (it being understood that no representation or warranty is made with respect to the laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations

relating to the citizenship requirements of the Owner Participant under applicable aviation law);

(v) there are no pending or, to the knowledge of the Owner Participant, threatened actions or proceedings against the Owner Participant before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of the Owner Participant to perform its obligations under any of, the Owner Participant Documents; and

(vi) on the Delivery Date, the Aircraft will be free of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to the Owner Participant.

(g) Each of State Street Bank and Trust Company in its individual capacity and the Owner Participant severally covenants and agrees (i) that it shall not cause or permit to exist any Lessor Lien attributable to it with respect to the Aircraft or any other portion of the Trust Estate, (ii) that it will promptly, at its own expense, take such action as may be necessary duly to discharge such Lessor Lien attributable to it and (iii) to make restitution to the Trust Estate for any actual diminution of the assets of the Trust Estate resulting from such Lessor Liens attributable to it. The Owner Participant agrees to make restitution to the Trust Estate for any actual diminution of the assets of the Trust Estate resulting from any Taxes or Expenses (as such terms are defined in Section 7 hereof) imposed on the Trust Estate against which Lessee is not required to indemnify the Trust Estate pursuant to Section 7 hereof, but excluding Taxes or Expenses referred to in Section 7(b)(ii)(5) and 7(b)(ii)(7) and excluding any diminution of the Trust Estate attributable to or caused by State Street Bank and Trust Company in its individual capacity; provided that if the Owner Participant shall make restitution to the Trust Estate on account of any diminution of the Trust Estate attributable to or caused by State Street Bank and Trust Company in its individual capacity, then State Street Bank and Trust Company, in its individual capacity, shall reimburse the Owner Participant for such amount together with interest thereon at the Past Due Rate.

(h) First Security Bank of Utah, National Association, in its individual capacity, covenants and agrees that it shall not cause or permit to exist any Lien, arising as a result of (i) claims against the Indenture Trustee not related to its interest in the Aircraft or the administration of the Trust Estate

pursuant to the Trust Indenture, (ii) acts of the Indenture Trustee not permitted by, or failure of the Indenture Trustee to take any action required by, the Operative Documents to the extent such acts arise or such failure arises from or constitutes gross negligence or willful misconduct, (iii) claims against the Indenture Trustee relating to Taxes or Expenses which are excluded from the indemnification provided by Section 7 pursuant to said Section 7, or (iv) claims against the Indenture Trustee arising out of the transfer by the Indenture Trustee of all or any portion of its interest in the Aircraft, the Trust Estate, the Trust Indenture Estate or the Operative Documents other than (A) a transfer of the Aircraft pursuant to Section 9, 10 or 19 of the Lease or Article 5 or 8 of the Trust Indenture, (B) any borrowing pursuant to Section 17 hereof or (C) a transfer of the Aircraft pursuant to Section 15 of the Lease while an Event of Default is continuing and prior to the time that the Indenture Trustee has received all amounts due pursuant to the Trust Indenture.

(i) [Intentionally omitted.]

(j) The Indenture Trustee, and by the acceptance of a Loan Certificate each Certificate Holder (and each Pass Through Trustee, so long as the relevant Pass Through Trust Agreement is in effect), each hereby waives to the fullest extent permitted by law the benefit of the provisions of Section 1111(b) of Title 11 of the United States Code with respect to recourse against the Owner Trustee (in its individual capacity) and the Owner Participant on account of any amount payable as principal of, Premium, if any, and interest on the Loan Certificates. If (i) all or any part of the Trust Estate becomes the property of, or the Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code or any successor provision, (ii) pursuant to such reorganization provisions the Owner Trustee (in its individual capacity) or the Owner Participant is required, by reason of the Owner Trustee (in its individual capacity) or the Owner Participant being held to have recourse liability to a Certificate Holder, a Pass Through Trustee or the Indenture Trustee, directly or indirectly (other than the recourse liability of the Owner Participant under this Participation Agreement), to make payment on account of any amount payable as principal, Premium, if any, or interest on the Loan Certificates and (iii) such Certificate Holder, such Pass Through Trustee or the Indenture Trustee actually receives any Excess Payment (as hereinafter defined) which reflects any payment by the Owner Trustee (in its individual capacity) or the Owner Participant on account of clause (ii) above, then such Certificate Holder, such Pass Through Trustee or the Indenture Trustee, as the case may be, shall promptly refund to the Owner Trustee or the Owner Participant (whichever shall have made such

payment) such Excess Payment. For purposes of this Section 8(j), "Excess Payment" means the amount by which such payment exceeds the amount which would have been received by such Certificate Holder, such Pass Through Trustee or the Indenture Trustee if the Owner Trustee (in its individual capacity) or the Owner Participant had not become subject to the recourse liability referred to in clause (ii) above. Nothing contained in this Section 8(j) shall prevent any Certificate Holder, any Pass Through Trustee or the Indenture Trustee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of the Owner Trustee (in its individual capacity) or the Owner Participant under this Participation Agreement or the Trust Indenture (and any exhibits or annexes thereto).

(k) First Security Bank of Utah, National Association, in its individual capacity ("FSBU") and as Indenture Trustee and Pass Through Trustee as provided below, represents as follows:

(i) it is a Citizen of the United States, that it will notify promptly all parties to this Agreement if in its reasonable opinion its status as a Citizen of the United States is likely to change and that it will resign as Indenture Trustee as provided in Section 9.07 of the Trust Indenture if it should cease to be a Citizen of the United States;

(ii) it is a national banking association and has the full corporate power, authority and legal right under the laws of the United States of America to enter into and perform its obligations under the Trust Indenture, this Agreement, the Basic Agreement and each Pass Through Trust Agreement and, in its capacity as Indenture Trustee and Pass Through Trustee, respectively, to authenticate the Loan Certificates and the Pass Through Certificates;

(iii) the Indenture Trustee Documents, and the authentication of the Loan Certificates and the Pass Through Certificates have been duly authorized by all necessary corporate action on the part of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and neither the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery thereof in any such capacity nor the performance by it in any such capacity of any of the terms and provisions thereof will violate any federal or Utah law or regulation relating to the banking or trust powers of FSBU or contravene or result in any breach of, or constitute any default under its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which FSBU, the

Indenture Trustee or the Pass Through Trustee is a party or by which it or its properties may be bound or affected;

(iv) each of the Indenture Trustee Documents has been duly executed (or, in the case of the Loan Certificates and the Pass Through Certificates, authenticated) and delivered by FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and, assuming that each such agreement is the legal, valid and binding obligation of each other party thereto (other than FSBU, the Indenture Trustee and the relevant Pass Through Trustee), is the legal, valid and binding obligation of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, enforceable against it in accordance with its terms;

(v) neither the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery by FSBU, the Indenture Trustee or any Pass Through Trustee, as it is a party in any such capacity to any of the Indenture Trustee Documents, nor the consummation by it in any such capacity of any of the transactions contemplated hereby, by the Trust Indenture, by the Pass Through Trust Agreements, by the Loan Certificates or by the Pass Through Certificates requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action with respect to, any Utah state or federal governmental authority or agency regulating the banking, trust or fiduciary powers of FSBU;

(vi) there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision or taxing authority thereof in connection with the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery by it as a party in any such capacity to any Indenture Trustee Document or the performance by it as a party in any such capacity of any Indenture Trustee Document (other than franchise or other taxes based on or measured by any fees or compensation received by FSBU, the Indenture Trustee or any Pass Through Trustee, as the case may be, for services rendered in connection with the transactions contemplated thereby), and there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision thereof in connection with the acquisition, possession or ownership by any Pass Through Trustee of any of the Loan Certificates (other than franchise or other taxes based on or measured by any fees or

compensation received by a Pass Through Trustee for services rendered in connection with the transactions contemplated by the respective Pass Through Trust Agreement) and, assuming that the trust created by the respective Pass Through Trust Agreement will not be taxable as a corporation, but, rather, will be characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code, such trust will not be subject to any Taxes imposed by the State of Utah or any political subdivision thereof;

(vii) there are no pending or threatened actions or proceedings against any of FSBU, the Indenture Trustee, or the Pass Through Trustees before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of FSBU, the Indenture Trustee, or the Pass Through Trustees to perform its obligations as a party in any such capacity under any Indenture Trustee Document; and

(viii) except for the issuance and sale pursuant to the respective Pass Through Trust Agreement of the Pass Through Certificates contemplated hereby, neither FSBU nor any Pass Through Trustee has directly or indirectly offered any Loan Certificate for sale to any Person, or solicited any offer to acquire any Loan Certificate from any Person other than the Owner Trustee and the Owner Participant, and neither FSBU nor any Pass Through Trustee has authorized anyone to act on its behalf to offer directly or indirectly any Loan Certificate for sale to any Person, or to solicit any offer to acquire any Loan Certificate from any Person other than the Owner Trustee and the Owner Participant, and no Pass Through Trustee is in default under any respective Pass Through Trust Agreement.

(1) So long as the Aircraft shall be leased to Lessee under the Lease and so long as the Loan Certificates are outstanding, the Owner Participant will not sell, assign, convey or otherwise transfer any of its right, title or interest in and to this Agreement, the Trust Estate or the Trust Agreement to any person or entity, unless (i) the proposed transferee is a "Transferee" (as defined below) and (ii) the Owner Participant and the Transferee shall have delivered to the Owner Trustee, the Lessee and the Indenture Trustee opinions substantially in the form of Exhibits A-1 and A-2, respectively, hereto (or otherwise in form and substance reasonably satisfactory to Lessee and the Indenture Trustee) of counsel reasonably satisfactory to the Indenture Trustee and Lessee. A "Transferee" shall mean either (A) a bank or other financial institution with a combined

capital, surplus and undivided profits of at least \$75,000,000 or a corporation whose net worth is at least \$75,000,000, (B) any subsidiary of such a bank, financial institution or corporation, provided that such bank, financial institution or corporation furnishes to the Owner Trustee, the Indenture Trustee and Lessee a guaranty substantially in the form of Exhibit C hereto with respect to the Owner Participant's obligations, in the case of the Owner Trustee, under the Trust Agreement and, in the case of the Indenture Trustee and Lessee, the Owner Participant's obligations hereunder, or (C) any other entity, provided such obligations are guaranteed by the transferor Owner Participant; provided, however, that unless otherwise consented to by Lessee no Transferee shall be an airline, a commercial air carrier, an air freight forwarder, an entity engaged in the business of parcel transport by air or other similar person or a corporation or other entity controlling, controlled by or under common control with such an airline, a commercial air carrier, an air freight forwarder, an entity engaged in the business of parcel transport by air or other similar person. Each such transfer to a Transferee shall be subject to the conditions that (M) upon giving effect to such transfer, the Transferee is a Citizen of the United States or the Transferee, at its sole cost and expense on an after-tax basis (including any continuing costs of the voting trust), shall have entered into a voting trust or similar arrangement which permits the registration of the Aircraft under the Federal Aviation Act in the name of the Owner Trustee, (N) the Transferee has the full power and authority to enter into and carry out the transactions contemplated hereby, (O) the Transferee enters into an agreement substantially in the form of Exhibit B hereto (or otherwise in form and substance reasonably satisfactory to Lessee and the Indenture Trustee), (P) such transfer does not violate any applicable law including, without limitation, the Federal Aviation Act, or any rules or regulations promulgated thereunder, the Securities Act of 1933 or the Trust Indenture Act of 1939 (but not including ERISA), (Q) the transferor Owner Participant assumes the risk of any loss of Interest Deductions, MACRS Deductions, FSC Benefits or any Inclusion Event (each as defined in the Tax Indemnity Agreement) resulting from such transfer, (R) after giving effect to such transfer, there shall be no more than three Owner Participants of record at that time, (S) such transfer will not give rise to a Default or Event of Default under the Trust Indenture and (T) if such transfer will result in there being more than one Owner Participant, it shall be a condition precedent to such transfer that all such Owner Participants shall have agreed in a manner reasonably satisfactory to Lessee that if the provisions of the Operative Documents require or contemplate the waiver, consent or direction of Owner Participant, such provisions shall be deemed satisfied by the waiver, direction or consent of Owner Participants holding a majority of the beneficial interests in

the Trust Estate. Upon any such transfer by the Owner Participant as above provided, (i) the Transferee shall be deemed the Owner Participant for all purposes hereof and of the other Operative Documents and each reference herein to the transferor Owner Participant shall thereafter be deemed for all purposes to be to the Transferee and the transferor Owner Participant shall be relieved of all obligations of the transferring Owner Participant under the Owner Participant Documents arising after the date of such transfer except to the extent fairly attributable to acts or events occurring prior thereto and not assumed by the transferee Owner Participant (in each case, to the extent of the participation so transferred) and (ii) Lessee shall acknowledge its consent to such transfer to the Transferee, shall represent to the Transferee that no Event of Default or Event of Loss, or circumstance which with the passage of time or the giving of notice or both would constitute an Event of Default or Event of Loss, then exists and Lessee shall promptly obtain new insurance certificates (consistent with the provisions of Section 11 of the Lease) that reflect the interests of the Transferee in the Aircraft. If the Owner Participant intends to transfer any of its interests hereunder, it shall give prior written notice thereof as soon as practicable, but in no event less than 10 days prior thereto, to the Indenture Trustee, the Owner Trustee and Lessee, specifying the name and address of the proposed Transferee. The Owner Participant shall pay all of the reasonable costs of the other parties hereto, on a net after-tax basis, of any such transfer. For purposes of this paragraph, "net worth" shall mean the excess of total tangible assets over total liabilities, each to be determined in accordance with generally accepted accounting principles consistently applied. Notwithstanding anything contained in this Section 8(1) to the contrary, each of Lessee, the Owner Trustee, the Indenture Trustee, the Pass Through Trustees and, by its acceptance of a Loan Certificate, each Certificate Holder agrees that the Owner Participant may pledge its beneficial interest in the Trust Estate created pursuant to the Trust Agreement to First Security Bank of Utah, National Association, as indenture trustee (the "777B Indenture Trustee") pursuant to that certain Trust Indenture and Mortgage (1995 777 B) dated as of May 1, 1995, pursuant to a certain letter agreement to be entered into between [_____] and the 777B Indenture Trustee.

(m) Notwithstanding the provisions of Section 8(r) hereof, unless waived by each Certificate Holder, Lessee shall not be entitled to terminate the Lease or assume the Loan Certificates on a Purchase Option Date if on such Purchase Option Date an Event of Default under the Lease shall have occurred and be continuing.

(n) State Street Bank and Trust Company and First Security Bank of Utah, National Association, each in its individual capacity, agrees for the benefit of Lessee to comply with the terms of the Trust Indenture which it is required to comply with in its individual capacity.

(o) The Owner Participant represents and warrants that no part of the funds used by it to acquire its interest in the Trust Estate constitutes assets of any "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of any "plan" within the meaning of Section 4975(e)(1) of the Code (such employee benefit plans and plans hereinafter referred to as "ERISA Plans").

(p) State Street Bank and Trust Company (A) in its individual capacity ("SSBTC") represents and warrants that:

(i) the Trust Agreement and, assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the other Owner Trustee Documents has been duly executed and delivered by one of its officers who is duly authorized to execute and deliver such instruments on behalf of the Owner Trustee;

(ii) the Trust Estate is free and clear of Lessor Liens attributable to SSBTC, and there are no Liens affecting the title of the Owner Trustee to the Aircraft or resulting from any act or claim against SSBTC arising out of any event or condition not related to the ownership, leasing, use or operation of the Aircraft or to any other transaction contemplated by this Agreement or any of the other Operative Documents, including any Lien resulting from the nonpayment by SSBTC of any Taxes imposed or measured by its net income;

(iii) there has not occurred any event which constitutes (or to the best of its knowledge would, with the passage of time or the giving of notice or both, constitute) an Event of Default as defined in the Trust Indenture which has been caused by or relates to SSBTC and which is presently continuing;

(iv) it is a Massachusetts trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and (assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant) has the corporate power and authority to enter into and perform its obligations under the Trust Agreement, and (assuming due authorization,

execution and delivery of the Trust Agreement by the Owner Participant) has full right, power and authority to enter into and perform its obligations as Owner Trustee pursuant to the Trust Agreement under each of the other Owner Trustee Documents;

(v) each of the Owner Trustee Documents has been duly authorized by all necessary corporate action on its part, and neither the execution and delivery thereof nor its performance of any of the terms and provisions thereof will violate any federal or Massachusetts Commonwealth law or regulation relating to its banking or trust powers or contravene or result in any breach of, or constitute any default under, its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it or its properties may be bound or affected;

(vi) assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the Owner Trustee Documents has been duly executed and delivered by it, and each of the Trust Agreement and the Participation Agreement (to the extent executed by the Owner Trustee in its individual capacity) is a legal, valid and binding obligation of SSBTC and as Owner Trustee, as the case may be, enforceable against such party in accordance with the terms thereof;

(vii) on the Delivery Date, the Owner Trustee shall have received whatever title to the Aircraft as was conveyed to it by the Lessee;

(viii) it has not offered any interest in the Trust Estate or any Loan Certificates or Pass Through Certificates or any similar securities for sale to, or solicited any offer to acquire the same from, anyone other than the Indenture Trustee, the Pass Through Trustees and the Owner Participant, and no responsible officer or responsible employee of SSBTC has knowledge of any such offer or solicitation, except as set forth in Section 7(a)(xi) hereof;

(ix) assuming due authorization, execution and delivery of each of the Owner Trustee Documents by each of the parties thereto (other than the Owner Trustee), each of the Owner Trustee Documents is a legal, valid and binding obligation of the Owner Trustee, enforceable against the Owner Trustee in accordance with its respective terms;

(x) neither the due execution and delivery of the Owner Trustee Documents by SSBTC, in its individual capacity or as Owner Trustee under the Trust Agreement, as the case may be, nor the consummation by it of any of the transactions contemplated thereby require the consent or approval of, the giving of notice to, or the registration with, any federal or Massachusetts Commonwealth governmental authority or agency pursuant to any federal or Massachusetts Commonwealth law governing the banking or trust powers of SSBTC; and

(B) SSBT solely in its capacity as Owner Trustee further represents and warrants that:

(i) SSBT is a trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and has the corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(ii) assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the Trust Agreement, this Agreement, the Trust Indenture, the Lease and the Loan Certificates has been, or on the Delivery Date will have been, duly executed and delivered by it, and each of this Agreement, the Trust Agreement, the Lease and the Trust Indenture, on the Delivery Date, will constitute a legal, valid and binding obligation of the Owner Trustee, enforceable against it in accordance with the terms thereof;

(iii) the Owner Trustee has never directly or indirectly offered any Loan Certificate or any interest in or to the Trust Estate, the Trust Agreement or any similar interest for sale to, or solicited any offer to acquire any of the same from, any Person other than the Indenture Trustee, each of the Pass Through Trustees and the Owner Participant; and it has not authorized any Person to act on its behalf (other than for purposes of this paragraph, the Lessee and the Underwriters) to offer directly or indirectly any Loan Certificate or any interest in and to the Trust Estate, the Trust Agreement or any similar interest for sale to, or to solicit any offer to acquire any of the same from, any Person; and

(iv) there are no pending or threatened actions or proceedings against SSBTC or the Owner Trustee before any court or administrative agency which, if determined adversely to it, would materially adversely affect the ability of SSBTC or the Owner Trustee, as the case may be,

to perform its obligations under any of the Owner Trustee Documents or any other documents executed by the Owner Trustee or SSBTC in connection with the transactions contemplated by the Operative Documents.

(q) The Owner Participant agrees, solely for the benefit of Lessee, that it will comply with any obligation expressly required of it under Section 9(c) of the Lease. The Owner Participant further covenants and agrees to pay or cause the Owner Trustee to pay those costs and expenses specified to be paid by the Owner Participant pursuant to the Lease and all costs and expenses that are for the account of the Lessor pursuant to Sections 5(a), 5(c), 5(d), 5(e) and 5(f), 12 and 19(c) of the Lease.

(r) Subject to compliance by Lessee with all of its obligations under the Lessee Documents, each of the Owner Trustee, the Indenture Trustee, each Certificate Holder and the Owner Participant covenants and agrees that, at Lessee's expense on a net after-tax basis (including, without limitation, reasonable attorney's fees and expenses of each of such parties), (i) Lessee may elect to terminate the Lease and to purchase the Aircraft pursuant to Section 19(b) of the Lease and that each of such parties will execute and deliver appropriate documentation transferring all right, title and interest in the Aircraft to Lessee (without recourse or warranty except as to Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) with respect to the Owner Participant) (including without limitation, such bills of sale and other instruments and documents as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to the Aircraft in Lessee), and (ii) Lessee, in connection with such purchase and subject to the provisions of the second paragraph of this Section 8(r), may assume (and receive a credit in an amount equal to the principal amount of the debt assumed against the purchase price payable by Lessee pursuant to Section 19(b) of the Lease) the obligations of the Owner Trustee pursuant to Section 7.03 of the Trust Indenture and the Loan Certificates (and the Lease, to the extent that the Owner Trustee's obligations thereunder are incorporated into the Trust Indenture or the Loan Certificates), and Lessee shall confirm that its obligations under the Lease shall be direct obligations to the Indenture Trustee as if set forth in the Trust Indenture, and that each of the parties shall execute and deliver appropriate documentation in form and substance reasonably satisfactory to such parties under which Lessee will assume such obligations on the basis of full recourse to Lessee, maintaining the security interest in the Aircraft created by the Trust Indenture, releasing the Owner Participant and the Owner Trustee

from all future obligations in respect of the Loan Certificates, the Trust Indenture and all other Operative Documents and all such other actions (including the furnishing of legal opinions reasonably requested by any party) as are reasonably necessary to permit such assumption by Lessee.

If Lessee elects to assume the rights and obligations of the Owner Trustee in accordance with Section 7.03 of the Trust Indenture in connection with the purchase by the Lessee of the Aircraft pursuant to Section 19(b) of the Lease and to pay the EBO Price in installments as permitted thereby, then:

(A) in addition to the provisions contemplated above, the Trust Indenture shall be amended (a) to provide for an additional series of loan certificates (the "EBO Certificates") to be issued to the Owner Participant on the EBO Date to evidence the payment of the EBO Price in installments on the dates specified in Exhibit H to the Lease (taking into account the credit provided for above), (2) to provide that the Indenture Trustee will make no distributions to the Owner Participant or the Owner Trustee or otherwise in respect of the EBO Certificates prior to the payment in full of all amounts then due and payable to the other Holders or, if an "Event of Default" under the Trust Indenture (an "Indenture Event of Default") or any payment Default under the Trust Indenture shall have occurred and be continuing, prior (unless such Loan Certificates shall have been purchased by the Owner Trustee) to the payment in full of the principal amount of, and interest accrued on, the Loan Certificates other than the EBO Certificates, (3) to include the failure to pay any installments of the EBO Certificates within 10 calendar days of when due as an Event of Default, (4) to include a right so long as the EBO Certificates shall be outstanding for the Owner Participant to purchase the other Loan Certificates under circumstances similar to, and on the same terms as provided in, Section 8.03(e)(ii) of the Trust Indenture (it being understood that upon any assumption pursuant to Section 7.03 of the Trust Indenture, the provisions of the Trust Indenture intended for the benefit of the Owner Participant (other than provisions concerning, but only to the extent applicable to, Excluded Payments), including, without limitation, Sections 8.03(e)(i) and 8.03(e)(iii) of the Trust Indenture providing the Owner Trustee or the Owner Participant with certain rights, shall be of no further force and effect), (5) to provide that the Owner Participant and the Owner Trustee shall have no voting or consent rights under the Trust Indenture by reason of being the holder of the EBO Certificates or otherwise until all other Loan Certificates have either been paid in full or been purchased by the Owner

Participant (pursuant to the provisions contemplated by clause (A)(4) of this Section 8(r) by the reference therein to Section 8.03(e)(ii) of the Trust Indenture), except that without the consent of the Owner Participant the Trust Indenture could not be amended, modified or supplemented to reduce the amount or extend the time of payment of any amount owing or payable under the EBO Certificates, and (6) to confirm that, although the Owner Participant cannot participate in the exercise of remedies under the Trust Indenture, it shall not be precluded from demanding, collecting, suing for or otherwise receiving and enforcing payment of the EBO Certificates by demand upon Lessee; and

(B) upon Lessee's payment in full of all amounts due on or prior to the EBO Date in accordance with Section 19(b) of the Lease and compliance with all of the conditions to such assumption in accordance with this Section 8(r) and Section 7.03 of the Trust Indenture, (1) the Owner Trustee shall assign the right to the remaining installments of the EBO Price to the Owner Participant, (2) the EBO Certificates shall be issued to the Owner Participant in aggregate amount of such remaining installments of the EBO Price and (3) the Owner Trustee (AA) shall transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens) and on an "as is" basis, all right, title and interest of the Owner Trustee in and to the Aircraft and (BB) shall furnish to or at the direction of Lessee one or more bills of sale in form and substance reasonably satisfactory to Lessee evidencing such transfer.

(s) Lessee will not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets to any Person unless:

(i) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee as an entirety shall be a Citizen of the United States and shall be a Certificated Air Carrier;

(ii) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee as an entirety shall execute and deliver to the Owner Trustee, the Indenture Trustee, the Owner Participant and the Pass Through Trustees a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Owner Participant containing an assumption by such successor corporation or Person of the due and punctual performance and observance of

each covenant and condition of the Operative Documents and the Pass Through Trust Agreements to be performed or observed by Lessee;

(iii) immediately after giving effect to such transaction, no Event of Default under the Lease shall have occurred and be continuing;

(iv) Lessee shall have delivered to the Owner Trustee, the Indenture Trustee, the Pass Through Trustees and the Owner Participant a certificate signed by the President or any Vice President and by the Secretary or an Assistant Secretary of Lessee, and an opinion of counsel (which may be Lessee's General Counsel) reasonably satisfactory to the Owner Participant, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (ii) above comply with this Section 8(s) and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(v) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee, shall make such filings and recordings with the FAA pursuant to the Federal Aviation Act, as shall be necessary or desirable to evidence such consolidation, merger, conveyance, transfer or lease with or to such entity.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety in accordance with this Section 8(s), the successor corporation or Person formed by such consolidation or into which Lessee is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, Lessee under this Agreement and under the Pass Through Trust Agreements with the same effect as if such successor corporation or Person had been named as Lessee herein and therein. No such conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety shall have the effect of releasing Lessee or any successor corporation or Person which shall theretofore have become such in the manner prescribed in this Section 8(s) from its liability in respect of any Operative Document to which it is a party or any Pass Through Trust Agreement. Nothing contained herein shall permit any lease, sublease or other arrangement for the use, operation or possession of the Aircraft except in compliance with the applicable provisions of the Lease.

(t) Lessee, at its expense, will, at the request of any party hereto, take, or cause to be taken, such action with respect to the recording, filing, rerecording and refiling of the Trust Agreement, the Lease, the Lease Supplement, the Trust Indenture, the Trust Supplement and any financing statements or other instruments as are necessary to maintain, so long as the Trust Indenture or the Lease is in effect, the perfection of the security interests created by the Trust Indenture and any security interest that may be claimed to have been created by the Lease and the ownership interest of the Owner Trustee in the Aircraft.

(u) Section 3 of the Lease contemplates that, under certain circumstances, the Owner Participant will make certain recalculations of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and the EBO Percentage, and the Owner Participant hereby agrees to make such recalculations as and when contemplated by the Lease and subject to all the terms and conditions of the Lease and promptly to take such further actions as may be necessary or desirable to give effect to and to cause the Owner Trustee to give effect to the provisions of Section 3 of the Lease.

(v) The Owner Participant hereby agrees not to revoke the Trust Agreement or the trusts created thereunder without the prior written consent of (i) the Lessee so long as the Lease shall remain in effect and no Event of Default under the Lease shall have occurred and be continuing and (ii) the Indenture Trustee so long as the Trust Indenture shall be in effect.

(w) Lessee covenants and agrees with the Owner Participant, the Indenture Trustee and the Owner Trustee that at all times during the Term it will be a Certificated Air Carrier

(x) (i) Each Pass Through Trustee hereby agrees that, except as otherwise required by applicable law (including, without limitation, any law which requires such Pass Through Trustee to act within its own discretion), it shall not, without the prior written consent of the Owner Trustee, direct the Indenture Trustee to take or refrain from taking any action under the Trust Indenture that requires the approval, waiver, authorization, direction or consent of, or notice from, the Certificate Holders holding a specified percentage in principal amount of Outstanding (as defined in the Trust Indenture) Loan Certificates unless such Pass Through Trustee receives a Direction (as defined in the relevant Pass Through Trust Agreement) to so direct the Indenture Trustee from Certificate Holders (as defined in the relevant Pass Through Trust Agreement) holding the same percentage of Certificates (as defined in the

relevant Pass Through Trust Agreement) evidencing Fractional Undivided Interests (as defined in the relevant Pass Through Trust Agreement) in the Trust (as defined in the relevant Pass Through Trust Agreement) holding the Loan Certificates.

(ii) Lessee and each Pass Through Trustee hereby agree that Article X of each Pass Through Trust Agreement (to the extent relating to the Certificates) shall not be amended without the prior written consent of the Owner Participant.

(iii) Each Pass Through Trustee hereby agrees that, except as otherwise required by applicable law (including, without limitation, any law which requires such Pass Through Trustee to act within its own discretion), if requested to do so by the Owner Trustee or the Owner Participant, such Pass Through Trustee shall request a Direction from the relevant Certificate Holders to establish whether such Pass Through Trustee, in its capacity as a Certificate Holder, may direct the Indenture Trustee to take or refrain from taking any action under the Operative Documents.

(y) The Owner Trustee agrees that any profit, income, interest, dividend or gain realized upon the maturity, sale or other disposition of any Permitted Investment made by the Indenture Trustee pursuant to Section 9.04 of the Trust Indenture, and paid to Lessee on behalf of the Owner Trustee by the Indenture Trustee in accordance with the terms of such Section 9.04, shall be entirely for the account of, and the sole property of, Lessee who, for such purposes, shall not be deemed to be acting as agent of the Owner Trustee, and Lessee shall have no obligation to pay over such income, interest, dividend or gain to the Owner Trustee, except to the extent the Owner Trustee or Owner Participant are owed any amounts under the Operative Documents by Lessee and such amounts are not paid when due, in which event the Owner Participant may cause the Owner Trustee to distribute and apply such income, interest, dividend or gain in satisfaction or partial satisfaction of the amounts so due.

(z) The Owner Participant hereby agrees to instruct the Owner Trustee to promptly distribute any money received by it pursuant to Section 7.01 or 10.04 of the Trust Indenture to Lessee to the extent such amounts were paid by Lessee or on behalf of Lessee and the Owner Trustee or the Owner Participant is not owed any amounts under any of the Operative Documents by Lessee (and if the Owner Trustee or Owner Participant is owed any such amount, the monies received under Section 7.01 or 10.04 of the Trust Indenture may be applied in satisfaction or partial satisfaction thereof). Lessee agrees to hold any money received by it pursuant to the foregoing sentence in trust for the benefit of the Owner Participant and may, in its discretion, invest and

reinvest all money so held by it in such Permitted Investments as Lessee deems appropriate. Lessee will apply such money to the payment of previously unclaimed payments with respect to the Loan Certificates when and as claims for payment are made by the Holders of such Loan Certificates. As compensation for its services pursuant to this Section 8(z), Lessee shall be entitled to an annual fee from the Owner Participant in an amount to be agreed to at the time by Lessee and the Owner Participant but in no event shall such fee exceed at any time the amount of earnings on the monies so held in trust distributable at such time to the Owner Participant. Any net losses on such investment shall be for the account of Lessee. Any net earnings on such investment shall be distributed from time to time by Lessee to the Owner Participant after deducting therefrom any portion of such fee then due and unpaid. Upon the date required by applicable law dealing with unclaimed property, Lessee will distribute to the Owner Participant any amount held by it pursuant to this Section 8(z) and not previously applied to the payment of the Loan Certificates, after deducting therefrom any portion of such fee then due and unpaid.

(aa) The Owner Participant agrees that, at Lessee's expense (including, without limitation, reasonable attorneys fees and other out-of-pocket expense of the Owner Trustee and Owner Participant), upon request of the Lessee, the Owner Participant will negotiate promptly in good faith with respect to any arrangements pursuant to which the Trust Indenture may be satisfied and discharged in respect of the Loan Certificates in accordance with subsection (a)(ii) or (a)(iii) of Section 10.01 of the Trust Indenture, provided, that there shall be no adverse impact upon the rights or interests of the Owner Participant or Owner Trustee, and the Owner Trustee agrees to act upon the instructions of the Owner Participant in connection therewith. The Owner Trustee agrees that it will not, and the Owner Participant agrees that during such time as an Event of Default has not occurred under the Lease it will not cause the Owner Trustee to take any action to effect such satisfaction and discharge except upon the request of the Lessee made pursuant to this Section 8(aa).

SECTION 9. [Intentionally Omitted].

SECTION 10. Other Documents; Amendment. Each of the Owner Participant and the Owner Trustee hereby (A) agrees with Lessee, the Certificate Holders and the Indenture Trustee to comply with all of the terms of the Trust Agreement (as the same may hereafter be amended or supplemented from time to time in accordance with the terms thereof) applicable to it, to the extent such non-compliance would be adverse to such party; and (B) agrees with Lessee, the Certificate Holders and the Indenture

Trustee not to amend, supplement or otherwise modify any provision of the Trust Agreement in a manner adversely affecting such party without the prior written consent of such party. Notwithstanding the foregoing, unless an Event of Default shall have occurred and be continuing and so long as the Lease has not been terminated, the Indenture Trustee and the Owner Participant hereby agree for the benefit of Lessee that without the consent of Lessee they will not (and the Owner Participant agrees that it will not cause the Owner Trustee to) amend, supplement or otherwise modify any provision of the Trust Indenture in a manner adversely affecting Lessee. The Indenture Trustee and the Owner Trustee agree to promptly furnish to Lessee copies of any supplement, amendment, waiver or modification of any of the Operative Documents to which Lessee is not a party. Each Certificate Holder agrees that it will not take any action in respect of the Trust Indenture Estate except through the Indenture Trustee pursuant to the Trust Indenture or as otherwise permitted by the Trust Indenture.

SECTION 11. Certain Covenants of Lessee. Lessee covenants and agrees with the Participants, the Indenture Trustee and the Owner Trustee, in its capacity as such and in its individual capacity as follows:

(a) Lessee will cause to be done, executed, acknowledged and delivered all and every such further acts, conveyances and assurances as the Owner Trustee, the Indenture Trustee or the Owner Participant shall reasonably require for accomplishing the purposes of this Agreement and the other Operative Documents; provided that any instrument or other document so executed by Lessee will not expand any obligations or limit any rights of Lessee in respect of the transactions contemplated by any Operative Documents. Lessee, forthwith upon delivery of the Aircraft under the Lease shall cause the Aircraft to be duly registered, and at all times thereafter to remain duly registered, in the name of the Owner Trustee, except as otherwise required or permitted hereunder or under the Lease, under the Federal Aviation Act or under the applicable law of another permitted government of registry, or shall furnish to the Owner Trustee such information as may be required to enable the Owner Trustee to make application for such registration (at the expense of Lessee, including, without limitation, reasonable attorney's fees and expenses), and shall promptly furnish to the Owner Trustee such information as may be required to enable the Owner Trustee to timely file any reports required to be filed by it as the lessor under the Lease or as the owner of the Aircraft with any governmental authority (including tax authorities).

(b) Lessee, at its expense, will cause the Trust Agreement, the Lease, all Lease Supplements, all amendments to the Lease, the Trust Indenture, and all supplements and amendments to the Trust Indenture to be promptly filed and recorded, or filed for recording, to the extent permitted under the Federal Aviation Act, or required under any other applicable law. Upon the execution and delivery of the Owner Trustee's FAA Bill of Sale, the Lease Supplement covering the Aircraft and the Trust Supplement, the Lease and the Trust Indenture shall be filed for recording with the Federal Aviation Administration in the following order of priority; first, the Owner Trustee's FAA Bill of Sale, second, the FAA registration application, third, the Trust Indenture, with the Trust Agreement and the Trust Supplement attached, and fourth, the Lease, with the Lease Supplement covering the Aircraft, the Trust Indenture and the Trust Supplement attached. Lessee agrees to furnish the Owner Participant, the Owner Trustee and the Indenture Trustee with copies of the foregoing documents with recording data as promptly as practicable following the issuance of same by the FAA.

SECTION 12. Owner for Income Tax Purposes. It is hereby agreed among Lessee, the Owner Participant and the Owner Trustee that for income tax purposes the Owner Participant will be the owner of the Aircraft to be delivered under the Lease and Lessee will be the lessee thereof, and each party hereto agrees to characterize the Lease as a lease for income tax purposes.

SECTION 13. Notices; Consent to Jurisdiction. (a) All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by telecopier (with a copy of such notice to follow by registered or certified mail or by prepaid courier), or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or received or if given by certified mail, three Business Days after being deposited in the mails, in accordance with the provisions of this Section 13(a). Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 13(a), notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) as follows: (A) if to Lessee, the Owner Trustee, the Indenture Trustee, the Pass Through Trustees or the Owner Participant, to the respective addresses set forth on Schedule I hereto (and in the case of Owner Trustee a copy shall be sent to the Owner Participant) or

(B) if to a subsequent Owner Participant, addressed to such subsequent Owner Participant at such address as such subsequent Owner Participant shall have furnished by notice to the parties hereto or (C) if to any subsequent Certificate Holder, addressed to such Certificate Holder at its address set forth in the Loan Certificate Register maintained pursuant to Section 2.03 of the Trust Indenture.

(b) Each party to this Agreement including each Certificate Holder (individually a "Party" and collectively "Parties") irrevocably agrees that any legal suit, action or proceeding brought by any other Party, which arises solely out of or relates solely to the Operative Documents or any of the transactions contemplated hereby or thereby or any document referred to herein or therein, may be instituted in the Circuit Court of the State of Illinois, Cook County or the United States District Court for the Northern District of Illinois and that they hereby waive the right to trial by jury in any such proceeding; provided, however, that the foregoing provisions shall not apply to third party tort claims (but shall apply to an indemnity claim with respect to such tort claim) and that the foregoing shall not apply to any right a Party may have to seek removal of such legal suit, action or proceeding to federal court or to seek consolidation of any separate legal suits, actions or proceedings brought by any one or more of the other Parties in the same or different jurisdictions. The agreement set forth in this Section 13(b) is given solely for the benefit of the Parties and such agreement is not intended to and shall not inure to the benefit of any other person.

SECTION 14. Change of Situs of Owner Trust. The Owner Participant agrees that if, at any time, the Trust Estate becomes subject to any Taxes for which it is indemnified pursuant to Section 7(b) hereof and if, as a consequence thereof, Lessee shall request that the situs of the trust be moved to another state in the United States from the state in which it is then located, the situs of the trust may be moved with the written consent of the Owner Participant (which consent shall not be unreasonably withheld) and the Owner Participant will take whatever action may be reasonably necessary to accomplish such removal; provided that (A) Lessee shall provide such additional tax indemnification, as the Owner Participant may reasonably request, (B) the rights and obligations under the Operative Documents of the Owner Participant shall not be altered as a result of the taking of such action, (C) the lien of the Trust Indenture on the Trust Indenture Estate shall not be adversely affected by such action, and the Lessee shall execute and deliver such documents as may be requested by the Indenture Trustee to continue the perfection of the lien on the Trust Indenture Estate and (D) the Owner Participant and the Indenture Trustee shall

have received an opinion or opinions of counsel (reasonably satisfactory to the Owner Participant) in scope, form and substance reasonably satisfactory to the Owner Participant to the effect that (I) the trust, as thus removed, shall remain a validly established trust, (II) any amendments to the Trust Agreement necessitated by such removal shall have been duly authorized, executed and delivered by the parties thereto and shall constitute the valid and binding obligations of such parties, enforceable in accordance with their terms, (III) such removal will not result in the imposition of, or increase in the amount of, any Tax for which Lessee is not required to indemnify the Owner Participant, the Owner Trustee or the Trust Estate pursuant to Section 7(b) hereof (taking into account any additional indemnification provided by Lessee pursuant to clause (A) of this sentence), (IV) such removal will not, in the Owner Participant's judgment, result in any Loss of MACRS Deductions, FSC Benefits, Interest Deductions or an Inclusion Event (as defined in the Tax Indemnity Agreement) with respect to which Lessee is not required to indemnify the Owner Participant pursuant to Section 5 of the Tax Indemnity Agreement (taking into account any additional indemnification provided by Lessee pursuant to clause (A) of this sentence), and (V) covering such other matters as the Owner Participant may reasonably request, (E) if such removal involves the replacement of the Owner Trustee, the Owner Participant shall have received an opinion of counsel to such successor Owner Trustee in form and substance reasonably satisfactory to the Owner Participant covering the matters set forth in the opinion provided pursuant to Section 4(a)(xiii) hereof and (F) Lessee shall indemnify and hold harmless the Owner Participant on a net after-tax basis against any and all reasonable and actual costs and expenses including attorneys' fees and disbursements, registration, recording or filing fees and Taxes incurred by the Owner Trustee or Owner Participant, in connection with such change of situs.

SECTION 15. Miscellaneous. (a) Each of the Participants and the Certificate Holders covenants and agrees that it shall not unreasonably withhold its consent to any consent requested of the Owner Trustee, as Lessor, or the Indenture Trustee under the terms of the Lease, which by its terms is not to be unreasonably withheld by the Owner Trustee, as Lessor, or by the Indenture Trustee.

(b) The representations, warranties, indemnities and agreements of Lessee, the Owner Trustee, the Indenture Trustee, the Participants and the Certificate Holders provided for in this Agreement, and Lessee's, the Owner Trustee's, Indenture Trustee's, the Participants' and the Certificate Holders' obligations under any and all thereof, shall survive the making available of the respective Commitments by the Participants, the

delivery or return of the Aircraft, the transfer of any interest of the Owner Participant in the Trust Estate or the Aircraft or any Engine or the transfer of any interest by any Certificate Holder in any Loan Certificate or the Trust Indenture Estate and the expiration or other termination of this Agreement or any other Operative Document or any of the Pass Through Trust Agreements.

(c) This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought; and no such termination, amendment, supplement, waiver or modification shall be effective unless a signed copy thereof shall have been delivered to the Lessee, the Indenture Trustee and the Owner Trustee. The terms of this Agreement shall be binding upon, and inure to the benefit of and shall be enforceable by, Lessee, the Participants, the Indenture Trustee, the Certificate Holders and the Owner Trustee. This Agreement shall in all respects be governed by, and construed in accordance with, the internal laws of the State of Illinois, including all matters of construction, validity and performance. This Agreement is being delivered in the State of Illinois.

(d) The parties hereto agree that all of the statements, representations, covenants and agreements made by the Owner Trustee (when made in such capacity) contained in this Agreement and any agreement referred to herein other than the Trust Agreement, unless expressly otherwise stated, are made and intended only for the purpose of binding the Trust Estate and establishing the existence of rights and remedies which can be exercised and enforced against the Trust Estate. Therefore, anything contained in this Agreement or such other agreements to the contrary notwithstanding (except for any express provisions that the Owner Trustee is responsible for or is acting in or making representations or agreements in its individual capacity), no recourse shall be had with respect to this Agreement or such other agreements against the Owner Trustee in its individual capacity or against any institution or person which becomes a successor trustee or co-trustee or any officer, director, trustee, servant or direct or indirect parent or controlling person or persons of any of them; provided, however, that this Section 15(d) shall not be construed to prohibit any action or proceeding against any party hereto for its own willful misconduct or grossly negligent conduct; and provided, further, that nothing contained in this Section 15(d) shall be construed

to limit the exercise and enforcement in accordance with the terms of this Agreement or such other agreements of rights and remedies against the Trust Estate. The foregoing provisions of this Section 15(d) shall survive the termination of this Agreement, the other Operative Documents and the Pass Through Trust Agreements.

(e) No Participant shall have any obligation or duty to the Lessee, to any other Participant or to others with respect to the transactions contemplated hereby except those obligations or duties of such Participant expressly set forth in this Agreement and the other Operative Documents and no Participant shall be liable for performance by any other party hereto of such other party's obligations or duties hereunder. Without limitation of the generality of the foregoing, under no circumstances whatsoever shall any Participant be liable to Lessee, nor shall any Participant be liable to any other Participant, for any action or inaction on the part of the Indenture Trustee or the Owner Trustee in connection with the transactions contemplated herein, whether or not such action or inaction is caused by the willful misconduct or gross negligence of the Indenture Trustee or the Owner Trustee.

(f) This Agreement shall be binding upon and shall inure to the benefit of and shall be enforceable against, the parties hereto and their respective successors and permitted assigns including each successive holder of the Owner Participant's interest and each successive holder of any Loan Certificate issued and delivered pursuant to this Agreement or the Trust Indenture whether or not an express assignment to such holder of rights and obligations under this Agreement has been made.

(g) The Owner Participant hereby consents to the Owner Trustee's appointment of Lessee as its exclusive agent pursuant to the terms of Section 7(a)(4) of the Lease.

SECTION 16. Invoices and Payment of Expenses. Each of the Owner Trustee, the Indenture Trustee, Lessee and the Participants shall promptly submit to the Owner Participant and the Lessee for their joint prompt approval (except in the case of Transactions Expenses referred to in clauses (i)(6), (v) and (viii) of the definition thereof which shall be approved solely by the Owner Participant) copies of invoices of the Transaction Expenses as they are received. The Owner Participant agrees to transfer to the Owner Trustee from time to time promptly upon receipt of invoices of Transaction Expenses such amount as shall be necessary in order to enable the Owner Trustee to pay such Transaction Expenses or to pay such amounts directly. To the extent of funds received by it, the Owner Trustee agrees to pay

all invoices of Transaction Expenses that have been so approved promptly upon receipt thereof. Notwithstanding the foregoing, in the event that the transactions contemplated hereby shall not be consummated, Lessee shall pay all Transaction Expenses, except that the fees, expenses and disbursements of the Owner Participant (including those relating to its counsel) shall be borne by the Owner Participant if such failure to consummate the transactions results from the failure of the Owner Participant to adhere to the terms and conditions set forth in the letter dated March 2, 1995 addressed to Lessee and Capstar Partners and agreed to by Lessee or to close after all conditions precedent to the Owner Participant's funding of its Commitment set forth herein have been satisfied. To the extent Transaction Expenses exceed [_____] of Lessor's Cost, the Lessee may, in lieu of electing an optimization pursuant to Section 18 hereof, promptly reimburse the Owner Trustee or Owner Participant, as appropriate, for all or a portion of the Transaction Expenses described in clause (i)(5) and/or clause (vi) (excluding any debt placement fees included in said clause (vi)) of the definition of Transaction Expenses.

SECTION 17. Optional Redemption of Certificates. (a) Subject to the terms of this Section 17, in the event that at any time Lessee shall have given written notice to the Owner Trustee, the Indenture Trustee and the Owner Participant that there be effected a voluntary redemption of all of the outstanding Loan Certificates by the Owner Trustee as part of a refunding or refinancing transaction, the Owner Participant agrees to negotiate promptly in a commercially reasonable manner to conclude an agreement with Lessee as to the terms of such refunding or refinancing transaction (including the terms of any debt to be issued in connection with such refunding or refinancing transaction and the documentation to be executed in connection therewith), and if after such negotiation Lessee and the Owner Participant shall have concluded an agreement with respect to such terms:

(1) within ten Business Days after the reaching of such agreement, the Owner Participant will deliver to Lessee a certificate of an authorized representative of the Owner Participant (the "Refinancing Certificate") setting forth (i) the proposed date on which the outstanding Loan Certificates will be redeemed, describing the new debt to be issued and the other aspects of such refunding or refinancing transaction to be consummated (such date, the "Refinancing Date") and (ii) the following information: (A) the principal amount of debt to be issued by the Owner Trustee on the Refinancing Date, and (B) the proposed revised schedules of Basic Rent, Excess Amount, debt amortization, Stipulated Loss Value percentages, Termination

Value percentages, Special Termination Value percentages and EBO Percentage. Within ten Business Days of its receipt of the Refinancing Certificate, Lessee may demand a verification pursuant to Exhibit E to the Lease of the information set forth in the Refinancing Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Refinancing Certificate or the determination pursuant to such verification procedures of the revised Basic Rent, Excess Amount, debt amortization, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage and the Debt/Equity Ratio (such information, the "Refinancing Information") the appropriate parties will take the actions specified in paragraphs (2) through (6) below;

(2) the appropriate parties will enter into a financing or loan agreement in form and substance reasonably satisfactory to the Owner Participant, the Owner Trustee and the Lessee (which may involve an underwriting agreement in connection with a public offering of such debt or the purchase of such debt by a publicly funded entity (or entities) or the sale of the Owner Trustee's interest in the Trust Estate and/or the Aircraft and its resale to the Owner Trustee) with the institution or institutions to be named therein (A) providing for (i) the issuance and sale by the Owner Trustee to such institution or institutions on the Refinancing Date of debt securities in an aggregate principal amount specified in the Refinancing Information, which amount shall be at least equal to the aggregate principal amount of all Loan Certificates outstanding on the Refinancing Date (such debt securities, the "New Debt") and (ii) the application of the proceeds of the sale of the New Debt to the redemption of all such Loan Certificates on the Refinancing Date and (B) pursuant to which the parties to the refinancing transaction (including the Owner Participant and Lessee but excluding any public holders of debt) make such representations, warranties and covenants as the Owner Participant or Lessee may reasonably require;

(3) Lessee and the Owner Trustee will amend the Lease to provide that (i) Basic Rent, Excess Amount and the EBO Percentage in respect of the period from and after the Refinancing Date shall be as provided in the Refinancing Information and (ii) amounts payable in respect of Stipulated Loss Value percentages, Special Termination Value Percentages and Termination Value percentages from and after the Refinancing Date shall be as provided in the Refinancing Information;

(4) the Owner Trustee will enter into an agreement to provide for the securing thereunder of the New Debt in like manner as the Loan Certificates and will enter into such amendments and supplements to the Trust Indenture (or such new indenture or other security agreement) as may be necessary to effect such refunding or refinancing (which agreements, amendments and supplements shall be reasonably satisfactory to the Owner Participant);

(5) unless otherwise agreed or required by the Owner Participant, and whether or not such refunding or refinancing transaction is consummated, Lessee, on behalf of Lessor, shall pay on an after-tax basis all of the reasonable Expenses of all parties to such refunding or refinancing, including without limitation, the reasonable fees and expenses of such parties' counsel and any related loan or commitment fees; and

(6) subject to compliance by the Owner Trustee with all applicable terms and conditions for voluntary prepayment under the Trust Indenture and this Agreement, each Certificate Holder of a Loan Certificate being refinanced or refunded will transfer to the Owner Trustee the Loan Certificates held by it immediately prior to such refunding or refinancing for cancellation (and the Owner Trustee shall cancel the same), against receipt by such Certificate Holder of the then outstanding principal amount of such Loan Certificates, accrued and unpaid interest thereon, plus Premium, if any, together with payment in full of all other amounts then payable to such Certificate Holder and the Indenture Trustee hereunder or under the Trust Indenture.

(b) In the case of a refunding or refinancing involving a public offering of the New Debt, the Owner Participant shall have the right (but not the obligation) to review and approve (which approval shall not be unreasonably withheld) all offering materials to be employed in connection therewith. It is expressly understood that the Owner Participant shall have no obligation hereunder to consent thereto if, in its good faith judgment, such refunding or refinancing (A) increases its, any of its Affiliates (other than any Affiliate which is acting as an underwriter) or the Owner Trustee's exposure to (i) liabilities under federal or state securities laws, (ii) regulation under state or federal securities laws, (iii) the need to publicly disclose information that is not generally available to the public, or (iv) being adversely affected in its respective ability to engage in any other financing transaction, in each case to a level unacceptable to it in its reasonable, good faith, judgment, or (B) requires the identity of the Owner Participant

to be disclosed in any offering materials. Lessee shall have the right to purchase such debt securities and apply such securities as a credit against its obligations to pay Rent, provided that (x) in connection with such refunding or refinancing Lessee shall have agreed to indemnify the Owner Participant with respect to such right in a manner satisfactory to the Owner Participant, and (y) Lessee may not, at any one time hold in the aggregate any such debt securities having a face value in excess of that portion of the two next succeeding installments of Basic Rent which is required to be paid to the holders of such debt securities on account of principal and interest. Any trustee of public debt shall be a bank or trust company having its principal place of business in the Borough of Manhattan, City and State of New York, Chicago, Illinois, Hartford, Connecticut or Boston, Massachusetts and having, or having a parent willing to guarantee the obligations of such bank or trust company and having, a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of trustee upon reasonable or customary terms.

(c) Lessee shall give the Indenture Trustee at least twenty-five (25) days irrevocable written notice of the proposed date of the optional redemption.

(d) Notwithstanding the foregoing, the Owner Participant shall have no obligation to proceed with any refunding or refinancing transaction as contemplated by this Section 17:

(i) if in the Owner Participant's good faith judgment, such transaction would have an adverse impact (including, without limitation the risk of adverse tax consequences) on it;

(ii) unless a third party or parties, unaffiliated with Lessee and Owner Participant, shall have committed to (and shall) provide the entire financing needed to consummate the proposed refunding or refinancing transaction, it being understood that Owner Participant shall have no obligation to locate any such party or parties;

(iii) unless Lessee indemnifies Owner Trustee and Owner Participant by agreement in form and substance reasonably satisfactory to each of them, for any liability, obligation (other than the obligation to pay principal and interest and related payments in respect of the New Debt), cost or expense (including, without limitation, reasonable attorneys' fees) related to or arising out of any such refunding or refinancing transaction;

(iv) unless the New Debt is denominated in Dollars; or

(v) if the refinancing would increase or decrease the Owner Participant's Commitment.

(e) There shall be no more than one redemption permitted under this Section 17.

(f) No voluntary redemption shall occur pursuant to this Section 17 prior to the fifth anniversary of the Delivery Date.

SECTION 18. Optimization. (a) In the event that: (i) the Delivery Date occurs other than on May 15, 1995 or (ii) Transaction Expenses paid by Lessor are determined to be other than [____%] of Lessor's Cost, the Lessee may, pursuant to this Section 18 and in accordance with the requirements of Section 3(c) of the Lease, optimize the Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage subject to the proviso set forth in Section 3(c)(i) of the Lease. The Owner Participant shall deliver to Lessee and the Indenture Trustee a certificate of an authorized representative of the Owner Participant (the "Optimization Certificate") setting forth the proposed revised schedules of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage. Within fifteen days of its receipt of the Optimization Certificate, Lessee may demand a verification, pursuant to Exhibit E of the Lease, of the information set forth in the Optimization Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Optimization Certificate or the determination pursuant to such verification procedures of such information, the Owner Participant will cause the Lessor (A) to execute an amendment to the Lease setting forth the optimized Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage, and (B) the Lessee will execute such amended Lease necessary to effectuate the foregoing.

(b) In connection with optimization adjustments of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage pursuant to this Section 18 and Section 3(c) of the Lease, none of the principal amount, amortization schedules or interest rate of the Loan Certificates shall be altered.

(c) Lessee shall pay on an after-tax basis all of the reasonable Expenses of all parties to such optimization, including, without limitation, the reasonable fees and expenses of such parties' counsel.

SECTION 19. Nondisclosure. Each party hereto (other than the Owner Participant) agrees that it will use its best efforts not to disclose the identity of the Owner Participant and the terms of the Operative Documents in connection with the issuance or release for external publication of any article or advertising or publicity matter relating to the terms or conditions of any of the Operative Documents or the transactions contemplated thereby without the prior written consent of the Owner Participant (except as expressly permitted by the Operative Documents or (t) with respect to the terms of the Operative Documents to the extent required in connection with a public placement of the debt pursuant to Section 17 hereof or (u) to the extent required in connection with a private placement of the debt pursuant to Section 17 hereof or (v) to the extent required to appropriate regulatory authorities or in response to subpoena or other legal process or as otherwise required by law or (w) to such party's insurance agents, auditors and counsel or other agents or (x) in the case of any Pass Through Trustee, the Indenture Trustee, the Owner Participant or the Owner Trustee (as the case may be), to prospective transferees or to any successor Owner Trustee (as the case may be), who in turn agree to use their best efforts not to make such disclosure in breach of this Section 19 or (y) as may be necessary or desirable in connection with the enforcement by such party of any Operative Document).

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.,
Lessee

By: _____
Vice President and Treasurer

Owner Participant

By: _____
Title: _____

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
Indenture Trustee

By: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee,
Owner Trustee

By: _____
Title: _____

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
in its capacity as Pass Through Trustee under each of the Pass Through Trust Agreements

By: _____
Title: _____

SCHEDULE I

Names and Addresses

Lessee:

U.S. Mail

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

Attn: Vice President and
Treasurer

Telecopy: (708) 952-7117

Overnight Delivery Service

United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, IL 60007

Attn: Vice President and
Treasurer

Owner Participant:

Payment Address

The Chase Manhattan Bank, N.A.
New York, N.Y.
ABA #: 021000021

Account #: 910-2-499093
Account Name:
Reference: UAL/1995 777 B

Attn: _____
Telecopy: _____

Pass Through Trustee:

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111

Attn: Corporate Trust
Department
Telecopy: (801) 246-5053

Indenture Trustee:

- - - - -

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Attn: Corporate Trust Department
Telecopy: (801) 246-5053

Owner Trustee:

- - - - -

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110
(or, if given by overnight
delivery service)
Two International Place
Boston, Massachusetts 02110

Attn: _____
Telecopy: (617) 664-5367

[Participation Agreement (1995 777 B)]

SCHEDULE II

Commitments

Certificate Holder -----	Percentage of Lessor's Cost -----	Dollar Amount -----
First Security Bank of Utah, National Association, in its capacity as Pass Through Trustee under Pass Through Trust Agreement 1995-A1		
First Security Bank of Utah, National Association, in its capacity as Pass Through Trustee under Pass Through Trust Agreement 1995-A2		
Owner Participant: -----		
[_____]		\$
<u>Total Commitments:</u> =====	<u>100.00%</u> =====	<u>\$</u> =

FIRST AMENDED AND RESTATED PARTICIPATION AGREEMENT
(1993 747 A)

Dated as of May 1, 1995

Among

UNITED AIR LINES, INC.,
Lessee,

Owner Participant,

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
in its capacity as
Pass Through Trustee under each of the
Pass Through Trust Agreements,

STATE STREET BANK AND TRUST COMPANY,
Not in its Individual Capacity,
except as expressly provided herein,
but solely as Owner Trustee,

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
In its Individual Capacity and as Indenture Trustee

United Air Lines, Inc.
1993 747 A Equipment Trust
One Boeing 747-422 Aircraft

TABLE OF CONTENTS

	Page
SECTION 1. Certain Definitions; Participations in Lessor's Cost of the Aircraft.....	3
SECTION 2. Lessee's Notice of Delivery Date.....	4
SECTION 3. Instructions to the Owner Trustee and Indenture Trustee.....	4
SECTION 4. Conditions.....	4
(a) Conditions Precedent to the Participations in the Aircraft.....	4
(b) Conditions Precedent to the Obligations of Lessee.....	4
SECTION 5. Confidentiality of Purchase Agreement.....	5
SECTION 6. Extent of Interest of Certificate Holders.....	5
SECTION 7. Lessee's Representations, Warranties and Indemnities.....	6
(a) In General.....	6
(b) General Tax Indemnity.....	10
(c) General Indemnity.....	22
(d) Withholding.....	28
SECTION 8. Representations, Warranties and Covenants.....	29
SECTION 9. [Intentionally Omitted].....	51
SECTION 10. Other Documents; Amendment.....	51
SECTION 11. Certain Covenants of Lessee.....	51
SECTION 12. Owner for Income Tax Purposes.....	52
SECTION 13. Notices; Consent to Jurisdiction.....	52
SECTION 14. Change of Situs of Owner Trust.....	53
SECTION 15. Miscellaneous.....	55
SECTION 16. Invoices and Payment of Expenses.....	57
SECTION 17. Optional Redemption of Certificates.....	57
SECTION 18. Optimization.....	61
SECTION 19. Nondisclosure.....	62

SCHEDULES

- SCHEDULE I - Names and Addresses
- SCHEDULE II - Commitments
- SCHEDULE III - Legal Opinions
- EXHIBIT A-1 - Form of Transferor Opinion Re: Transfer of
Owner Participant's Interest
- EXHIBIT A-2 - Form of Transferee Opinion Re: Transfer of
Owner Participant's Interest
- EXHIBIT B - Form of Assignment and Assumption Agreement

FIRST AMENDED AND RESTATED PARTICIPATION AGREEMENT
(1993 747 A)

THIS FIRST AMENDED AND RESTATED PARTICIPATION AGREEMENT (1993 747 A) dated as of May 1, 1995 (this "Agreement") among (i) United Air Lines, Inc., a Delaware corporation (the "Lessee"), (ii) _____, a corporation organized under the laws of Delaware (the "Owner Participant"), (iii) STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement (the "Owner Trustee") as successor to the Original Owner Trustee (as defined below), (iv) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, except as otherwise provided herein, but solely as trustee under the Pass Through Trust Agreement (the "Pass Through Trustee"), dated as of February 1, 1992, as amended and restated as of May 1, 1995 (the "Basic Agreement"), in each case between the Lessee and STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, as supplemented by Trust Supplements Nos. 1995-A1 and 1995-A2, each dated as of May __, 1995 between the Lessee and the Pass Through Trustee creating the 1995-A1 Pass Through Trust and the 1995-A2 Pass Through Trust, respectively (the Basic Agreement as so supplemented being the "1995-A1 Pass Through Trust Agreement" and the "1995-A2 Pass Through Trust Agreement", respectively, each of the 1995-A1 Pass Through Trust Agreement and the 1995-A2 Pass Through Trust Agreement being a "Pass Through Trust Agreement") and (v) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, in its individual capacity and as Indenture Trustee under the Trust Indenture (the "Indenture Trustee") as successor to the Original Indenture Trustee (as defined below), amends and restates that certain Participation Agreement (1993 747 A) dated as of April 1, 1993 among Lessee, the Owner Participant, Wilmington Trust Company, not in its individual capacity except as expressly provided therein (the "Original Owner Trustee"), State Street Bank and Trust Company of Connecticut, National Association, as Indenture Trustee (the "Original Indenture Trustee") and The Chase Manhattan Bank, N.A., as an Original Loan Participant, as amended by that certain First Amendment to Participation Agreement (1993 747 A) dated as of December 1, 1993 among Lessee, the Owner Participant, the Original Owner Trustee, the Original Indenture Trustee and The Chase Manhattan Bank, N.A., Berliner Handels Und Frankfurter Bank and NBD Bank, N.A., as Original Loan Participants (collectively, the "Original Loan Participants"), as further amended by that certain Second Amendment to Participation Agreement (1993 747 A) dated as of July 1, 1994 among Lessee, the Owner Participant, the Original Owner Trustee, the Original

[First Amended and Restated
Participation Agreement (1993 747 A)]

Indenture Trustee and The Mitsubishi Trust and Banking Corporation, New York Branch (the "Successor Original Loan Participant") (such Participation Agreement, as amended as set forth above, being referred to herein as the "Original Participation Agreement").

WITNESSETH:

WHEREAS, except as otherwise defined in this Agreement, capitalized terms used herein shall have the meanings attributed thereto in Section 1 hereof;

WHEREAS, as contemplated by Section 20 of the Original Participation Agreement, the outstanding Loan Certificates held by the Successor Original Loan Participant are, concurrently with the execution and delivery of this Amendment, being refinanced by the issuance to each Pass Through Trustee of new Loan Certificates in the aggregate principal amount of \$_____ and the proceeds of such issuance are, concurrently with the execution and delivery of this Agreement, being applied to the payment of all the unpaid principal on such outstanding Loan Certificates in an amount equal to \$_____; and

WHEREAS, the parties hereto desire to amend and restate the Original Participation Agreement in its entirety and the parties hereto desire and intend that the terms, provisions and agreements herein set forth shall have the same force and effect as though originally executed and delivered in the place of the Original Participation Agreement; and

WHEREAS, concurrently with the execution and delivery of this Agreement, the Owner Participant is entering into the First Amended and Restated Trust Agreement (1993 747 A) (the "Trust Agreement") pursuant to which Trust Agreement the Owner Trustee agrees, among other things, to hold the Trust Estate defined in Section 1.01 thereof (the "Trust Estate") for the use and benefit of the Owner Participant; and

WHEREAS, the Indenture Trustee and the Owner Trustee concurrently with the execution and delivery of this Agreement are entering into the Third Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of May 1, 1995 (the "Trust Indenture") pursuant to which the Owner Trustee agrees, among other things, to issue one or more Loan Certificates in the form set forth in Exhibit A-1 or Exhibit A-2 to the Trust Indenture to each Pass Through Trustee on behalf of the related grantor trusts created by the applicable Pass Through Trust Agreement as evidence of the Owner Trustee's indebtedness to each Pass Through

Trustee, which Loan Certificates are to be secured by the mortgage and security interest in the Aircraft created pursuant to the Trust Indenture by the Owner Trustee in favor of the Indenture Trustee, and the Owner Trustee shall execute and deliver the Trust Supplement covering the Aircraft, supplementing the Trust Agreement and the Trust Indenture; and

WHEREAS, as described in Section 2 hereof, the Owner Trustee and Lessee are entering into the Second Amended and Restated Lease Agreement (1993 747 A) dated as of May 1, 1995 (the "Lease Agreement") whereby, subject to the terms and conditions set forth therein, the Owner Trustee agrees to lease to Lessee, and Lessee agrees to lease from the Owner Trustee, the Aircraft on the Delivery Date; and

WHEREAS, in connection with the foregoing, each Pass Through Trustee will issue the Pass Through Certificates substantially in the form of Exhibit A to each Pass Through Trust Agreement; and

WHEREAS, to facilitate the Owner Trustee's issuance of the Loan Certificates to the applicable Pass Through Trustee and the purchase of the Loan Certificates by each such Pass Through Trustee, the Lessee has duly authorized the execution and delivery of each of the two Pass Through Trust Agreements as the "issuer" thereunder, as such term is defined in and solely for purposes of the Securities Act of 1933, as amended, and of the Pass Through Certificates being issued thereunder as the "obligor" thereunder, as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to the Pass Through Certificates and is undertaking to perform certain administrative and ministerial duties thereunder and is also undertaking to pay the fees and expenses of the Pass Through Trustees; and

WHEREAS, certain terms are used herein as defined in Section 1(a) hereof.

NOW THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. Certain Definitions; Participations in Lessor's Cost of the Aircraft. (a) The terms "Lessee," "Owner Participant," "Pass Through Trustee," "Owner Trustee" and "Indenture Trustee" shall have the further meanings attributed thereto in the Lease Agreement referred to above and, except as otherwise defined in this Agreement, terms used herein in capitalized form shall have the meanings attributed thereto in the Lease Agreement referred to above. Unless the context

otherwise requires, any reference herein to any of the Operative Documents refers to such document as it may be amended from time to time in accordance with its terms and the terms of each other agreement restricting the amendment thereof.

(b) Subject to the terms and conditions of the Original Participation Agreement, (i) the Original Loan Participant agreed to finance, in part, the Owner Trustee's payment of Lessor's Cost for the Aircraft by making a secured loan to the Owner Trustee (herein called the "Loan") on a date designated pursuant to Section 2 thereof, but in no event later than May 15, 1993, in the amount in Dollars equal to the percentage of Lessor's Cost set forth opposite its name on Schedule II thereto and (ii) the Owner Participant agreed, in connection with its equity investment in the beneficial ownership of the Aircraft and the sale of the Aircraft by the Lessee to the Owner Trustee pursuant to the Owner Trustee's Bill of Sale, as contemplated thereby and by the Owner Trustee's Purchase Agreement, to make its equity investment in the beneficial ownership of the Aircraft on a date designated as set forth above, but in no event later than May 15, 1993, in an amount in Dollars equal to the percentage of Lessor's Cost set forth opposite its name on Schedule II thereto.

SECTION 2. Lessee's Notice of Delivery Date.

[Intentionally Omitted].

SECTION 3. Instructions to the Owner Trustee and Indenture Trustee.

[Intentionally Omitted].

SECTION 4. Conditions. (a) Conditions Precedent to the Participations in the Aircraft. It is agreed that the respective obligations of the Original Loan Participant and the Owner Participant to participate in the payments of Lessor's Cost were subject to the satisfaction prior to or on the Delivery Date of the conditions precedent set forth in Section 4(a) of the Original Participation Agreement and the respective obligations of the OP and the Pass Through Trustees to enter into a refinancing are set forth in the Redemption and Refinancing Agreement.

(b) Conditions Precedent to the Obligations of Lessee. It is agreed that the obligations of Lessee (A) to sell the Aircraft to the Owner Trustee, (B) to accept delivery of the Aircraft under the Lease and (C) to enter into its other Operative Documents, were all subject to the fulfillment to the satisfaction of Lessee prior to or on the Delivery Date of the conditions precedent set forth in the Original Participation Agreement and the obligations of Lessee to enter into a

refinancing transaction are set forth in the Redemption and Refinancing Agreement.

SECTION 5. Confidentiality of Purchase Agreement. Lessor, the Participants, and the Indenture Trustee shall keep the Purchase Agreement confidential and shall not disclose the same to any Person, except (A) to prospective and permitted transferees of Lessor's, a Pass Through Trustee's, the Owner Participant's or the Indenture Trustee's interest who agree to hold such information confidential, (B) to the aforementioned prospective and permitted transferees', Lessor's, Pass Through Trustees', the Owner Participant's or the Indenture Trustee's counsel or special counsel, independent insurance brokers or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, including Federal or state banking examiners or tax auditors or (D) as may be necessary or desirable for purposes of protecting the interest of any such Person or for enforcement of the Lease by Owner Trustee, the Participants or the Indenture Trustee; provided, however, that any and all disclosures of all or any part of the Purchase Agreement which are permitted by (C) or (D) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons to whom such disclosures are hereby permitted.

SECTION 6. Extent of Interest of Certificate Holders. No Certificate Holder shall have any further interest in, or other right with respect to, the mortgage and security interests created by the Trust Indenture when and if the Original Amount of, Premium, if any, and interest on all Loan Certificates held by such Certificate Holder and all other sums payable to such Certificate Holder hereunder, under the Trust Indenture and under such Loan Certificates shall have been paid in full. Each Certificate Holder by its acceptance of a Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to such Certificate Holder as provided in Section 2.09 of the Trust Indenture and that neither the Owner Participant nor the Owner Trustee shall be personally liable to any Certificate Holder for any amounts payable under the Loan Certificates, the Trust Indenture, hereunder, or under any other Operative Documents (including, without limitation, amounts payable as Premium), except as expressly provided in this Agreement or (in the case of the Owner Trustee) in the Trust Indenture.

SECTION 7. Lessee's Representations, Warranties and Indemnities.

(a) In General. Lessee represents and warrants that as of the Delivery Date:

(i) Lessee is a corporation duly organized and validly existing in good standing pursuant to the laws of the State of Delaware; is duly qualified to do business as a foreign corporation in each jurisdiction in which its operations or the nature of its business requires, except where the failure to be so qualified would not have a material adverse effect on Lessee or its business; is a Citizen of the United States and a Certificated Air Carrier; holds all material licenses, certificates, permits and franchises from the appropriate agencies of the United States of America and/or all other governmental authorities having jurisdiction, necessary to authorize Lessee to engage in air transport and to carry on scheduled passenger service, in each case as presently conducted; has its chief executive office (as such term is defined in Article 9 of the Uniform Commercial Code) in Elk Grove Township, Illinois; and has the corporate power and authority to conduct its business as it is presently being conducted, to hold under lease the Aircraft and to enter into and perform its obligations under the Lessee Documents;

(ii) the execution, delivery and performance by Lessee of the Lessee Documents have been duly authorized by all necessary corporate action on the part of Lessee, do not require any stockholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee except such as have been duly obtained, and none of such Lessee Documents contravenes any law, judgment, governmental rule, regulation or order binding on Lessee or the certificate of incorporation or by-laws of Lessee or contravenes the provisions of, or constitutes a default under, or results in the creation of any Lien (other than Permitted Liens) upon the property of Lessee under, its certificate of incorporation or bylaws, or any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement or other agreement or instrument to which Lessee is a party or by which it or its properties may be bound or affected;

(iii) neither the execution and delivery by Lessee of the Lessee Documents nor the performance by Lessee of its obligations thereunder require the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any federal, state or foreign government authority or agency, except for (A)

the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the operation of the Aircraft by Lessee, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained, and are in full force and effect, (B) the registration of the Aircraft referred to in Section 4(a)(ix)(2) and (C) any normal periodic and other reporting requirements under the applicable rules and regulations of the FAA to the extent required to be given or obtained only after the Delivery Date;

(iv) each of the Lessee Documents has been duly executed and delivered by Lessee and constitutes legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with the terms thereof;

(v) there are no pending or threatened actions or proceedings before any court or administrative agency involving any Lessee Document or the transactions contemplated hereby or which individually (or in the aggregate in the case of any group of related lawsuits) is expected to have a material adverse effect on the financial condition of Lessee or the ability of Lessee to perform its obligations under the Lessee Documents;

(vi) except for (A) the registration of the Aircraft pursuant to the Federal Aviation Act, (B) the filing for recording pursuant to said Act of the Trust Agreement, the Lease with the Lease Supplement covering the Aircraft, the Trust Indenture and the Trust Supplement attached thereto and made a part thereof, and the Owner Trustee's FAA Bill of Sale, (C) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Illinois (which financing statement Lessee has caused to be presented in due form for filing with the appropriate filing office in the State of Illinois) and such other states as may be specified in the opinions furnished pursuant to Section 4(a)(xi) hereof and (D) the taking of possession by the Indenture Trustee of the original counterparts of the Lease and the Lease Supplement covering the Aircraft, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial Code of any applicable jurisdiction), is necessary or advisable in order to establish and perfect the Owner Trustee's title to and interest in the Aircraft as against the Lessee and the Indenture Trustee's security interest in

the Aircraft as against the Owner Trustee, and in each case as against any third parties in any applicable jurisdictions in the United States;

(vii) there has not occurred any event which constitutes a Default or an Event of Default under the Lease which is presently continuing and there has not occurred any event which constitutes or would, with the passage of time or the giving of notice, or both, constitute an Event of Loss;

(viii) the statements of financial position of Lessee as of December 31, 1992 and the related statements of earnings and cash flow of Lessee for the year then ended, copies of which have been furnished to the Participants, fairly present the financial condition of Lessee as at such date and the results of operations and cash flow of Lessee for the period ended on such date, in accordance with generally accepted accounting principles consistently applied (except as may be stated in the notes thereto), and since December 31, 1992, there has been no material adverse change in such condition or operations, except for such matters timely disclosed in press releases issued by UAL Corporation or Lessee or in public filings, effective as of the date hereof, with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, by UAL Corporation or Lessee;

(ix) the Owner Trustee will have received good and marketable title to the Aircraft free and clear of all Liens, except the rights of Lessee under the Lease and the Lease Supplement covering the Aircraft, the Lien of the Trust Indenture, the beneficial interest of the Owner Participant in the Aircraft, and the Liens permitted by clause (iii) (solely for Taxes not yet due) of Section 6 of the Lease;

(x) none of the proceeds from the issuance of the Loan Certificates or from the acquisition by the Owner Participant of its beneficial interest in the Trust Estate will be used directly or indirectly by Lessee to purchase or carry any "margin stock" as such term is defined in Regulation G or U of the Board of Governors of the Federal Reserve System;

(xi) neither Lessee nor anyone acting on behalf of Lessee has (A) directly or indirectly offered any interest in the Trust Estate for sale to, or solicited any offer to acquire any of the same from, anyone other than the Owner

Participant, and not more than twenty-five (25) other institutions believed capable of evaluating and bearing the risks of investment in the transactions contemplated hereby, or (B) offered any interest in the Trust Estate or any Pass Through Certificate or any Loan Certificate in a manner which would violate the Securities Act of 1933, as amended, the regulations thereunder, administrative and judicial interpretation thereof or the securities laws, rules or regulations of any state;

(xii) Lessee is not in default in the performance of any term or condition of the Owner Trustee's Purchase Agreement, and is not in default in the performance of any term or condition of the Purchase Agreement which materially adversely impairs the transactions contemplated hereby;

(xiii) no governmental approval of any kind is required of the Owner Participant, the Original Loan Participant, the Owner Trustee or the Indenture Trustee for their respective execution of or performance under this Agreement, the Pass Through Trust Agreements or any agreement contemplated hereby solely by reason of any fact or circumstance peculiar to: (a) Lessee, (b) the nature of the Aircraft, or (c) Lessee's proposed operations or use of the Aircraft;

(xiv) all sales or use tax then due and for which Lessee is responsible pursuant to Section 7(b)(i) hereof shall have been paid, other than such taxes which are being contested by Lessee in good faith and by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Aircraft or any interest therein;

(xv) The Aircraft has been duly certified by the FAA as to type and airworthiness and such certification remains in full force and effect;

(xvi) Owner Trustee, as lessor under the Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under the Lease pursuant to the Trust Indenture, are entitled to the protection of Section 1110 of the Bankruptcy Code in connection with the Owner Trustee's and the Indenture Trustee's right to take possession of the Airframe and Engines in the event of a case under Chapter 11 of the Bankruptcy Code in which Lessee is a debtor; and

(xvii) neither Lessee nor any subsidiary of Lessee is an "investment company" or a company "controlled by an

investment company" within the meaning of the Investment Company Act of 1940, as amended.

(b) General Tax Indemnity. (i) Indemnity. Except as provided in Section 7(b)(ii) hereof, whether or not any of the transactions contemplated herein are consummated, Lessee shall pay when due and assume liability for, and protect, save and shall indemnify and hold harmless each Indemnitee (except that, for purposes of this Section 7(b)(i), an Indemnitee shall not include any Certificate Holder) from and against (x) any and all Taxes howsoever imposed against any Indemnitee, Lessee or all or any part of the Aircraft, the Airframe, the Engines, the Parts or any part thereof or otherwise by any federal, state or local government or other taxing authority in the United States or by any foreign government or any political subdivision or taxing authority thereof or by any territory or possession of the United States or by any international authority upon or in connection with, relating to, or measured by (A) the assembly, manufacture, construction, substitution, improvement, location, conditioning, installation, financing, refinancing, purchase, acquisition, acceptance, delivery, nondelivery, transport, ownership, registration, reregistration, possession, repossession, control, operation, use, maintenance, repair, replacement, insuring, sale, return, abandonment, storage, redelivery, leasing, subleasing, modification, rebuilding of, transfer of title to, transfer of registration of, rejection, importation, mortgaging, exportation or disposition of, or the imposition of any Lien (or the incurrance of any liability to refund or pay over any amount as the result of any Lien) on, the Aircraft, the Airframe, the Engines, the Parts or any part thereof, (B) the rentals, receipts or earnings from the Aircraft, the Airframe, the Engines, the Parts or any part thereof, (C) any amount paid or payable pursuant to any Operative Documents or any Pass Through Trust Agreement or any document related thereto or the property or the income or other proceeds with respect to any of the property held in the Trust Estate or the Trust Indenture Estate or the property held by each Pass Through Trustee under the respective Pass Through Trust Agreement, (D) the Aircraft, the Airframe, the Engines, the Parts or any part thereof or any contract relating to the manufacture, construction, acquisition or delivery thereof, (E) any or all of the Operative Documents, the Pass Through Trust Agreements, or the issuance of the Loan Certificates or the Pass Through Certificates (or the refinancing thereof) and any other documents contemplated hereby or thereby and amendments and supplements hereto and thereto which have been approved by Lessee or the execution, delivery, recording or performance of any thereof or the issuance, acquisition, holding or subsequent transfer thereof, (F) the payment of the Original Amount of, or interest or Premium on, or other amounts payable

with respect to, the Loan Certificates or the payment of principal of, interest on or any other amounts payable with respect to the Pass Through Certificates, (G) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents, or (H) any change in the Owner Trustee or the situs of the Trust Estate made pursuant to Sections 8(c) or 14 hereof; and (y) any reasonable out-of-pocket costs and expenses fairly attributed to any of the foregoing incurred by any Indemnitee.

(ii) Exclusions from General Tax Indemnity. The provisions of Section 7(b)(i) shall not apply:

(1) in the case of an Indemnitee which is the Owner Participant, the Owner Trustee, the Trust Estate, or a successor, assign, or Affiliate of any thereof, to any Income Tax (as defined in Section 7(b)(xii) hereof) imposed by (A) the United States Federal government, (B) any state or local taxing jurisdiction or authority in the United States to the extent such Income Taxes would not have been imposed if (I) the use, location or operation of the Aircraft, or (II) the activities of the Lessee, to or in such state or local jurisdiction, had been the only connection between the Indemnitee and such jurisdiction, or (C) any foreign government or any political subdivision or taxing authority thereof or by any territory or possession of the United States or by any international authority, except to the extent such Income Taxes are attributable to (I) the use, location or operation of the Aircraft, or (II) the activities of the Lessee, to or in such jurisdiction;

(2) to any Tax imposed on an Indemnitee which is the Owner Participant, the Owner Trustee, or the Trust Estate, or any successor, assign or Affiliate of any thereof, as a result of a voluntary transfer or disposition by such Indemnitee including, without limitation, the revocation of the trust created by the Trust Agreement or an involuntary transfer or disposition relating to bankruptcy or similar proceedings of all or any portion of its respective equitable or legal ownership interest in the Aircraft, the Airframe, the Engines, the Parts or any part thereof, the Trust Estate or the Operative Documents and each Pass Through Trust Agreement, unless such transfer or disposition, whether or not voluntary or involuntary, shall occur, (A) during a period when an Event of Default has occurred and is continuing under

the Lease at the time of transfer or disposition and such transfer is as a result of such Event of Default, or (B) in connection with the termination of the Lease or action or direction of the Lessee pursuant to Sections 7, 8, 9, 10 or 19 thereof;

(3) to any Tax imposed on any Indemnatee which is the Indenture Trustee, the Trust Indenture Estate or a Pass Through Trustee or any successor, assign or Affiliate of any thereof, as a result of a voluntary or involuntary transfer or other disposition of all or any portion of its respective equitable or legal interests in the Trust Estate or the Trust Indenture Estate or the Operative Documents and each Pass Through Trust Agreement unless, in each case, such transfer or disposition shall occur (A) during a period when an Event of Default has occurred and is continuing under the Lease at the time of transfer or disposition and such transfer or disposition is a result of such Event of Default, or (B) in connection with the termination of the Lease or action or direction of the Lessee pursuant to Sections 9, 10 or 19 thereof;

(4) to any Tax imposed on the Owner Participant, Trust Estate or Owner Trustee which results from the willful misconduct or gross negligence of (i) the Owner Participant, to the extent imposed on the Owner Participant, Trust Estate or Owner Trustee, or (ii) to the extent imposed on the Owner Trustee, the Owner Trustee;

(5) to any Tax imposed on an Indemnatee which is the Indenture Trustee, the Trust Indenture Estate or a Pass Through Trustee which results from the willful misconduct or gross negligence of such Indemnatee;

(6) to any Tax based on or measured by any fees received by the Owner Trustee, the Indenture Trustee or a Pass Through Trustee in connection with any transaction contemplated by the Operative Documents;

(7) so long as no Event of Default or event which, with the passage of time or the giving of notice or both, would become an Event of Default, shall be continuing, to any Tax imposed with respect to (A) any period after the expiration of the Term and, unless purchased by the Lessee, return of the Aircraft, (B)

the earlier discharge in full of Lessee's obligation to pay the Stipulated Loss Value or the Termination Value and all other amounts due under the Lease or (C) placement in storage or parking of the Aircraft pursuant to Section 5(d) of the Lease; provided, however, that this Section 7(b)(ii)(8) shall not apply to any Tax (x) relating to events or conditions occurring or matters arising upon or prior to such expiration, discharge, storage or parking, or (y) imposed on or with respect to any payments of Tax indemnified hereunder which are due after such expiration, discharge, storage or parking until after such payments have been made;

(8) in the case of an Indemnitee which is the Trust Indenture Estate or any successor, assign or Affiliate thereof, to any Tax in the nature of an intangible or similar tax upon or with respect to the value of the interest of the Trust Indenture Estate or the Pass Through Certificates, as the case may be, in any of the Loan Certificates imposed by any government or taxing authority;

(9) to any Tax which Lessee or an Indemnitee is contesting in good faith under the provisions of Section 7(b)(iv) hereof until the conclusion of such contest;

(10) to any Tax imposed on the Owner Trustee or an Owner Participant resulting from, or which would not have occurred but for, a Lessor Lien (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens);

(11) in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, to any Taxes to the extent of the amount of such Taxes that are imposed by any jurisdiction on and with respect to any activities of such Indemnitee in such jurisdiction which activities are unrelated to the transactions contemplated by the Operative Documents and each Pass Through Trust Agreement; and

(12) to any Tax which has been properly included in the Lessor's Cost.

The provisions of this Section 7(b)(ii) shall not apply to any Tax imposed in respect of the receipt or accrual of any indemnity payment made by Lessee pursuant to

this Section 7(b) or Section 7(c) hereof or pursuant to the Tax Indemnity Agreement; provided, however, that this clause shall not result in any duplication of any amounts of any gross-up payable under Section 7(b)(iii) or Section 7(c) hereof or the Tax Indemnity Agreement.

Notwithstanding the exclusions set forth in this Section 7(b) or any other provision of the Operative Documents or the Pass Through Trust Agreements, the Lessee hereby agrees to indemnify and hold harmless on a net after-tax basis the Trust Estate, the Owner Trustee and the Owner Participant for any failure to withhold U.S. Federal Income Taxes upon payments of principal, interest, Premium or discount on the Loan Certificates or the Pass Through Certificates, including interest and penalties, unless the Owner Participant has been timely advised by the Lessee in writing that such withholding is required.

(iii) Calculation of General Tax Indemnity Payments. Any payment which Lessee shall be required to make to or for the account of any Indemnitee in connection with any Tax which is subject to indemnification under this Section 7(b) shall be in an amount which, after reduction by the amount of all Taxes required to be paid by such Indemnitee in respect of the receipt or accrual of such amount and after consideration of any current savings of such Indemnitee resulting by way of any deduction, credit or other tax benefit attributable to such indemnified Tax that actually reduces any taxes for which Lessee is not actually required to indemnify such Indemnitee pursuant to Section 7(b) hereof or the Tax Indemnity Agreement shall be equal to the payment otherwise required hereunder.

If, by reason of any Tax payment made to or for the account of an Indemnitee by Lessee pursuant to this Section 7(b), such Indemnitee subsequently realizes a tax deduction, savings or credit (including any foreign tax credit and any reduction in Taxes) not previously taken into account in computing such payment, such Indemnitee shall promptly pay to Lessee an amount equal to the sum of (I) the actual reduction in Taxes, if any, realized by such Indemnitee which is attributable to such deduction, savings or credit and (II) the actual reduction in Taxes realized by such Indemnitee as a result of any payment made by such Indemnitee pursuant to this sentence; provided, however, that in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, such Indemnitee shall not be obligated to make any payment pursuant to this Section 7(b)(iii) to the extent that the amount calculated pursuant

to (I) above would exceed (x) the amount of all prior payments (determined without regard to any amount paid in respect of Taxes required to be paid by such Indemnatee in respect of the receipt or accrual of such amounts received by such Indemnatee) from Lessee pursuant to this Section 7(b), less (y) the portion of all prior payments computed pursuant to (I) above by such Indemnatee to Lessee hereunder.

For purposes of this Section 7(b)(iii), items of foreign Tax of any Indemnatee shall be deemed to be utilized by such Indemnatee as credits or deductions for any taxable year in accordance with the following priorities:

First, all available foreign Taxes other than those described below in Second; and

Second, all available foreign Taxes arising out of any equipment leasing transaction to the extent that such Indemnatee was indemnified or held harmless for such Taxes by a lessee on a *pari passu* basis.

Any Taxes that are imposed on any Indemnatee as a result of the disallowance or reduction of any tax benefit referred to in this subsection as to which such Indemnatee has made in full the payment to Lessee required hereby (or as to which such Indemnatee would have made its payment but for Section 7(b)(vii) hereof) or which is otherwise taken into account in calculating Lessee's indemnity obligation, in a taxable year subsequent to the utilization by such Indemnatee (including the expiration of any tax credit carryovers or carrybacks of such Indemnatee that would not otherwise have expired) shall be treated as a Tax for which Lessee is obligated to indemnify such Indemnatee pursuant to the provisions of this Section 7(b) without regard to the provisions of Section 7(b)(ii), 7(b)(iv) or the third paragraph of this Section 7(b)(iii).

(iv) General Tax Indemnity -- Contests. If a written claim shall be made against any Indemnatee for any Tax for which Lessee is obligated pursuant to this Section 7(b), such Indemnatee shall notify Lessee in writing promptly after receipt thereof (as well as the name of independent tax counsel for purposes of this Section 7(b)(iv)) and, in any event, within 30 days of receipt of such notice and shall provide Lessee such information regarding such claim as Lessee may reasonably request, but the failure to give such notice or to provide such information when required shall not diminish Lessee's

obligation hereunder unless such failure effectively precludes Lessee's ability to (A) require such Indemnitee to contest the Tax or (B) contest the Tax itself (in a case where Lessee cannot require the Indemnitee to contest such Tax).

If a written claim shall be made for any Tax, other than an Income Tax, for which Lessee is obligated pursuant to this Section 7(b), and under applicable law of the taxing jurisdiction Lessee is allowed to directly contest such Tax and the Tax to be contested is not reflected in a report or return with other Taxes of any Indemnitee and if the Indemnitee determines in good faith that it will not suffer any adverse consequences as a result, then the Lessee shall be permitted, at its expense and in its own name, or, if consented to by the Indemnitee, in the name of such Indemnitee, to contest the imposition of such Tax; provided, however, that Lessee shall not be permitted or entitled to contest any Tax (A) if such contest will result in the risk of an imposition of criminal penalties or a material risk of a sale, forfeiture or loss of the Aircraft, the Airframe, the Engines, the Parts or any part thereof or the creation of any Lien other than Liens for Taxes of Lessee (x) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft, and (y) for the payment of which such reserves, if any, as required to be provided under generally accepted accounting principles have been provided and, to the extent permitted by law, Lessee shall be entitled to withhold payment during pendency of such contest, (B) if an Event of Default shall have occurred and be continuing, unless the Lessee shall have, at the option of the Owner Participant, either (i) provided security for its obligations hereunder reasonably satisfactory to the Owner Participant by placing in escrow sufficient funds to cover any such contested Tax or (ii) paid such Tax, (C) unless in Lessee's request to the Indemnitee to contest such Tax, Lessee shall have agreed to pay such Indemnitee on demand all costs and expenses that such Indemnitee actually incurs in connection with contesting such claim (including, without limitation, all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to tax) or (D) unless in the case of an Indemnitee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, prior to the commencement of a contest Lessee shall have delivered to such Indemnitee

a written acknowledgement of Lessee's obligation to indemnify fully such Indemnitee to the extent that the contest is not successful; provided, however, that Lessee will not be bound by its acknowledgement of liability if and to the extent that the contest results in a determination which clearly and unambiguously demonstrates that Lessee is not otherwise liable under this Section 7(b) with respect to such Tax.

If requested by Lessee in writing (A) within 30 days of Lessee's receipt of notice from an Indemnitee under the first paragraph of this Section 7(b)(iv) and (B) with respect to a Tax for which Lessee is obligated to indemnify pursuant to this Section 7(b) which is not described in the previous paragraph exclusive of the proviso thereto, such Indemnitee shall in good faith at Lessee's expense contest the imposition of any such Tax. After consulting with Lessee and Lessee's counsel concerning the forum in which the adjustment is most likely to be favorably resolved, such Indemnitee shall, in its sole discretion, select the forum for such contest and determine whether any such contest shall be by (A) resisting payment of such Tax, (B) paying such Tax under protest or (C) paying such Tax and seeking a refund or other repayment thereof. In no event shall such Indemnitee be requested or required to contest the imposition of any Tax for which Lessee is liable under this Section 7(b) unless (I) in Lessee's request to the Indemnitee to contest such Tax, Lessee shall have agreed to pay such Indemnitee on demand all reasonable costs and expenses that such Indemnitee actually incurs in connection with contesting such claim (including, without limitation, all costs, expenses, losses, reasonable legal and accounting fees, disbursements, penalties, interest and additions to tax), (II) such action to be taken will not result in the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft, or the creation of any Lien other than Liens for Taxes of Lessee (x) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve the risk of an imposition of criminal penalties or the material risk of any sale, forfeiture or loss of the Aircraft and (y) for the payment of which such reserves, if any, as are required to be provided under generally accepted accounting principles have been provided by Lessee, (III) if such contest shall be conducted in a manner requiring the payment of the claim, Lessee shall have paid the amount required directly to the appropriate authority or made an advance of the amount thereof to such Indemnitee on an interest-free basis and agreed to indemnify the Indemnitee

against any additional net after-tax cost to such Indemnatee with respect to such advance or payment, (IV) with regard to an Income Tax on an Indemnatee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, independent tax counsel selected by such Indemnatee and reasonably satisfactory to the Lessee shall furnish an opinion, prepared at the Lessee's expense, to the effect that there is a reasonable basis to contest such claim and with respect to appeal, to the effect that it is more likely than not such appeal will be successful, (V) in the case of an Indemnatee which is the Owner Participant or the Owner Trustee, or a successor, assign or Affiliate of the Owner Participant or the Owner Trustee, prior to the commencement of a contest Lessee shall have delivered to such Indemnatee a written acknowledgment of Lessee's obligation to indemnify fully such Indemnatee to the extent that the contest is not successful; provided, however, that Lessee will not be bound by its acknowledgment of liability if and to the extent that the contest results in a determination which clearly and unambiguously demonstrates that Lessee is not otherwise liable under this Section 7(b) with respect to such Tax, (VI) if an Event of Default shall have occurred and be continuing, the Lessee shall have, at the option of the Owner Participant, either (i) provided security for its obligations hereunder reasonably satisfactory to the Owner Participant by placing in escrow sufficient funds to cover any such contested Tax or (ii) paid such Tax, and (VII) the amount of the indemnity computed under Section 7(b) arising from a claim for Tax exceeds \$10,000. In no event shall an Indemnatee be required to appeal or to seek leave to appeal an adverse determination with respect to Taxes contested by, or in the name of, the Indemnatee to the United States Supreme Court.

If any Indemnatee shall obtain a refund of all or any part of any Tax paid by Lessee such Indemnatee shall pay Lessee an amount equal to the sum of (I) the amount of such refund, including interest received attributable thereto, net of taxes required to be paid by such Indemnatee as a result of any refund and/or interest received and (II) any tax benefit realized by such Indemnatee as a result of any payment by such Indemnatee made pursuant to this sentence; provided, however, that in the case of any Indemnatee which is the Owner Participant or any successor, assign or Affiliate of the Owner Participant such amount attributable to (I) above shall not be in excess of the amount of such Tax payment (determined without regard to any amount paid in respect of Taxes required to be paid by such Indemnatee in

respect of the receipt or accrual of such payment or advance made by Lessee to such Indemnatee) plus interest received, if any, from the relevant taxing authority with respect to such Tax payment (net of Taxes required to be paid by such Indemnatee in connection with the receipt of such interest), it being intended that such Indemnatee shall realize a net benefit pursuant to this Section 7(b) only if Lessee shall first have been reimbursed for any payments by it to such Indemnatee pursuant to this Section 7(b) arising from the same Loss. If any Indemnatee shall have paid Lessee any refund of all or part of any Tax paid by Lessee and it is subsequently determined that such Indemnatee was not entitled to the refund, such determination shall be treated as the imposition of a Tax for which Lessee is obligated to indemnify such Indemnatee pursuant to the provisions of this Section 7(b) without regard to Section 7(b)(ii) or Section 7(b)(iv).

Nothing contained in this Section 7(b)(iv) shall require any Indemnatee to contest, or permit Lessee to contest, a claim with respect to the imposition of any Tax if such Indemnatee shall waive its right to indemnification under this Section 7 with respect to such claim or a claim with respect to which a previous contest pursuant to the provision of this Section 7(b)(iv) shall have been determined adversely to the taxpayer.

(v) General Tax Indemnity -- Reports. Lessee will provide such information (including information on the routes and operations of the Aircraft) as may be reasonably requested by an Indemnatee or required to enable an Indemnatee to fulfill its tax filing or audit requirements with respect to the transactions contemplated by the Operative Documents. In the event any return, statement or report is required to be made or filed with respect to any Tax imposed on or indemnified against by Lessee under this Section 7(b) (other than with respect to Income Taxes), Lessee shall notify the Indemnatee of such requirement and (i) to the extent permitted by law, and not otherwise requested by the Indemnatee, or required by law, Lessee shall make and file in its own name (and pay the tax shown due on) such return, statement or report in such manner as will show the ownership of the Aircraft in the Owner Trustee and furnish the Indemnatee with a copy of such return, statement or report; provided, however, that Lessee shall have no obligation under this clause (i) to the extent such Indemnatee after receipt of Lessee's written request shall have failed to furnish Lessee with such information as is peculiarly within such Indemnatee's control and is necessary

to file such returns, statements or reports, and (ii) in the case of a return, statement or report required (or requested by the Indemnatee) to be in the name of or filed by such Indemnatee, Lessee shall prepare and furnish such return, statement or report for filing by such Indemnatee in such manner as shall be reasonably satisfactory to such Indemnatee and send the same to such Indemnatee for filing no later than 10 Business Days prior to the due date; provided, however, that Lessee shall have no obligation under this clause (ii) to the extent such Indemnatee after receipt of Lessee's written request shall have failed to furnish Lessee with such information as is peculiarly within such Indemnatee's control and is necessary to prepare such return, statement or report. Lessee shall hold each Indemnatee harmless from and against any liabilities, including, but not limited to penalties, additions to tax, fines and interest, arising out of any insufficiency or inaccuracy in any such return, statement, report or information if such insufficiency or inaccuracy is attributable to Lessee.

(vi) General Tax Indemnity -- Payment. Except as provided in Section 7(b)(iv) or (v) hereof, Lessee shall pay any Tax directly to the appropriate taxing authority if legally permissible and upon demand of an Indemnatee shall pay such Tax and any other amounts due hereunder to such Indemnatee within 20 Business Days of such demand, but in no event shall any such payments be made more than 10 Business Days prior to the date the Tax to which any such payment hereunder relates is due (unless Lessee has not received such demand at least 15 Business Days prior to such date in which case within five Business Days after receipt of such demand), in immediately available funds. Any such demand for payment from an Indemnatee shall specify in reasonable detail, the payment and the facts upon which the right to payment is based. Each Indemnatee shall promptly forward to Lessee any notice, bill or advice received by it concerning any Tax indemnified against hereunder. As soon as practicable after each payment by Lessee of any Tax indemnified against hereunder, Lessee shall furnish the appropriate Indemnatee the original or a certified copy of a receipt for Lessee's payment of such Tax or such other evidence of payment of such Tax as is acceptable to such Indemnatee. Lessee shall also furnish promptly upon request such data as any Indemnatee may reasonably require to enable such Indemnatee to comply with the requirements of any taxing jurisdiction.

(vii) Application of Payments During Existence of Default or Event of Default. Any amount payable to Lessee pursuant to the terms of this Section 7(b) shall not be paid to or retained by Lessee if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing under the Lease. At such time as there shall not be continuing any Default or Event of Default, such amount shall be paid to the Lessee to the extent not previously applied against Lessee's obligations hereunder as and when due after the Owner Trustee shall have declared the Lease in default pursuant to Section 15 thereof.

(viii) Reimbursements by Indemnitees Generally. If, for any reason, Lessee is required to make any payment with respect to any Taxes imposed on any Indemnatee in respect of the transactions contemplated by the Operative Documents or on the Aircraft, the Airframe, the Engines, the Parts or any part thereof, which Taxes are not the responsibility of Lessee under this Section 7(b), then such Indemnatee shall pay to Lessee an amount which equals the amount paid by Lessee with respect to such Taxes plus interest thereon, computed from the date of payment by Lessee, at the Base Rate.

(ix) Forms, etc. Each Indemnatee agrees to furnish to Lessee from time to time, at the Lessee's request and expense, such duly executed and properly completed forms as may be necessary or appropriate in order to claim any reduction of or exemption from any withholding tax imposed by any taxing authority in respect of any payments otherwise required to be made by Lessee pursuant to the Operative Documents and each Pass Through Trust Agreement, which reduction or exemption may be available to such Indemnatee. In addition, any Indemnatee shall, at Lessee's expense, execute and deliver any forms or documents which Lessee reasonably requests and which are reasonably related to any indemnified Taxes. Notwithstanding the foregoing, an Indemnatee shall not be required to (A) make available any Income Tax returns; or to (B) execute and deliver any forms or documents which would in the good faith determination of such Indemnatee disadvantage such Indemnatee in the context of its overall filing position or with regard to other Taxes not indemnified under this Agreement or the Tax Indemnity Agreement.

(x) Non-Parties. If an Indemnatee is not a party to this Agreement, Lessee may require the Indemnatee to

agree to the terms of this Section 7(b) prior to making any payment to such Indemnatee under this Section 7(b).

(xi) Owner Participant. For the purposes of this Section 7(b), the term "Owner Participant" shall mean and include _____ (and its permitted successors and assigns) and where appropriate the affiliated group of corporations (and each member thereof) making a consolidated or combined return of which _____ (and its permitted successors and assigns) is a member.

(xii) Income Tax. For purposes of this Section 7, the term Income Tax means any Tax based on or measured by or with respect to net income (including, without limitation, capital gains taxes, minimum taxes, income taxes collected by withholding, and taxes on tax preference items) or net receipts and taxes imposed on gross income or gross receipts which are expressly in lieu of a net income tax (provided, however, that sales, use, value added, rental, license, ad valorem or property Taxes shall not constitute an Income Tax) and Taxes which are capital, doing business, franchise, excess profits, net worth taxes and interest, additions to tax, penalties, or other charges in respect thereof.

(c) General Indemnity. Lessee hereby agrees to indemnify, on an after-tax basis, each Indemnatee against, and agrees to protect, save and keep harmless each of them from (whether or not the transactions contemplated herein or in any of the other Operative Documents or the Pass Through Trust Agreements are consummated), any and all Expenses imposed on, incurred by or asserted against any Indemnatee, in any way relating to or arising out of (A) the Operative Documents and each Pass Through Trust Agreement (and any amendments thereto), the negotiation and the consummation of the transactions contemplated thereby or any sublease under the Lease Agreement or the enforcement of any of the terms of any thereof; or (B) the manufacture, design, purchase, resale, acceptance or rejection of the Airframe or any Engine or Parts; or (C) the Aircraft (or any portion thereof) or any Engine whether or not installed on the Airframe or any airframe on which an Engine is installed whether or not arising out of the finance, refinance, ownership, delivery, nondelivery, storage, lease, sublease, possession, use, non-use, operation, maintenance, modification, alteration, condition, sale, replacement, substitution, return or other disposition, registration, reregistration or airworthiness of the Aircraft (or any portion thereof) including, without limitation, latent or other defects, whether or not discoverable, strict tort liability and any damage to property or the environment, death or injury to any person and any claim for patent, trademark or

copyright infringement; or (D) the offer, sale, holding, transfer or delivery of the Loan Certificates or the Pass Through Certificates, whether before, on or after the Delivery Date (the indemnity in this clause (D) to extend also to any person who controls an Indemnitee, its successors, assigns, employees, directors, officers, servants and agents within the meaning of Section 15 of the Securities Act of 1933, as amended); or (E) the offer, holding, transfer or sale of any interest in the Trust Estate or the Trust Agreement or any similar interest (a) on or prior to the Delivery Date, or (b) subsequent to the Delivery Date during the continuation of an Event of Default under the Lease or in connection with the exercise by the Lessee of its purchase options under the Lease or in connection with a refinancing pursuant to Section 17 hereof or in connection with the termination of the Lease or action or direction of Lessee pursuant to Sections 7, 8, 9, 10, or 19 thereof; provided, that the foregoing indemnity shall not extend to any Expense to the extent resulting from or arising out of one or more of the following: (1) any representation or warranty by such Indemnitee in the Operative Documents or in any Pass Through Trust Agreement being incorrect, or (2) the failure by such Indemnitee to perform or observe any agreement, covenant or condition in any of the Operative Documents or in any Pass Through Trust Agreement including, without limitation, the creation or existence of a Lessor Lien (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), or (3) the willful misconduct or the gross negligence of such Indemnitee (other than gross negligence imputed to such Indemnitee solely by reason of its interest in the Aircraft), or (4) (A) in the case of such Indemnitee a disposition (voluntary or involuntary) of all or any part of its interest in the Airframe or any Engine, (B) in the case of a Certificate Holder a disposition (voluntary or involuntary) by such Certificate Holder of all or any part of its interest in any Loan Certificate or (C) in the case of any Indemnitee a disposition by such Indemnitee of all or any part of such Indemnitee's interest in the Operative Documents or the Pass Through Trust Agreements other than in each of (A), (B) and (C) during the continuance of an Event of Default under the Lease or pursuant to the exercise by the Lessee of its purchase options under the Lease or in connection with a refinancing pursuant to Section 17 hereof or in connection with the termination of the Lease or action or direction of Lessee pursuant to Sections 7, 8, 9, 10 or 19 thereof, or (5) other than to the extent provided in the succeeding paragraph, any Tax (as defined in Section 7(b) hereof) whether or not Lessee is required to indemnify for such Tax pursuant to Section 7(b) hereof (it being understood that Section 7(b) hereof and the Tax Indemnity Agreement and provisions requiring payments to be made on an after-tax basis or expressly providing for additional

indemnification by Lessee exclusively provide for Lessee's liability with respect to Taxes), or (6) the offer or sale by the Owner Participant after the Delivery Date of any interest in the Trust Estate or the Trust Agreement or any similar interest, unless such offer or sale shall occur (A) during a period when an Event of Default has occurred and is continuing under the Lease at the time of such offer or sale or (B) in connection with the exercise by Lessee of its purchase options under the Lease or, (7) in the case of the Owner Participant, a failure on the part of the Owner Trustee to distribute in accordance with the Trust Agreement any amounts received and distributable by it thereunder or, in the case of a Certificate Holder, a failure on the part of the Indenture Trustee to distribute in accordance with the Trust Indenture any amounts received and distributable by it thereunder to such Certificate Holder or a failure on the part of any Pass Through Trustee to distribute in accordance with the applicable Pass Through Trust Agreement any amounts received and distributable by such Pass Through Trustee under such Pass Through Trust Agreement, or (8) other than during the continuation of a Default or an Event of Default under the Lease the authorization or giving or withholding of any future amendments, supplements, waivers or consents with respect to any of the Operative Documents or any Pass Through Trust Agreement unless such amendments, supplements, waivers or consents (a) are requested by Lessee or (b) are required or permitted pursuant to the terms of the Operative Documents (unless the same results from the actions of an Indemnitee) (provided if Lessee is not responsible for the Expense associated with such amendment, supplement, waiver or consent, the party requesting the execution of the same shall be responsible for such expense), or (9) other than to the extent provided in the succeeding paragraph any loss of tax benefits or increase in tax liability under any tax law whether or not Lessee is required to indemnify therefor pursuant to this Agreement or the Tax Indemnity Agreement (it being understood that Section 7(b) hereof and the Tax Indemnity Agreement and provisions requiring payments to be made on an after-tax basis or expressly providing for additional indemnification by Lessee exclusively provide for Lessee's liability with respect to Taxes), or (10) except to the extent fairly attributable to acts or events occurring on or prior thereto, acts or events which occur after the earlier of: (I) the return of possession of the Airframe or any Engine or any Part to the Owner Trustee or its designee pursuant to the terms of the Lease (other than pursuant to Section 15 thereof, in which case Lessee's liability under this Section 7(c) shall survive for so long as Owner Trustee shall be entitled to exercise remedies under such Section 15), (II) the termination of the Term in accordance with Sections 5, 9 or 19 of the Lease, (III) the last day of the Term if Owner Trustee shall have furnished the notice

referred to in Section 10(d) of the Lease and Lessee shall have failed to return possession to Owner Trustee on such day or (IV) the payment by Lessee of all amounts required to be paid under the Lease following an Event of Loss (but excluding from the terms of this subsection (IV) an Event of Loss followed by the replacement of the Aircraft).

Notwithstanding clause 7(c)(5) or (9) above, Lessee further agrees that any payment or indemnity pursuant to this Section 7(c) in respect of any "Expenses" shall be in an amount which, after deduction of all Taxes required to be paid by such recipient with respect to such payment or indemnity under the laws of any federal, state or local government or taxing authority in the United States, or under the laws of any taxing authority or governmental subdivision of a foreign country, or any territory or possession of the United States or any international authority, shall be equal to the excess, if any, of (A) the amount of such Expense over (B) the current net reduction in Taxes actually required to be paid by such recipient resulting from the accrual or payment of such Expense.

Nothing in this Section 7(c) shall be construed as a guaranty by Lessee of payments due pursuant to the Loan Certificates or the Pass Through Certificates or of the residual value of the Aircraft.

If a claim is made against an Indemnitee involving one or more Expenses and such Indemnitee has notice thereof, such Indemnitee shall promptly after receiving such notice give notice of such claim to Lessee; provided that the failure to provide such notice shall not release Lessee from any of its obligations to indemnify hereunder or from any other obligation that the Lessee may have to such Indemnitee at law or in equity, and no payment by Lessee to an Indemnitee pursuant to this Section 7(c) shall be deemed to constitute a waiver or release of any right or remedy which the Lessee may have against such Indemnitee for any actual damages as a result of the failure by such Indemnitee to give Lessee such notice. So long as Lessee has acknowledged its obligation to indemnify pursuant to this Section 7(c), Lessee shall be entitled, at its sole cost and expense, acting through counsel reasonably acceptable to the respective Indemnitee, (A) in any judicial or administrative proceeding that involves solely a claim for one or more Expenses, to assume responsibility for and control thereof, (B) in any judicial or administrative proceeding involving a claim for one or more Expenses and other claims related or unrelated to the transactions contemplated by the Operative Documents, to assume responsibility for and control of such claim for Expenses to the extent that the same may be and is severed from such other claims (and such Indemnitee shall use

reasonable efforts to obtain such severance), and (C) in any other case, to be consulted by such Indemnitee with respect to judicial proceedings subject to the control of such Indemnitee and to be allowed, at Lessee's sole expense, to participate therein. Notwithstanding any of the foregoing to the contrary, Lessee shall not be entitled to assume responsibility for and control of any such judicial or administrative proceedings if (i) any Default under Section 14(a), (b), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing, (ii) if such proceedings will involve a material risk of the sale, forfeiture or loss of, or the creation of any Lien (other than a Permitted Lien) on, the Aircraft, the Trust Indenture Estate or the Trust Estate or any part thereof unless Lessee shall have posted a bond or other security reasonably satisfactory to the relevant Indemnitees in respect to such risk or (iii) if such proceedings could, in the good faith opinion of the Indemnitee entail any risk of criminal liability or any material risk of civil liability (unless, in the case of such civil liability, Lessee has agreed to indemnify against such civil liability in a manner reasonably acceptable to such Indemnitee). The Indemnitee may participate at its own expense and with its own counsel in any judicial proceeding controlled by Lessee pursuant to the preceding provisions; provided, however, that if in the written opinion of counsel to such Indemnitee (which opinion and counsel shall be reasonably acceptable to Lessee) an actual or potential material conflict of interest exists where it is advisable for such Indemnitee to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee.

The Indemnitee shall supply Lessee, at Lessee's expense, with such information reasonably requested by Lessee as is necessary or advisable for Lessee to control or participate in any proceeding to the extent permitted by this Section 7(c). Such Indemnitee shall not enter into a settlement or other compromise with respect to any Expense as to which Lessee has acknowledged its obligation to indemnify (and if Lessee has not so acknowledged only upon 5 Business Days' prior written notice to Lessee) without the prior written consent of Lessee (except during the continuance of any Default under Section 14(a), (b), (f) or (g) of the Lease or an Event of Default under the Lease when such consent shall not be required if such Indemnitee gives 30 days' prior written notice to Lessee describing the proposed settlement or compromise), which consent shall not be unreasonably withheld or delayed, unless such Indemnitee waives its right to be indemnified with respect to such Expense under this Section 7(c).

The Lessee shall supply the Indemnitee with such information reasonably requested by the Indemnitee as is necessary or advisable for the Indemnitee to control or participate in any proceeding to the extent permitted by this Section 7(c).

Upon payment of any Expense pursuant to this Section 7(c), Lessee, without any further action, shall be subrogated to any claims the Indemnitee may have relating thereto other than claims under Section 9.06 of the Trust Indenture or Section 5.03 or 7.01 of the Trust Agreement. The Indemnitee agrees to give such further assurances or agreements and to cooperate with Lessee to permit Lessee to pursue such claims, if any, to the extent reasonably requested by Lessee.

In the event that Lessee shall have paid an amount to an Indemnitee pursuant to this Section 7(c), and such Indemnitee subsequently shall be reimbursed in respect of such indemnified amount from any other person, such Indemnitee shall, unless a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing, promptly pay Lessee but not before Lessee shall have made all payments then due to such Indemnitee pursuant to this Section 7(c) and any other payments then due under any of the Operative Documents, an amount equal to the sum of (I) the amount of such reimbursement, including interest received attributable thereto, net of taxes required to be paid by such Indemnitee as a result of any reimbursement including interest received attributable thereto and (II) any tax benefit actually realized by such Indemnitee as a result of any payment by such Indemnitee made pursuant to this sentence; provided, however, that in the case of any Indemnitee which is the Owner Participant or any successor, assign or Affiliate of the Owner Participant such amount attributable to (I) above shall not be in excess of the amount of such Expense payment net of any amount paid in respect of Taxes required to be paid by such Indemnitee in respect of the receipt or accrual of such payment or advance made by Lessee to such Indemnitee plus interest received, if any, from the relevant taxing authority with respect to any such Expense payment, it being intended that such Indemnitee shall realize a net benefit pursuant to this Section 7(c) only if Lessee shall first have been reimbursed for any payments by it to such Indemnitee pursuant to this Section 7(c).

Lessee agrees to pay the reasonable and continuing fees and expenses of the Indenture Trustee (including, but not limited to, the reasonable fees and expenses of its counsel and any agent

appointed in accordance with Section 9.02(c) of the Trust Indenture) and each Pass Through Trustee (including, but not limited to, the reasonable fees and expenses of its counsel) and, as provided in Section 6.07 of the Trust Agreement, the Owner Trustee (including, but not limited to, the reasonable fees and expenses of its counsel), in each case without cost, on a net after-tax basis, to the Owner Participant, for acting as such, other than such fees and expenses which constitute Transaction Expenses.

Lessee's obligations under the indemnities provided for in this Agreement shall be those of a primary obligor, whether or not the Person indemnified shall also be indemnified with respect to the same matter under the terms of any other document or instrument, and the Person seeking indemnification from Lessee pursuant to any provision of this Agreement may proceed directly against Lessee without first seeking to enforce any other right of indemnification.

To the extent permitted by applicable law, interest at the Past Due Rate shall be paid, on demand, on any amount or indemnity not paid when due pursuant to this Section 7 until the same shall be paid. Such interest shall be paid in the same manner as the unpaid amount in respect of which such interest is due.

Any amount which is payable to Lessee by any Person pursuant to this Section 7 shall not be paid to Lessee if a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or an Event of Default under the Lease shall have occurred and be continuing or if any payment is due and owing by Lessee under the Lease or to such Person under any other Operative Document. Any such amount shall be held by such Person and, if such Default or an Event of Default under the Lease shall have occurred and be continuing, shall be applied against Lessee's obligations hereunder to such Person as and when due (and, to the extent that Lessee has no obligations hereunder to such Person, such amount shall be paid to Lessee). At such time as there shall not be continuing any such Default or an Event of Default or there shall not be due and owing any such payment, such amount shall be paid to Lessee to the extent not previously applied in accordance with the immediately preceding sentence.

(d) Withholding. If Lessee advises the Owner Trustee, the Indenture Trustee and the relevant Certificate Holder in writing that interest on its Loan Certificates is subject to United States withholding tax, then the Owner Trustee shall

instruct the Indenture Trustee to, and Indenture Trustee shall, withhold as provided in Section 9.11 of the Trust Indenture.

SECTION 8. Representations, Warranties and Covenants. (a) The Owner Participant represents that it is acquiring its interest in the Trust Estate for investment purposes only and not with a present intent as to any resale or distribution thereof (subject nonetheless to any requirement of law that the disposition of its properties shall at all times be and remain within its control) and that neither it nor anyone acting on its behalf (other than for purposes of this paragraph, Lessee and the Underwriter) has directly or indirectly offered any interest in the Trust Estate or any Loan Certificates or Pass Through Certificates or any similar securities for sale to, or solicited any offer to acquire any of the same from, anyone in a manner which would result in a violation of the Securities Act of 1933, as amended or the securities laws, rules and regulations of any state.

(b) Each of the Owner Participant and State Street Bank and Trust Company, in its individual capacity, represents and warrants to the other parties to this Agreement that it is, and on the Delivery Date will be, a Citizen of the United States. The Owner Participant agrees, solely for the benefit of Lessee and the Certificate Holders, that if during such time as the Aircraft is registered in the United States (or if Lessee desires to register the Aircraft in the United States) (i) it shall not be a Citizen of the United States and (ii) the Aircraft shall be, or would therefore become, ineligible for registration in the name of the Owner Trustee under the Federal Aviation Act and regulations then applicable thereunder, then the Owner Participant shall (at its own expense and without any reimbursement or indemnification from Lessee) as soon as is reasonably practicable but in any event within 30 days after obtaining Actual Knowledge of such ineligibility and of such loss of citizenship (A) effect voting trust or other similar arrangements or take any other action as may be necessary to prevent any deregistration or to maintain the United States registration of the Aircraft, or (B) transfer its beneficial interest in the Trust Estate in accordance with Section 8(1) hereof. It is understood that: (1) the Owner Participant shall be liable to any of the other parties hereto for any damages suffered by any such other party as the result of the representation and warranty of the Owner Participant in the first sentence of this Section 8(b) proving to be untrue as of the Delivery Date; and (2) the Owner Participant shall be liable to Lessee, any Sublessee and any Certificate Holder for any damages which may be incurred by Lessee, any Sublessee or such Certificate Holder as a result of the Owner Participant's failure

to immediately comply with its obligations pursuant to the second sentence of this Section 8(b) unless such failure is a result of such party's breach of its obligations to cooperate set forth in the following sentence (including any damages suffered by any such party (other than damages suffered by Lessee which Lessee could have mitigated by taking reasonable steps (Lessee having no obligation to restrict the use of the Aircraft to so mitigate)) at any time after the fifth Business Day following the Owner Participant's having obtained Actual Knowledge of such ineligibility or loss of citizenship). Each party hereto agrees, upon the request and at the sole expense of the Owner Participant, to reasonably cooperate with the Owner Participant in complying with its obligations under the provisions of the second sentence of this Section 8(b) and such request shall not be subject to the indemnity contained in Section 7(c) hereof. State Street Bank and Trust Company in its individual capacity, agrees that if at any time a responsible officer of State Street Bank and Trust Company, shall obtain Actual Knowledge that State Street Bank and Trust Company has ceased to be a Citizen of the United States, it will promptly resign as Owner Trustee (if and so long as such citizenship is necessary under the Federal Aviation Act as in effect at such time or, if it is not necessary, if and so long as the Owner Trustee's citizenship would have any adverse effect on a Certificate Holder, Lessee or the Owner Participant), effective upon the appointment of a successor Owner Trustee in accordance with Section 9.01 of the Trust Agreement. If the Owner Participant or State Street Bank and Trust Company, in its individual capacity, does not comply with the requirements of this Section 8(b), the Owner Trustee, the Indenture Trustee, the Owner Participant and the Certificate Holders hereby agree that a Default or an Event of Default shall not have occurred and be continuing under the Lease due to noncompliance by Lessee with the registration requirements in the Lease.

(c) State Street Bank and Trust Company, in its individual capacity represents and warrants that both the principal place of business of the Owner Trustee and the place where the Owner Trustee's records concerning the Aircraft and all of its interest in, to and under the Operative Documents to which it is a party are or will be kept is Boston, Massachusetts (other than such as may be maintained or held by the Indenture Trustee pursuant to the Trust Indenture) and has its chief executive office (as such term is used in Article 9 of the Uniform Commercial Code) in the Commonwealth of Massachusetts. State Street Bank and Trust Company, in its individual capacity agrees that it will not change the location of such office to a location outside of Boston, Massachusetts, without prior written notice to Lessee, Indenture Trustee and the Owner Participant.

(d) [Intentionally omitted.]

(e) The Owner Participant agrees that, if, at any time after the Restricted Period and so long as no Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(vii) of the Lease or Section 8 of the Lease), (f) or (g) of the Lease or Event of Default under the Lease shall have occurred or be continuing, Lessee has requested its consent to the registration of the Aircraft, in the name of the Owner Trustee (or, if appropriate, in the name of Lessee or a Sublessee as a "lessee" or a "sublessee"), at Lessee's expense, (i) upon 30 days' prior written notice in a country listed on Exhibit G to the Lease, with which the United States maintains diplomatic relations at the time of such request, provided that with respect to any country listed on Exhibit G to the Lease as a "Restricted Country" such country must at the time of such registration impose and enforce aircraft maintenance standards not materially less stringent than those of the FAA, or the central civil aviation authority of any of Canada, France, Germany, Japan or the United Kingdom, or (ii) upon 30 days' prior written notice in any other country with which the United States maintains diplomatic relations at the time of such request and the Owner Participant has not determined, acting reasonably, that such other country would not provide substantially equivalent protection for the rights of owner participants, lessors or lenders in similar transactions as provided under United States laws, the Owner Participant will not, in the case of either (i) or (ii), unreasonably withhold its consent to such change of registration. In addition, such change of registration to a country listed on Exhibit G shall be permitted only if such change will not result in the imposition of, or increase the amount of, any Tax for which Lessee is not required to indemnify or is not then willing to enter into a binding agreement to indemnify, in a manner satisfactory in form and substance to the indemnified party, each party referred to in clause (E) of paragraph (i) below. The Owner Participant further agrees that the inability of Lessee to deliver to the Owner Participant and, so long as the Lien of the Trust Indenture has not been released, the Indenture Trustee, an opinion (reasonably satisfactory in form and substance to the Owner Participant) of counsel reasonably acceptable to the Owner Participant in such country listed on Exhibit G to the Lease to the effect that the courts of such country would give effect to the Owner Trustee's title to the Aircraft, to the registry of the Aircraft in the name of the Owner Trustee, and to the priority of the lien under the Trust Indenture substantially to the same extent as provided under United States law, shall constitute the sole reasonable grounds to withhold such consent in regard to a country listed in Exhibit

G, and if said opinion is delivered, the Owner Participant will instruct the Owner Trustee, and the Indenture Trustee, subject only to compliance with the provisions of Section 7.02 of the Indenture, shall cooperate, to make such change of registration.

It is further agreed, however, that prior to any such change in the country of registry of the Aircraft to a country not listed on Exhibit G to the Lease, the Owner Participant, the Owner Trustee in its individual capacity and, so long as the Lien of the Trust Indenture has not been released, the Indenture Trustee shall have received:

(i) assurances reasonably satisfactory to the Owner Participant and the Owner Trustee in its individual capacity (A) to the effect that the insurance or self-insurance provisions of the Lease have been compiled with after giving effect to such change of registry, (B) of the payment by Lessee on an after-tax basis of any expenses of the Owner Participant, the Owner Trustee and the Indenture Trustee in connection with such change of registry, (C) to the effect that the original indemnities (and any additional indemnities for which Lessee is then willing to enter into a binding agreement to indemnify) in favor of the Owner Participant, the Owner Trustee (in its individual capacity and as trustee under the Trust Agreement) and the Indenture Trustee, under this Agreement, the Trust Indenture and the Tax Indemnity Agreement, afford each such party substantially the same protection as provided prior to such change of registry, (D) as to the continuation of the Trust Indenture as a first priority lien on the Aircraft, (E) that such change will not result in the imposition of, or increase in the amount of, any Tax for which Lessee is not required to indemnify, or is not then willing to enter into a binding agreement to indemnify in a manner satisfactory in form and substance to the indemnified party, the Owner Participant, the Indenture Trustee, the Owner Trustee (in its individual capacity and as trustee under the Trust Agreement), or any successor, assign or Affiliate of any thereof, or the Trust Estate pursuant to Section 7(b) hereof; and (F) that such new country of registry imposes and enforces aircraft maintenance standards not materially less stringent than those of the FAA or the central civil aviation authority of Canada, France, Germany, Japan or the United Kingdom; and

(ii) a favorable opinion of counsel (reasonably satisfactory to the Owner Trustee, in its individual capacity, and to the Owner Participant) in the new jurisdiction of registry to the effect (A) that the terms

(including, without limitation, the governing-law, service-of-process and jurisdictional-submission provisions thereof) of the Lease and the Trust Indenture are legal, valid, binding and enforceable in such jurisdiction, (B) that it is not necessary for the Owner Participant, the Owner Trustee or the Indenture Trustee to register or qualify to do business in such jurisdiction, (C) that there is no tort liability of the owner of an aircraft not in possession thereof under the laws of such jurisdiction other than tort liability which might have been imposed on such owner under the laws of the United States or any state thereof (it being understood that, in the event such latter opinion cannot be given in a form satisfactory to the Owner Participant, such opinion shall be waived if insurance reasonably satisfactory to Owner Participant and the Owner Trustee, in its individual capacity, is provided, at Lessee's expense, to cover such risk), (D) (unless Lessee shall have agreed to provide insurance covering the risk of requisition of use or title of the Aircraft by the government of such jurisdiction so long as the Aircraft is registered under the laws of such jurisdiction) that the laws of such jurisdiction require fair compensation by the government of such jurisdiction payable in currency freely convertible into Dollars for the loss of use of the Aircraft in the event of the requisition by such government of such use or title, and (E) to such further effect with respect to such other matters as the Owner Trustee, in its individual capacity, or the Owner Participant may reasonably request.

Upon receipt by the Owner Participant and the Indenture Trustee of an opinion of counsel meeting the foregoing requirements, Exhibit F and Exhibit G to the Lease shall be amended to add such country.

If, at any time, the Owner Participant delivers an opinion (a "Delisting Opinion") from a law firm (such opinion and counsel to be reasonably satisfactory to Lessee) in a country then listed on Exhibit F or G to the Lease to the effect that a reputable law firm located in such jurisdiction would not as of the date of such opinion be able to deliver an opinion of counsel as to the matters listed in subsections (A) through (D) of subparagraph (ii) above (provided that in regard to (C) and (D), Lessee is not willing at the time of registration to provide the insurance required by such subsection (C) or (D)), then Exhibits F and G to the Lease shall be amended to delete such country. Lessee shall pay the reasonable costs of the Owner Participant in obtaining the Delisting Opinion provided such opinion is in fact obtained in connection with Lessee's

request to change the registry of the Aircraft to, or to sublease the Aircraft in, a country listed on Exhibit F or G to the Lease.

Lessee shall pay all reasonable fees and expenses on an after-tax basis of the Owner Participant, the Owner Trustee and the Indenture Trustee in connection with any change of registry of the Aircraft.

(f) The Owner Participant represents and warrants as follows:

(i) the Owner Participant is a corporation duly organized and validly existing in good standing under the laws of its jurisdiction of organization, and has the corporate power and authority to carry on its business as now conducted, to own or hold under lease its properties and to enter into and perform its obligations under the Owner Participant Documents;

(ii) the Owner Participant Documents have been duly authorized by all necessary corporate action on the part of the Owner Participant, do not require any approval not already obtained of stockholders of the Owner Participant or any approval or consent not already obtained of any trustee or holders of any indebtedness or obligations of the Owner Participant, and have been duly executed and delivered by the Owner Participant, and neither the execution and delivery thereof by the Owner Participant, nor the consummation of the transactions contemplated thereby by the Owner Participant, nor compliance by the Owner Participant with any of the terms and provisions thereof will contravene any United States federal or state law, judgment, governmental rule, regulation or order applicable to or binding on the Owner Participant (it being understood that no representation or warranty is made with respect to laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations relating to the citizenship requirements of the Owner Participant under applicable aviation law) or contravene or result in any breach of or constitute any default under, or result in the creation of any Lien (other than Liens provided for or otherwise permitted in the Operative Documents) upon the Trust Estate under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by-law or other agreement or instrument to which the Owner Participant is a party or by which it or its properties may be bound or

affected (it being understood that no representation or warranty is made in this subsection (f)(ii) with respect to ERISA);

(iii) each of the Owner Participant Documents constitutes a legal, valid and binding obligation of the Owner Participant enforceable against the Owner Participant in accordance with the terms thereof, and the trust intended to be formed by the Trust Agreement has been duly and validly formed;

(iv) Neither the execution and delivery by the Owner Participant of this Agreement or any other Owner Participant Document, nor the consummation by it of any of the transactions contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, the registration with, the recording or filing of any document with, or the taking of any other action in respect of, any federal or other governmental authority or agency, except those contemplated by the Operative Documents (it being understood that no representation or warranty is made with respect to the laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations relating to the citizenship requirements of the Owner Participant under applicable aviation law);

(v) there are no pending or, to the knowledge of the Owner Participant, threatened actions or proceedings against the Owner Participant before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of the Owner Participant to perform its obligations under any of, the Owner Participant Documents; and

(vi) on the Delivery Date, the Aircraft will be free of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to the Owner Participant.

(g) Each of State Street Bank and Trust Company in its individual capacity and the Owner Participant severally covenants and agrees (i) that it shall not cause or permit to exist any Lessor Lien attributable to it with respect to the Aircraft or any other portion of the Trust Estate, (ii) that it will promptly, at its own expense, take such action as may be

necessary duly to discharge such Lessor Lien attributable to it and (iii) to make restitution to the Trust Estate for any actual diminution of the assets of the Trust Estate resulting from such Lessor Liens attributable to it. The Owner Participant agrees to make restitution to the Trust Estate for any actual diminution of the assets of the Trust Estate resulting from any Taxes or Expenses (as such terms are defined in Section 7 hereof) imposed on the Trust Estate against which Lessee is not required to indemnify the Trust Estate pursuant to Section 7 hereof, but excluding Taxes or Expenses referred to in Section 7(b)(ii)(5) and 7(b)(ii)(7) and excluding any diminution of the Trust Estate attributable to or caused by State Street Bank and Trust Company in its individual capacity; provided that if the Owner Participant shall make restitution to the Trust Estate on account of any diminution of the Trust Estate attributable to or caused by State Street Bank and Trust Company in its individual capacity, then State Street Bank and Trust Company, in its individual capacity, shall reimburse the Owner Participant for such amount together with interest thereon at the Past Due Rate.

(h) First Security Bank of Utah, National Association, in its individual capacity, covenants and agrees that it shall not cause or permit to exist any Lien, arising as a result of (i) claims against the Indenture Trustee not related to its interest in the Aircraft or the administration of the Trust Estate pursuant to the Trust Indenture, (ii) acts of the Indenture Trustee not permitted by, or failure of the Indenture Trustee to take any action required by, the Operative Documents to the extent such acts arise or such failure arises from or constitutes gross negligence or willful misconduct, (iii) claims against the Indenture Trustee relating to Taxes or Expenses which are excluded from the indemnification provided by Section 7 pursuant to said Section 7, or (iv) claims against the Indenture Trustee arising out of the transfer by the Indenture Trustee of all or any portion of its interest in the Aircraft, the Trust Estate, the Trust Indenture Estate or the Operative Documents other than (A) a transfer of the Aircraft pursuant to Section 9, 10 or 19 of the Lease or Article 5 or 8 of the Trust Indenture, (B) any borrowing pursuant to Section 17 hereof or (C) a transfer of the Aircraft pursuant to Section 15 of the Lease while an Event of Default is continuing and prior to the time that the Indenture Trustee has received all amounts due pursuant to the Trust Indenture.

(i) [Intentionally omitted.]

(j) The Indenture Trustee, and by the acceptance of a Loan Certificate each Certificate Holder (and each Pass Through Trustee, so long as the relevant Pass Through Trust Agreement is

in effect), each hereby waives to the fullest extent permitted by law the benefit of the provisions of Section 1111(b) of Title 11 of the United States Code with respect to recourse against the Owner Trustee (in its individual capacity) and the Owner Participant on account of any amount payable as principal of, Premium, if any, and interest on the Loan Certificates. If (i) all or any part of the Trust Estate becomes the property of, or the Owner Participant becomes, a debtor subject to the reorganization provisions of the Bankruptcy Code or any successor provision, (ii) pursuant to such reorganization provisions the Owner Trustee (in its individual capacity) or the Owner Participant is required, by reason of the Owner Trustee (in its individual capacity) or the Owner Participant being held to have recourse liability to a Certificate Holder, a Pass Through Trustee or the Indenture Trustee, directly or indirectly (other than the recourse liability of the Owner Participant under this Participation Agreement), to make payment on account of any amount payable as principal, Premium, if any, or interest on the Loan Certificates and (iii) such Certificate Holder, such Pass Through Trustee or the Indenture Trustee actually receives any Excess Payment (as hereinafter defined) which reflects any payment by the Owner Trustee (in its individual capacity) or the Owner Participant on account of clause (ii) above, then such Certificate Holder, such Pass Through Trustee or the Indenture Trustee, as the case may be, shall promptly refund to the Owner Trustee or the Owner Participant (whichever shall have made such payment) such Excess Payment. For purposes of this Section 8(j), "Excess Payment" means the amount by which such payment exceeds the amount which would have been received by such Certificate Holder, such Pass Through Trustee or the Indenture Trustee if the Owner Trustee (in its individual capacity) or the Owner Participant had not become subject to the recourse liability referred to in clause (ii) above. Nothing contained in this Section 8(j) shall prevent any Certificate Holder, any Pass Through Trustee or the Indenture Trustee from enforcing any personal recourse obligation (and retaining the proceeds thereof) of the Owner Trustee (in its individual capacity) or the Owner Participant under this Participation Agreement or the Trust Indenture (and any exhibits or annexes thereto).

(k) First Security Bank of Utah, National Association, in its individual capacity ("FSBU") and as Indenture Trustee and Pass Through Trustee as provided below, represents as follows:

(i) it is a Citizen of the United States, that it will notify promptly all parties to this Agreement if in its reasonable opinion its status as a Citizen of the United States is likely to change and that it will resign as Indenture Trustee as provided in Section 9.07 of the Trust

Indenture if it should cease to be a Citizen of the United States;

(ii) it is a national banking association and has the full corporate power, authority and legal right under the laws of the United States of America to enter into and perform its obligations under the Trust Indenture, this Agreement, the Basic Agreement and each Pass Through Trust Agreement and, in its capacity as Indenture Trustee and Pass Through Trustee, respectively, to authenticate the Loan Certificates and the Pass Through Certificates;

(iii) the Indenture Trustee Documents, and the authentication of the Loan Certificates and the Pass Through Certificates have been duly authorized by all necessary corporate action on the part of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and neither the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery thereof in any such capacity nor the performance by it in any such capacity of any of the terms and provisions thereof will violate any federal or Utah law or regulation relating to the banking or trust powers of FSBU or contravene or result in any breach of, or constitute any default under its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which FSBU, the Indenture Trustee or the Pass Through Trustee is a party or by which it or its properties may be bound or affected;

(iv) each of the Indenture Trustee Documents has been duly executed (or, in the case of the Loan Certificates and the Pass Through Certificates, authenticated) and delivered by FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and, assuming that each such agreement is the legal, valid and binding obligation of each other party thereto (other than FSBU, the Indenture Trustee and the relevant Pass Through Trustee), is the legal, valid and binding obligation of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, enforceable against it in accordance with its terms;

(v) neither the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery by FSBU, the Indenture Trustee or any Pass Through Trustee, as it is a party in any such capacity to any of the Indenture Trustee Documents, nor the

consummation by it in any such capacity of any of the transactions contemplated hereby, by the Trust Indenture, by the Pass Through Trust Agreements, by the Loan Certificates or by the Pass Through Certificates requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action with respect to, any Utah state or federal governmental authority or agency regulating the banking, trust or fiduciary powers of FSBU;

(vi) there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision or taxing authority thereof in connection with the execution (or, in the case of the Loan Certificates and the Pass Through Certificates, the authentication) and delivery by it as a party in any such capacity to any Indenture Trustee Document or the performance by it as a party in any such capacity of any Indenture Trustee Document (other than franchise or other taxes based on or measured by any fees or compensation received by FSBU, the Indenture Trustee or any Pass Through Trustee, as the case may be, for services rendered in connection with the transactions contemplated thereby), and there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision thereof in connection with the acquisition, possession or ownership by any Pass Through Trustee of any of the Loan Certificates (other than franchise or other taxes based on or measured by any fees or compensation received by a Pass Through Trustee for services rendered in connection with the transactions contemplated by the respective Pass Through Trust Agreement) and, assuming that the trust created by the respective Pass Through Trust Agreement will not be taxable as a corporation, but, rather, will be characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code, such trust will not be subject to any Taxes imposed by the State of Utah or any political subdivision thereof;

(vii) there are no pending or threatened actions or proceedings against any of FSBU, the Indenture Trustee, or the Pass Through Trustees before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of FSBU, the Indenture Trustee, or the Pass Through Trustees to perform its obligations as a party in any such capacity under any Indenture Trustee Document; and

(viii) except for the issuance and sale pursuant to the respective Pass Through Trust Agreement of the Pass Through Certificates contemplated hereby, neither FSBU nor any Pass Through Trustee has directly or indirectly offered any Loan Certificate for sale to any Person, or solicited any offer to acquire any Loan Certificate from any Person other than the Owner Trustee and the Owner Participant, and neither FSBU nor any Pass Through Trustee has authorized anyone to act on its behalf to offer directly or indirectly any Loan Certificate for sale to any Person, or to solicit any offer to acquire any Loan Certificate from any Person other than the Owner Trustee and the Owner Participant, and no Pass Through Trustee is in default under any respective Pass Through Trust Agreement.

(1) So long as the Aircraft shall be leased to Lessee under the Lease and so long as the Loan Certificates are outstanding, the Owner Participant will not sell, assign, convey or otherwise transfer any of its right, title or interest in and to this Agreement, the Trust Estate or the Trust Agreement to any person or entity, unless (i) the proposed transferee is a "Transferee" (as defined below) and (ii) the Owner Participant and the Transferee shall have delivered to the Owner Trustee, the Lessee and the Indenture Trustee opinions substantially in the form of Exhibits A-1 and A-2, respectively, hereto (or otherwise in form and substance reasonably satisfactory to Lessee and the Indenture Trustee) of counsel reasonably satisfactory to the Indenture Trustee and Lessee. A "Transferee" shall mean either (A) a bank or other financial institution with a combined capital, surplus and undivided profits of at least \$75,000,000 or a corporation whose net worth is at least \$75,000,000, (B) any subsidiary of such a bank, financial institution or corporation, provided that such bank, financial institution or corporation furnishes to the Owner Trustee, the Indenture Trustee and Lessee a guaranty substantially in the form of Exhibit C hereto with respect to the Owner Participant's obligations, in the case of the Owner Trustee, under the Trust Agreement and, in the case of the Indenture Trustee and Lessee, the Owner Participant's obligations hereunder, or (C) any other entity, provided such obligations are guaranteed by the transferor Owner Participant; provided, however, that unless otherwise consented to by Lessee no Transferee shall be an airline, a commercial air carrier, an air freight forwarder, an entity engaged in the business of parcel transport by air or other similar person or a corporation or other entity controlling, controlled by or under common control with such an airline, a commercial air carrier, an air freight forwarder, an entity engaged in the business of parcel transport by air or other similar person. Each such transfer to a Transferee shall be subject to the conditions that (M) upon

giving effect to such transfer, the Transferee is a Citizen of the United States or the Transferee, at its sole cost and expense on an after-tax basis (including any continuing costs of the voting trust), shall have entered into a voting trust or similar arrangement which permits the registration of the Aircraft under the Federal Aviation Act in the name of the Owner Trustee, (N) the Transferee has the full power and authority to enter into and carry out the transactions contemplated hereby, (O) the Transferee enters into an agreement substantially in the form of Exhibit B hereto (or otherwise in form and substance reasonably satisfactory to Lessee and the Indenture Trustee), (P) such transfer does not violate any applicable law including, without limitation, the Federal Aviation Act, or any rules or regulations promulgated thereunder, the Securities Act of 1933 or the Trust Indenture Act of 1939 (but not including ERISA), (Q) the transferor Owner Participant assumes the risk of any loss of Interest Deductions, MACRS Deductions, FSC Benefits or any Inclusion Event (each as defined in the Tax Indemnity Agreement) resulting from such transfer, (R) after giving effect to such transfer, there shall be no more than three Owner Participants of record at that time, (S) such transfer will not give rise to a Default or Event of Default under the Trust Indenture and (T) if such transfer will result in there being more than one Owner Participant, it shall be a condition precedent to such transfer that all such Owner Participants shall have agreed in a manner reasonably satisfactory to Lessee that if the provisions of the Operative Documents require or contemplate the waiver, consent or direction of Owner Participant, such provisions shall be deemed satisfied by the waiver, direction or consent of Owner Participants holding a majority of the beneficial interests in the Trust Estate. Upon any such transfer by the Owner Participant as above provided, (i) the Transferee shall be deemed the Owner Participant for all purposes hereof and of the other Operative Documents and each reference herein to the transferor Owner Participant shall thereafter be deemed for all purposes to be to the Transferee and the transferor Owner Participant shall be relieved of all obligations of the transferring Owner Participant under the Owner Participant Documents arising after the date of such transfer except to the extent fairly attributable to acts or events occurring prior thereto and not assumed by the transferee Owner Participant (in each case, to the extent of the participation so transferred) and (ii) Lessee shall acknowledge its consent to such transfer to the Transferee, shall represent to the Transferee that no Event of Default or Event of Loss, or circumstance which with the passage of time or the giving of notice or both would constitute an Event of Default or Event of Loss, then exists and Lessee shall promptly obtain new insurance certificates (consistent with the provisions of Section 11 of the Lease) that reflect the interests of the Transferee in

the Aircraft. If the Owner Participant intends to transfer any of its interests hereunder, it shall give prior written notice thereof as soon as practicable, but in no event less than 10 days prior thereto, to the Indenture Trustee, the Owner Trustee and Lessee, specifying the name and address of the proposed Transferee. The Owner Participant shall pay all of the reasonable costs of the other parties hereto, on a net after-tax basis, of any such transfer. For purposes of this paragraph, "net worth" shall mean the excess of total tangible assets over total liabilities, each to be determined in accordance with generally accepted accounting principles consistently applied. Notwithstanding anything contained in this Section 8(1) to the contrary, each of Lessee, the Owner Trustee, the Indenture Trustee, the Pass Through Trustees and, by its acceptance of a Loan Certificate, each Certificate Holder agrees that the Owner Participant may pledge its beneficial interest in the Trust Estate created pursuant to the Trust Agreement to First Security Bank of Utah, National Association, as indenture trustee (the "777A Indenture Trustee") pursuant to that certain Trust Indenture and Mortgage (1995 777 A) dated as of May 1, 1995, pursuant to a certain letter agreement to be entered into between _____ and the 777A Indenture Trustee.

(m) Notwithstanding the provisions of Section 8(r) hereof, unless waived by each Certificate Holder, Lessee shall not be entitled to terminate the Lease or assume the Loan Certificates on a Purchase Option Date if on such Purchase Option Date an Event of Default under the Lease shall have occurred and be continuing.

(n) State Street Bank and Trust Company and First Security Bank of Utah, National Association, each in its individual capacity, agrees for the benefit of Lessee to comply with the terms of the Trust Indenture which it is required to comply with in its individual capacity.

(o) The Owner Participant represents and warrants that no part of the funds used by it to acquire its interest in the Trust Estate constitutes assets of any "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of any "plan" within the meaning of Section 4975(e)(1) of the Code (such employee benefit plans and plans hereinafter referred to as "ERISA Plans").

(p) State Street Bank and Trust Company in its individual capacity ("SSBTC") represents and warrants that:

(i) the Trust Agreement and, assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the other Owner Trustee Documents has been duly executed and delivered by one of its officers who is duly authorized to execute and deliver such instruments on behalf of the Owner Trustee;

(ii) the Trust Estate is free and clear of Lessor Liens attributable to SSBTC, and there are no Liens affecting the title of the Owner Trustee to the Aircraft or resulting from any act or claim against SSBTC arising out of any event or condition not related to the ownership, leasing, use or operation of the Aircraft or to any other transaction contemplated by this Agreement or any of the other Operative Documents, including any Lien resulting from the nonpayment by SSBTC of any Taxes imposed or measured by its net income;

(iii) there has not occurred any event which constitutes (or to the best of its knowledge would, with the passage of time or the giving of notice or both, constitute) an Event of Default as defined in the Trust Indenture which has been caused by or relates to SSBTC and which is presently continuing;

(iv) it is a Massachusetts trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and (assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant) has the corporate power and authority to enter into and perform its obligations under the Trust Agreement, and (assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant) has full right, power and authority to enter into and perform its obligations as Owner Trustee pursuant to the Trust Agreement under each of the other Owner Trustee Documents;

(v) each of the Owner Trustee Documents has been duly authorized by all necessary corporate action on its part, and neither the execution and delivery thereof nor its performance of any of the terms and provisions thereof will violate any federal or Massachusetts Commonwealth law or regulation relating to its banking or trust powers or contravene or result in any breach of, or constitute any default under, its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which it is a party or by which it or its properties may be bound or affected;

(vi) assuming due authorization, execution and delivery of the Trust Agreement by the Owner Participant, each of the Owner Trustee Documents has been duly executed and delivered by it, and each of the Trust Agreement and the Participation Agreement (to the extent executed by the Owner Trustee in its individual capacity) is a legal, valid and binding obligation of SSBTC and as Owner Trustee, as the case may be, enforceable against such party in accordance with the terms thereof;

(vii) on the Delivery Date, the Owner Trustee shall have received whatever title to the Aircraft as was conveyed to it by the Lessee;

(viii) it has not offered any interest in the Trust Estate or any Loan Certificates or Pass Through Certificates or any similar securities for sale to, or solicited any offer to acquire the same from, anyone other than the Indenture Trustee, the Pass Through Trustees and the Owner Participant, and no responsible officer or responsible employee of SSBTC has knowledge of any such offer or solicitation, except as set forth in Section 7(a)(xi) hereof;

(ix) assuming due authorization, execution and delivery of each of the Owner Trustee Documents by each of the parties thereto (other than the Owner Trustee), each of the Owner Trustee Documents is a legal, valid and binding obligation of the Owner Trustee, enforceable against the Owner Trustee in accordance with its respective terms;

(x) neither the due execution and delivery of the Owner Trustee Documents by SSBTC, in its individual capacity or as Owner Trustee under the Trust Agreement, as the case may be, nor the consummation by it of any of the transactions contemplated thereby require the consent or approval of, the giving of notice to, or the registration with, any federal or Massachusetts Commonwealth governmental authority or agency pursuant to any federal or Massachusetts Commonwealth law governing the banking or trust powers of SSBTC;

(xi) no consent, approval, order or authorization of, giving of notice to, or registration or filing with (including the filing of any financing statement under Article 9 of the Uniform Commercial Code as in effect in the Commonwealth of Massachusetts), or taking of any other action in respect of, any Massachusetts Commonwealth or local governmental authority or agency or any United States

federal governmental authority or agency regulating the banking or trust powers of SSBTC is required for the execution and delivery of, or the carrying out by, SSBTC or the Owner Trustee, as the case may be, of any of the transactions contemplated by the Owner Trustee Documents or of any of the transactions contemplated by any other of the Operative Documents to which SSBTC or the Owner Trustee is or is to be a party, other than any such consent, approval, order, authorization, registration, notice or action as has been duly obtained, given or taken (and other than the filing of continuation statements required to be filed at periodic intervals under Article 9 of the Uniform Commercial Code as in effect in the State of Illinois and the Commonwealth of Massachusetts);

(xii) except for the filing of a financing statement in the office of the Secretary of State of the Commonwealth of Massachusetts naming the Owner Trustee as debtor and the Indenture Trustee as secured party and describing the Trust Indenture Estate accurately and completely, which financing statement has been duly filed, and the timely filing in the future of continuation statements with respect to such financing statement, no other filing is required in the Commonwealth of Massachusetts in order to perfect the mortgage and security interests created by the Trust Indenture; and

(xiii) there are no pending or threatened actions or proceedings against SSBTC or the Owner Trustee before any court or administrative agency which, if determined adversely to it, would materially adversely affect the ability of SSBTC or the Owner Trustee, as the case may be, to perform its obligations under any of the Owner Trustee Documents or any other documents executed by the Owner Trustee or SSBTC in connection with the transactions contemplated by the Operative Documents.

(q) The Owner Participant agrees, solely for the benefit of Lessee, that it will comply with any obligation expressly required of it under Section 9(c) of the Lease. The Owner Participant further covenants and agrees to pay or cause the Owner Trustee to pay those costs and expenses specified to be paid by the Owner Participant pursuant to the Lease and all costs and expenses that are for the account of the Lessor pursuant to Sections 5(a), 5(c), 5(d), 5(e) and 5(f), 12 and 19(c) of the Lease.

(r) Subject to compliance by Lessee with all of its obligations under the Lessee Documents, each of the Owner

Trustee, the Indenture Trustee, each Certificate Holder and the Owner Participant covenants and agrees that, at Lessee's expense on a net after-tax basis (including, without limitation, reasonable attorney's fees and expenses of each of such parties), (i) Lessee may elect to terminate the Lease and to purchase the Aircraft pursuant to Section 19(b) of the Lease and that each of such parties will execute and deliver appropriate documentation transferring all right, title and interest in the Aircraft to Lessee (without recourse or warranty except as to Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) with respect to the Owner Participant) (including without limitation, such bills of sale and other instruments and documents as Lessee shall reasonably request to evidence (on the public record or otherwise) such transfer and the vesting of all right, title and interest in and to the Aircraft in Lessee), and (ii) Lessee, in connection with such purchase and may assume (and receive a credit in an amount equal to the principal amount of the debt assumed against the purchase price payable by Lessee pursuant to Section 19(b) of the Lease) the obligations of the Owner Trustee pursuant to Section 7.03 of the Trust Indenture and the Loan Certificates (and the Lease, to the extent that the Owner Trustee's obligations thereunder are incorporated into the Trust Indenture or the Loan Certificates), and Lessee shall confirm that its obligations under the Lease shall be direct obligations to the Indenture Trustee as if set forth in the Trust Indenture, and that each of the parties shall execute and deliver appropriate documentation in form and substance reasonably satisfactory to such parties under which Lessee will assume such obligations on the basis of full recourse to Lessee, maintaining the security interest in the Aircraft created by the Trust Indenture, releasing the Owner Participant and the Owner Trustee from all future obligations in respect of the Loan Certificates, the Trust Indenture and all other Operative Documents and all such other actions (including the furnishing of legal opinions reasonably requested by any party) as are reasonably necessary to permit such assumption by Lessee.

(s) Lessee will not consolidate with or merge into any other corporation or convey, transfer or lease substantially all of its assets to any Person unless:

(i) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee as an entirety shall be a Citizen of the United States and shall be a Certificated Air Carrier;

(ii) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee as an entirety shall execute and deliver to the Owner Trustee, the Indenture Trustee, the Owner Participant and the Pass Through Trustees a duly authorized, valid, binding and enforceable agreement in form and substance reasonably satisfactory to the Owner Participant containing an assumption by such successor corporation or Person of the due and punctual performance and observance of each covenant and condition of the Operative Documents and the Pass Through Trust Agreements to be performed or observed by Lessee;

(iii) immediately after giving effect to such transaction, no Event of Default under the Lease shall have occurred and be continuing;

(iv) Lessee shall have delivered to the Owner Trustee, the Indenture Trustee, the Pass Through Trustees and the Owner Participant a certificate signed by the President or any Vice President and by the Secretary or an Assistant Secretary of Lessee, and an opinion of counsel (which may be Lessee's General Counsel) reasonably satisfactory to the Owner Participant, each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (ii) above comply with this Section 8(s) and that all conditions precedent herein provided for relating to such transaction have been complied with; and

(v) the corporation formed by such consolidation or into which Lessee is merged or the Person which acquires by conveyance, transfer or lease substantially all of the assets of Lessee, shall make such filings and recordings with the FAA pursuant to the Federal Aviation Act, as shall be necessary or desirable to evidence such consolidation, merger, conveyance, transfer or lease with or to such entity.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety in accordance with this Section 8(s), the successor corporation or Person formed by such consolidation or into which Lessee is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, Lessee under this Agreement and under the Pass Through Trust Agreements with the same effect as if such successor corporation or Person had been named as

Lessee herein and therein. No such conveyance, transfer or lease of substantially all of the assets of Lessee as an entirety shall have the effect of releasing Lessee or any successor corporation or Person which shall theretofore have become such in the manner prescribed in this Section 8(s) from its liability in respect of any Operative Document to which it is a party or any Pass Through Trust Agreement. Nothing contained herein shall permit any lease, sublease or other arrangement for the use, operation or possession of the Aircraft except in compliance with the applicable provisions of the Lease.

(t) Lessee, at its expense, will, at the request of any party hereto, take, or cause to be taken, such action with respect to the recording, filing, rerecording and refiling of the Trust Agreement, the Lease, the Lease Supplement, the Trust Indenture, the Trust Supplement and any financing statements or other instruments as are necessary to maintain, so long as the Trust Indenture or the Lease is in effect, the perfection of the security interests created by the Trust Indenture and any security interest that may be claimed to have been created by the Lease and the ownership interest of the Owner Trustee in the Aircraft.

(u) Section 3 of the Lease contemplates that, under certain circumstances, the Owner Participant will make certain recalculations of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and the EBO Percentage, and the Owner Participant hereby agrees to make such recalculations as and when contemplated by the Lease and subject to all the terms and conditions of the Lease and promptly to take such further actions as may be necessary or desirable to give effect to and to cause the Owner Trustee to give effect to the provisions of Section 3 of the Lease.

(v) The Owner Participant hereby agrees not to revoke the Trust Agreement or the trusts created thereunder without the prior written consent of (i) the Lessee so long as the Lease shall remain in effect and no Event of Default under the Lease shall have occurred and be continuing and (ii) the Indenture Trustee so long as the Trust Indenture shall be in effect.

(w) Lessee covenants and agrees with the Owner Participant, the Indenture Trustee and the Owner Trustee that at all times during the Term it will be a Certificated Air Carrier

(x) (i) Each Pass Through Trustee hereby agrees that, except as otherwise required by applicable law (including, without limitation, any law which requires such Pass Through

Trustee to act within its own discretion), it shall not, without the prior written consent of the Owner Trustee, direct the Indenture Trustee to take or refrain from taking any action under the Trust Indenture that requires the approval, waiver, authorization, direction or consent of, or notice from, the Certificate Holders holding a specified percentage in principal amount of Outstanding (as defined in the Trust Indenture) Loan Certificates unless such Pass Through Trustee receives a Direction (as defined in the relevant Pass Through Trust Agreement) to so direct the Indenture Trustee from Certificate Holders (as defined in the relevant Pass Through Trust Agreement) holding the same percentage of Certificates (as defined in the relevant Pass Through Trust Agreement) evidencing Fractional Undivided Interests (as defined in the relevant Pass Through Trust Agreement) in the Trust (as defined in the relevant Pass Through Trust Agreement) holding the Loan Certificates.

(ii) Lessee and each Pass Through Trustee hereby agree that Article X of each Pass Through Trust Agreement (to the extent relating to the Certificates) shall not be amended without the prior written consent of the Owner Participant.

(iii) Each Pass Through Trustee hereby agrees that, except as otherwise required by applicable law (including, without limitation, any law which requires such Pass Through Trustee to act within its own discretion), if requested to do so by the Owner Trustee or the Owner Participant, such Pass Through Trustee shall request a Direction from the relevant Certificate Holders to establish whether such Pass Through Trustee, in its capacity as a Certificate Holder, may direct the Indenture Trustee to take or refrain from taking any action under the Operative Documents.

(y) The Owner Trustee agrees that any profit, income, interest, dividend or gain realized upon the maturity, sale or other disposition of any Permitted Investment made by the Indenture Trustee pursuant to Section 9.04 of the Trust Indenture, and paid to Lessee on behalf of the Owner Trustee by the Indenture Trustee in accordance with the terms of such Section 9.04, shall be entirely for the account of, and the sole property of, Lessee who, for such purposes, shall not be deemed to be acting as agent of the Owner Trustee, and Lessee shall have no obligation to pay over such income, interest, dividend or gain to the Owner Trustee, except to the extent the Owner Trustee or Owner Participant are owed any amounts under the Operative Documents by Lessee and such amounts are not paid when due, in which event the Owner Participant may cause the Owner Trustee to distribute and apply such income, interest, dividend or gain in satisfaction or partial satisfaction of the amounts so due.

(z) The Owner Participant hereby agrees to instruct the Owner Trustee to promptly distribute any money received by it pursuant to Section 7.01 or 10.04 of the Trust Indenture to Lessee to the extent such amounts were paid by Lessee or on behalf of Lessee and the Owner Trustee or the Owner Participant is not owed any amounts under any of the Operative Documents by Lessee (and if the Owner Trustee or Owner Participant is owed any such amount, the monies received under Section 7.01 or 10.04 of the Trust Indenture may be applied in satisfaction or partial satisfaction thereof). Lessee agrees to hold any money received by it pursuant to the foregoing sentence in trust for the benefit of the Owner Participant and may, in its discretion, invest and reinvest all money so held by it in such Permitted Investments as Lessee deems appropriate. Lessee will apply such money to the payment of previously unclaimed payments with respect to the Loan Certificates when and as claims for payment are made by the Holders of such Loan Certificates. As compensation for its services pursuant to this Section 8(z), Lessee shall be entitled to an annual fee from the Owner Participant in an amount to be agreed to at the time by Lessee and the Owner Participant but in no event shall such fee exceed at any time the amount of earnings on the monies so held in trust distributable at such time to the Owner Participant. Any net losses on such investment shall be for the account of Lessee. Any net earnings on such investment shall be distributed from time to time by Lessee to the Owner Participant after deducting therefrom any portion of such fee then due and unpaid. Upon the date required by applicable law dealing with unclaimed property, Lessee will distribute to the Owner Participant any amount held by it pursuant to this Section 8(z) and not previously applied to the payment of the Loan Certificates, after deducting therefrom any portion of such fee then due and unpaid.

(aa) The Owner Participant agrees that, at Lessee's expense (including, without limitation, reasonable attorneys fees and other out-of-pocket expense of the Owner Trustee and Owner Participant), upon request of the Lessee, the Owner Participant will negotiate promptly in good faith with respect to any arrangements pursuant to which the Trust Indenture may be satisfied and discharged in respect of the Loan Certificates in accordance with subsection (a)(ii) or (a)(iii) of Section 10.01 of the Trust Indenture, provided, that there shall be no material adverse impact upon the rights or interests of the Owner Participant or Owner Trustee, and the Owner Trustee agrees to act upon the instructions of the Owner participant in connection therewith. The Owner Trustee agrees that it will not, and the Owner Participant agrees that during such time as an Event of Default has not occurred under the Lease it will not cause the Owner Trustee to take any action to effect such satisfaction and

discharge except upon the request of the Lessee made pursuant to this Section 8(aa).

SECTION 9. [Intentionally Omitted].

SECTION 10. Other Documents; Amendment. Each of the Owner Participant and the Owner Trustee hereby (A) agrees with Lessee, the Certificate Holders and the Indenture Trustee to comply with all of the terms of the Trust Agreement (as the same may hereafter be amended or supplemented from time to time in accordance with the terms thereof) applicable to it, to the extent such non-compliance would be adverse to such party; and (B) agrees with Lessee, the Certificate Holders and the Indenture Trustee not to amend, supplement or otherwise modify any provision of the Trust Agreement in a manner adversely affecting such party without the prior written consent of such party. Notwithstanding the foregoing, unless an Event of Default shall have occurred and be continuing and so long as the Lease has not been terminated, the Indenture Trustee and the Owner Participant hereby agree for the benefit of Lessee that without the consent of Lessee they will not (and the Owner Participant agrees that it will not cause the Owner Trustee to) amend, supplement or otherwise modify any provision of the Trust Indenture in a manner adversely affecting Lessee. The Indenture Trustee and the Owner Trustee agree to promptly furnish to Lessee copies of any supplement, amendment, waiver or modification of any of the Operative Documents to which Lessee is not a party. Each Certificate Holder agrees that it will not take any action in respect of the Trust Indenture Estate except through the Indenture Trustee pursuant to the Trust Indenture or as otherwise permitted by the Trust Indenture.

SECTION 11. Certain Covenants of Lessee. Lessee covenants and agrees with the Participants, the Indenture Trustee and the Owner Trustee, in its capacity as such and in its individual capacity as follows:

(a) Lessee will cause to be done, executed, acknowledged and delivered all and every such further acts, conveyances and assurances as the Owner Trustee, the Indenture Trustee or the Owner Participant shall reasonably require for accomplishing the purposes of this Agreement and the other Operative Documents; provided that any instrument or other document so executed by Lessee will not expand any obligations or limit any rights of Lessee in respect of the transactions contemplated by any Operative Documents. Lessee, forthwith upon delivery of the Aircraft under the Lease shall cause the Aircraft to be duly registered, and at all times thereafter to remain duly registered, in the name

of the Owner Trustee, except as otherwise required or permitted hereunder or under the Lease, under the Federal Aviation Act or under the applicable law of another permitted government of registry, or shall furnish to the Owner Trustee such information as may be required to enable the Owner Trustee to make application for such registration (at the expense of Lessee, including, without limitation, reasonable attorney's fees and expenses), and shall promptly furnish to the Owner Trustee such information as may be required to enable the Owner Trustee to timely file any reports required to be filed by it as the lessor under the Lease or as the owner of the Aircraft with any governmental authority (including tax authorities).

(b) Lessee, at its expense, will cause the Trust Agreement, the Lease, all Lease Supplements, all amendments to the Lease, the Trust Indenture, and all supplements and amendments to the Trust Indenture to be promptly filed and recorded, or filed for recording, to the extent permitted under the Federal Aviation Act, or required under any other applicable law. Upon the execution and delivery of the Owner Trustee's FAA Bill of Sale, the Lease Supplement covering the Aircraft and the Trust Supplement, the Lease and the Trust Indenture shall be filed for recording with the Federal Aviation Administration in the following order of priority; first, the Owner Trustee's FAA Bill of Sale, second, the FAA registration application, third, the Trust Indenture, with the Trust Agreement and the Trust Supplement attached, and fourth, the Lease, with the Lease Supplement covering the Aircraft, the Trust Indenture and the Trust Supplement attached. Lessee agrees to furnish the Owner Participant, the Owner Trustee and the Indenture Trustee with copies of the foregoing documents with recording data as promptly as practicable following the issuance of same by the FAA.

SECTION 12. Owner for Income Tax Purposes. It is hereby agreed among Lessee, the Owner Participant and the Owner Trustee that for income tax purposes the Owner Participant will be the owner of the Aircraft to be delivered under the Lease and Lessee will be the lessee thereof, and each party hereto agrees to characterize the Lease as a lease for income tax purposes.

SECTION 13. Notices; Consent to Jurisdiction. (a) All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by telecopier (with a copy of such notice to follow by registered or

certified mail), or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or received or if given by certified mail, three Business Days after being deposited in the mails, in accordance with the provisions of this Section 13(a). Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 13(a), notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) as follows: (A) if to Lessee, the Owner Trustee, the Indenture Trustee, the Pass Through Trustees or the Owner Participant, to the respective addresses set forth on Schedule I hereto (and in the case of Owner Trustee a copy shall be sent to the Owner Participant) or (B) if to a subsequent Owner Participant, addressed to such subsequent Owner Participant at such address as such subsequent Owner Participant shall have furnished by notice to the parties hereto or (C) if to any subsequent Certificate Holder, addressed to such Certificate Holder at its address set forth in the Loan Certificate Register maintained pursuant to Section 2.03 of the Trust Indenture.

(b) Each party to this Agreement including each Certificate Holder (individually a "Party" and collectively "Parties") irrevocably agrees that any legal suit, action or proceeding brought by any other Party, which arises solely out of or relates solely to the Operative Documents or any of the transactions contemplated hereby or thereby or any document referred to herein or therein, may be instituted in the Circuit Court of the State of Illinois, Cook County or the United States District Court for the Northern District of Illinois and that they hereby waive the right to trial by jury in any such proceeding; provided, however, that the foregoing provisions shall not apply to third party tort claims (but shall apply to an indemnity claim with respect to such tort claim) and that the foregoing shall not apply to any right a Party may have to seek removal of such legal suit, action or proceeding to federal court or to seek consolidation of any separate legal suits, actions or proceedings brought by any one or more of the other Parties in the same or different jurisdictions. The agreement set forth in this Section 13(b) is given solely for the benefit of the Parties and such agreement is not intended to and shall not inure to the benefit of any other person.

SECTION 14. Change of Situs of Owner Trust. The Owner Participant agrees that if, at any time, the Trust Estate becomes subject to any Taxes for which it is indemnified pursuant to Section 7(b) hereof and if, as a consequence thereof, Lessee shall request that the situs of the trust be moved to another

state in the United States from the state in which it is then located, the situs of the trust may be moved with the written consent of the Owner Participant (which consent shall not be unreasonably withheld) and the Owner Participant will take whatever action may be reasonably necessary to accomplish such removal; provided that (A) Lessee shall provide such additional tax indemnification, as the Owner Participant may reasonably request, (B) the rights and obligations under the Operative Documents of the Owner Participant shall not be altered as a result of the taking of such action, (C) the lien of the Trust Indenture on the Trust Indenture Estate shall not be adversely affected by such action, and the Lessee shall execute and deliver such documents as may be requested by the Indenture Trustee to continue the perfection of the lien on the Trust Indenture Estate and (D) the Owner Participant and the Indenture Trustee shall have received an opinion or opinions of counsel (reasonably satisfactory to the Owner Participant) in scope, form and substance reasonably satisfactory to the Owner Participant to the effect that (I) the trust, as thus removed, shall remain a validly established trust, (II) any amendments to the Trust Agreement necessitated by such removal shall have been duly authorized, executed and delivered by the parties thereto and shall constitute the valid and binding obligations of such parties, enforceable in accordance with their terms, (III) such removal will not result in the imposition of, or increase in the amount of, any Tax for which Lessee is not required to indemnify the Owner Participant, the Owner Trustee or the Trust Estate pursuant to Section 7(b) hereof (taking into account any additional indemnification provided by Lessee pursuant to clause (A) of this sentence), (IV) such removal will not, in the Owner Participant's judgment, result in any Loss of MACRS Deductions, FSC Benefits, Interest Deductions or an Inclusion Event (as defined in the Tax Indemnity Agreement) with respect to which Lessee is not required to indemnify the Owner Participant pursuant to Section 5 of the Tax Indemnity Agreement (taking into account any additional indemnification provided by Lessee pursuant to clause (A) of this sentence), and (V) covering such other matters as the Owner Participant may reasonably request, (E) if such removal involves the replacement of the Owner Trustee, the Owner Participant shall have received an opinion of counsel to such successor Owner Trustee in form and substance reasonably satisfactory to the Owner Participant covering the matters set forth in the opinion provided pursuant to Section 4(a)(xiii) hereof and (F) Lessee shall indemnify and hold harmless the Owner Participant on a net after-tax basis against any and all reasonable and actual costs and expenses including attorneys' fees and disbursements, registration, recording or filing fees and Taxes incurred by the Owner Trustee or Owner Participant, in connection with such change of situs.

SECTION 15. Miscellaneous. (a) Each of the Participants and the Certificate Holders covenants and agrees that it shall not unreasonably withhold its consent to any consent requested of the Owner Trustee, as Lessor, or the Indenture Trustee under the terms of the Lease, which by its terms is not to be unreasonably withheld by the Owner Trustee, as Lessor, or by the Indenture Trustee.

(b) The representations, warranties, indemnities and agreements of Lessee, the Owner Trustee, the Indenture Trustee, the Participants and the Certificate Holders provided for in this Agreement, and Lessee's, the Owner Trustee's, Indenture Trustee's, the Participants' and the Certificate Holders' obligations under any and all thereof, shall survive the making available of the respective Commitments by the Participants, the delivery or return of the Aircraft, the transfer of any interest of the Owner Participant in the Trust Estate or the Aircraft or any Engine or the transfer of any interest by any Certificate Holder in any Loan Certificate or the Trust Indenture Estate and the expiration or other termination of this Agreement or any other Operative Document or any of the Pass Through Trust Agreements.

(c) This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought; and no such termination, amendment, supplement, waiver or modification shall be effective unless a signed copy thereof shall have been delivered to the Lessee, the Indenture Trustee and the Owner Trustee. The terms of this Agreement shall be binding upon, and inure to the benefit of and shall be enforceable by, Lessee, the Participants, the Indenture Trustee, the Certificate Holders and the Owner Trustee. This Agreement shall in all respects be governed by, and construed in accordance with, the internal laws of the State of Illinois, including all matters of construction, validity and performance. This Agreement is being delivered in the State of Illinois.

(d) The parties hereto agree that all of the statements, representations, covenants and agreements made by the Owner Trustee (when made in such capacity) contained in this Agreement and any agreement referred to herein other than the Trust Agreement, unless expressly otherwise stated, are made and intended only for the purpose of binding the Trust Estate and

establishing the existence of rights and remedies which can be exercised and enforced against the Trust Estate. Therefore, anything contained in this Agreement or such other agreements to the contrary notwithstanding (except for any express provisions that the Owner Trustee is responsible for or is acting in or making representations or agreements in its individual capacity), no recourse shall be had with respect to this Agreement or such other agreements against the Owner Trustee in its individual capacity or against any institution or person which becomes a successor trustee or co-trustee or any officer, director, trustee, servant or direct or indirect parent or controlling person or persons of any of them; provided, however, that this Section 15(d) shall not be construed to prohibit any action or proceeding against any party hereto for its own willful misconduct or grossly negligent conduct; and provided, further, that nothing contained in this Section 15(d) shall be construed to limit the exercise and enforcement in accordance with the terms of this Agreement or such other agreements of rights and remedies against the Trust Estate. The foregoing provisions of this Section 15(d) shall survive the termination of this Agreement, the other Operative Documents and the Pass Through Trust Agreements.

(e) No Participant shall have any obligation or duty to the Lessee, to any other Participant or to others with respect to the transactions contemplated hereby except those obligations or duties of such Participant expressly set forth in this Agreement and the other Operative Documents and no Participant shall be liable for performance by any other party hereto of such other party's obligations or duties hereunder. Without limitation of the generality of the foregoing, under no circumstances whatsoever shall any Participant be liable to Lessee, nor shall any Participant be liable to any other Participant, for any action or inaction on the part of the Indenture Trustee or the Owner Trustee in connection with the transactions contemplated herein, whether or not such action or inaction is caused by the willful misconduct or gross negligence of the Indenture Trustee or the Owner Trustee.

(f) This Agreement shall be binding upon and shall inure to the benefit of and shall be enforceable against, the parties hereto and their respective successors and permitted assigns including each successive holder of the Owner Participant's interest and each successive holder of any Loan Certificate issued and delivered pursuant to this Agreement or the Trust Indenture whether or not an express assignment to such holder of rights and obligations under this Agreement has been made.

(g) The Owner Participant hereby consents to the Owner Trustee's appointment of Lessee as its exclusive agent pursuant to the terms of Section 7(a)(4) of the Lease.

SECTION 16. Invoices and Payment of Expenses. Each of the Owner Trustee, the Indenture Trustee, Lessee and the Participants shall promptly submit to the Owner Participant and the Lessee for their joint prompt approval (except in the case of Transaction Expenses referred to in clauses (i)(6), (v) and (viii) of the definition thereof which shall be approved solely by the Owner Participant) copies of invoices of the Transaction Expenses as they are received. The Owner Participant agrees to transfer to the Owner Trustee from time to time promptly upon receipt of invoices of Transaction Expenses such amount as shall be necessary in order to enable the Owner Trustee to pay such Transaction Expenses or to pay such amounts directly. To the extent of funds received by it, the Owner Trustee agrees to pay all invoices of Transaction Expenses that have been so approved promptly upon receipt thereof. Notwithstanding the foregoing, in the event that the transactions contemplated hereby shall not be consummated, Lessee shall pay all Transaction Expenses, except that the fees, expenses and disbursements of the Owner Participant (including those relating to its counsel) shall be borne by the Owner Participant if such failure to consummate the transactions results from the failure of the Owner Participant to adhere to the terms and conditions set forth in the term sheet relating to the transactions contemplated hereby agreed to by Lessee and the Owner Participant or the terms and conditions set forth in the letter dated January 14, 1993, as amended as of April 14, 1993, from the Owner Participant (and, in the case of the amendment dated as of April 14, 1993, from NCC FSC IV, Inc.) to Capstar Partners and agreed to by Lessee or to close after all conditions precedent to the Owner Participant's funding of its Commitment set forth herein have been satisfied. To the extent Transaction Expenses exceed [_____] % of Lessor's Cost, the Lessee may, in lieu of electing an optimization pursuant to Section 18 hereof, promptly reimburse the Owner Trustee or Owner Participant, as appropriate, for all or a portion of the Transaction Expenses described in clause (i)(5) and/or clause (vi) (excluding any debt placement fees included in said clause (vi)) of the definition of Transaction Expenses.

SECTION 17. Optional Redemption of Certificates. (a) Subject to the terms of this Section 17, in the event that at any time Lessee shall have given written notice to the Owner Trustee, the Indenture Trustee and the Owner Participant that there be effected a voluntary redemption of all of the outstanding Loan Certificates by the Owner Trustee as part of a refunding or refinancing transaction, the Owner Participant

agrees to negotiate promptly in a commercially reasonable manner to conclude an agreement with Lessee as to the terms of such refunding or refinancing transaction (including the terms of any debt to be issued in connection with such refunding or refinancing transaction and the documentation to be executed in connection therewith), and if after such negotiation Lessee and the Owner Participant shall have concluded an agreement with respect to such terms:

(1) within ten Business Days after the reaching of such agreement, the Owner Participant will deliver to Lessee a certificate of an authorized representative of the Owner Participant (the "Refinancing Certificate") setting forth (i) the proposed date on which the outstanding Loan Certificates will be redeemed, describing the new debt to be issued and the other aspects of such refunding or refinancing transaction to be consummated (such date, the "Refinancing Date") and (ii) the following information: (A) the principal amount of debt to be issued by the Owner Trustee on the Refinancing Date, and (B) the proposed revised schedules of Basic Rent, Excess Amount, debt amortization, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage. Within ten Business Days of its receipt of the Refinancing Certificate, Lessee may demand a verification pursuant to Exhibit E to the Lease of the information set forth in the Refinancing Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Refinancing Certificate or the determination pursuant to such verification procedures of the revised Basic Rent, Excess Amount, debt amortization, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage and the Debt/Equity Ratio (such information, the "Refinancing Information") the appropriate parties will take the actions specified in paragraphs (2) through (6) below;

(2) the appropriate parties will enter into a financing or loan agreement in form and substance reasonably satisfactory to the Owner Participant, the Owner Trustee and the Lessee (which may involve an underwriting agreement in connection with a public offering of such debt or the purchase of such debt by a publicly funded entity (or entities) or the sale of the Owner Trustee's interest in the Trust Estate and/or the Aircraft and its resale to the Owner Trustee) with the institution or institutions to be named therein (A) providing for (i) the issuance and sale by the Owner Trustee to such institution or institutions on the Refinancing Date of debt securities in an aggregate

principal amount specified in the Refinancing Information, which amount shall be at least equal to the aggregate principal amount of all Loan Certificates outstanding on the Refinancing Date (such debt securities, the "New Debt") and (ii) the application of the proceeds of the sale of the New Debt to the redemption of all such Loan Certificates on the Refinancing Date and (B) pursuant to which the parties to the refinancing transaction (including the Owner Participant and Lessee but excluding any public holders of debt) make such representations, warranties and covenants as the Owner Participant or Lessee may reasonably require;

(3) Lessee and the Owner Trustee will amend the Lease to provide that (i) Basic Rent, Excess Amount and the EBO Percentage in respect of the period from and after the Refinancing Date shall be as provided in the Refinancing Information and (ii) amounts payable in respect of Stipulated Loss Value percentages, Special Termination Value Percentages and Termination Value from and after the Refinancing Date shall be as provided in the Refinancing Information;

(4) the Owner Trustee will enter into an agreement to provide for the securing thereunder of the New Debt in like manner as the Loan Certificates and will enter into such amendments and supplements to the Trust Indenture (or such new indenture or other security agreement) as may be necessary to effect such refunding or refinancing (which agreements, amendments and supplements shall be reasonably satisfactory to the Owner Participant);

(5) unless otherwise agreed or required by the Owner Participant, and whether or not such refunding or refinancing transaction is consummated, Lessee, on behalf of Lessor, shall pay on an after-tax basis all of the reasonable Expenses of all parties to such refunding or refinancing, including without limitation, the reasonable fees and expenses of such parties' counsel and any related loan or commitment fees; and

(6) subject to compliance by the Owner Trustee with all applicable terms and conditions for voluntary prepayment under the Trust Indenture and this Agreement, each Certificate Holder of a Loan Certificate being refinanced or refunded will transfer to the Owner Trustee the Loan Certificates held by it immediately prior to such refunding or refinancing for cancellation (and the Owner Trustee shall cancel the same), against receipt by such Certificate Holder of the then outstanding principal amount

of such Loan Certificates, accrued and unpaid interest thereon, plus Premium, if any, together with payment in full of all other amounts then payable to such Certificate Holder and the Indenture Trustee hereunder or under the Trust Indenture.

(b) In the case of a refunding or refinancing involving a public offering of the New Debt, the Owner Participant shall have the right (but not the obligation) to review and approve (which approval shall not be unreasonably withheld) all offering materials to be employed in connection therewith. It is expressly understood that the Owner Participant shall have no obligation hereunder to consent thereto if, in its good faith judgment, such refunding or refinancing (A) increases its, any of its Affiliates (other than any Affiliate which is acting as an underwriter) or the Owner Trustee's exposure to (i) liabilities under federal or state securities laws, (ii) regulation under state or federal securities laws, (iii) the need to publicly disclose information that is not generally available to the public, or (iv) being adversely affected in its respective ability to engage in any other financing transaction, in each case to a level unacceptable to it in its reasonable, good faith, judgment, or (B) requires the identity of the Owner Participant to be disclosed in any offering materials. Lessee shall have the right to purchase such debt securities and apply such securities as a credit against its obligations to pay Rent, provided that (x) in connection with such refunding or refinancing Lessee shall have agreed to indemnify the Owner Participant with respect to such right in a manner satisfactory to the Owner Participant, and (y) Lessee may not, at any one time hold in the aggregate any such debt securities having a face value in excess of that portion of the two next succeeding installments of Basic Rent which is required to be paid to the holders of such debt securities on account of principal and interest. Any trustee of public debt shall be a bank or trust company having its principal place of business in the Borough of Manhattan, City and State of New York, Chicago, Illinois, Hartford, Connecticut or Boston, Massachusetts and having, or having a parent willing to guarantee the obligations of such bank or trust company and having, a combined capital and surplus of at least \$100,000,000, if there be such an institution willing, able and legally qualified to perform the duties of trustee upon reasonable or customary terms.

(c) Lessee shall give the Indenture Trustee at least twenty-five (25) days irrevocable written notice of the proposed date of the optional redemption.

(d) Notwithstanding the foregoing, the Owner Participant shall have no obligation to proceed with any

refunding or refinancing transaction as contemplated by this Section 17:

(i) if in the Owner Participant's good faith judgment, such transaction would have an adverse impact (including, without limitation the risk of adverse tax consequences) on it;

(ii) unless a third party or parties, unaffiliated with Lessee and Owner Participant, shall have committed to (and shall) provide the entire financing needed to consummate the proposed refunding or refinancing transaction, it being understood that Owner Participant shall have no obligation to locate any such party or parties;

(iii) unless Lessee indemnifies Owner Trustee and Owner Participant by agreement in form and substance reasonably satisfactory to each of them, for any liability, obligation (other than the obligation to pay principal and interest and related payments in respect of the New Debt), cost or expense (including, without limitation, reasonable attorneys' fees) related to or arising out of any such refunding or refinancing transaction;

(iv) unless the New Debt is denominated in Dollars; or

(v) if the refinancing would increase or decrease the Owner Participant's Commitment.

(e) There shall be no more than one redemption permitted under this Section 17.

(f) No voluntary redemption shall occur pursuant to this Section 17 prior to May 15, 2000.

SECTION 18. Optimization. (a) In the event that: (i) the Delivery Date occurs other than on April 20, 1993 or (ii) Transaction Expenses paid by Lessor are determined to be other than [____%] of Lessor's Cost (it being understood that Transaction Expenses equal to 1.00% of Lessor's Cost will be deemed to have been paid on the Delivery Date with the remainder of such Transaction Expenses not paid on the Delivery Date will be deemed to have been paid on May 15, 1995), the Lessee may, pursuant to this Section 18 and in accordance with the requirements of Section 3(c) of the Lease, optimize the Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value

percentages and EBO Percentage subject to the proviso set forth in Section 3(c)(i) of the Lease. The Owner Participant shall deliver to Lessee and the Indenture Trustee a certificate of an authorized representative of the Owner Participant (the "Optimization Certificate") setting forth the proposed revised schedules of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage. Within fifteen days of its receipt of the Optimization Certificate, Lessee may demand a verification, pursuant to Exhibit E of the Lease, of the information set forth in the Optimization Certificate. Upon the acceptance by Lessee of the accuracy of the information set forth in the Optimization Certificate or the determination pursuant to such verification procedures of such information, the Owner Participant will cause the Lessor (A) to execute an amendment to the Lease setting forth the optimized Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage, and (B) the Lessee will execute such amended Lease necessary to effectuate the foregoing.

(b) In connection with optimization adjustments of Basic Rent, Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage pursuant to this Section 18 and Section 3(c) of the Lease, none of the principal amount, amortization schedules or interest rate of the Loan Certificates shall be altered.

(c) Lessee shall pay on an after-tax basis all of the reasonable Expenses of all parties to such optimization, including, without limitation, the reasonable fees and expenses of such parties' counsel.

SECTION 19. Nondisclosure. Each party hereto (other than the Owner Participant) agrees that it will use its best efforts not to disclose the identity of the Owner Participant and the terms of the Operative Documents in connection with the issuance or release for external publication of any article or advertising or publicity matter relating to the terms or conditions of any of the Operative Documents or the transactions contemplated thereby without the prior written consent of the Owner Participant (except as expressly permitted by the Operative Documents or (t) with respect to the terms of the Operative Documents to the extent required in connection with a public placement of the debt pursuant to Section 17 hereof or (u) to the extent required in connection with a private placement of the debt pursuant to Section 17 hereof or (v) to the extent required to appropriate regulatory authorities or in response to subpoena

or other legal process or as otherwise required by law or (w) to such party's insurance agents, auditors and counsel or other agents or (x) in the case of any Pass Through Trustee, the Indenture Trustee, the Owner Participant or the Owner Trustee (as the case may be), to prospective transferees or to any successor Owner Trustee (as the case may be), who in turn agree to use their best efforts not to make such disclosure in breach of this Section 19 or (y) as may be necessary or desirable in connection with the enforcement by such party of any Operative Document).

* * *

[First Amended and Restated
Participation Agreement (1993 747 A)]

IN WITNESS WHEREOF, the parties hereto have caused this First Amended and Restated Participation Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.,
Lessee

By: _____
Vice President and Treasurer

Owner Participant

By: _____

Title: _____

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
Indenture Trustee

By: _____

Title: _____

STATE STREET BANK AND TRUST COMPANY, not in its
individual capacity, except as expressly provided
herein, but solely as Owner Trustee,
Owner Trustee

By: _____

Title: _____

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
in its capacity as Pass Through Trustee under each
of the Pass Through Trust Agreements

By: _____

Title: _____

[First Amended and Restated
Participation Agreement (1993 747 A)]

SCHEDULE I

Names and Addresses

Lessee:

- - - - -

U.S. Mail
- - - - -
United Air Lines, Inc.
P.O. Box 66100
Chicago, Illinois 60666

Attn: Vice President and Treasurer

Telecopy: (708) 952-7117

Overnight Delivery Service
- - - - -
United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, IL 60007

Attn: Vice President and Treasurer

Payment Address

- - - - -

Owner Participant:

- - - - -

The Chase Manhattan Bank, N.A.
New York, N.Y.
ABA #: 021000021

Account #: 910-2-499093
Account Name:
Reference: UAL/1993 747 A

Attn: _____

Telecopy: _____

Pass Through Trustee:

- - - - -

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111

Attn: Corporate Trust Department

Telecopy: (801) 246-5053

[First Amended and Restated
Participation Agreement (1993 747 A)]

Indenture Trustee:

- - - - -

First Security Bank of Utah, National Association
79 South Main Street
Salt Lake City, Utah 84111

Attn: Corporate Trust Department

Telecopy: (801) 246-5053

Owner Trustee:

- - - - -

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110
(or, if given by overnight delivery service)
Two International Place
Boston, Massachusetts 02110

Attn: _____

Telecopy: (617) 664-5367

[First Amended and Restated
Participation Agreement (1993 747 A)]

SCHEDULE II

Commitments

Certificate Holder -----	Percentage of Lessor's Cost -----	Dollar Amount -----
First Security Bank of Utah, National Association, in its capacity as Pass Through Trustee under Pass Through Trust Agreement 1995-A1		
First Security Bank of Utah, National Association, in its capacity as Pass Through Trustee under Pass Through Trust Agreement 1995-A2		
Owner Participant: -----		
_____		\$
Total Commitments: =====	100.00% =====	\$ =

LEASE AGREEMENT
(1995 777 A)

Dated as of May 1, 1995

Between

STATE STREET BANK AND TRUST COMPANY,
Not in its Individual Capacity,
except as expressly
provided herein, but solely as
Owner Trustee,
Lessor

and

UNITED AIR LINES, INC.,
Lessee

United Air Lines, Inc.
1995 777 A Equipment Trust
One Boeing 777-222 Aircraft

As set forth in Section 20 hereof, Lessor has assigned to the Indenture Trustee (as defined herein) certain of its right, title and interest in and to this Lease. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on the signature page thereof.

TABLE OF CONTENTS

	PAGE

SECTION 1. Definitions.....	1
SECTION 2. Acceptance and Lease.....	17
SECTION 3. Term and Rent.....	17
(a) Interim Term and Basic Term.....	17
(b) Basic Rent.....	17
(c) Adjustments to Basic Rent, Excess Amount, Stipulated Loss Values, Termination Values, Special Termination Value Percentages and the EBO Percentage.....	17
(d) Supplemental Rent.....	20
(e) Payments in General.....	20
(f) [Intentionally Reserved for Potential Future Use].....	21
(g) Prepayments of Certain Rent Payments.....	21
SECTION 4. Lessor's Representations and Warranties.....	22
SECTION 5. Return of the Aircraft.....	23
(a) Condition Upon Return.....	23
(b) Return of Other Engines.....	27
(c) Fuel and Manuals.....	28
(d) Storage Upon Return.....	28
(e) Purchase of Engine.....	29
(f) Severable Parts.....	29
(g) Special Redelivery Provision.....	29
SECTION 6. Liens.....	30
SECTION 7. Registration, Maintenance and Operation; Possession and Subleases; Insignia.....	30
(a) (1) Registration and Maintenance.....	31
(2) Operation.....	32
(3) Reregistration.....	33
(4) Operating Certificates.....	33
(b) Possession and Subleases.....	33
(c) Insignia.....	39
SECTION 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions.....	40
(a) Replacement of Parts.....	40

	(b) Pooling of Parts.....	41
	(c) Alterations, Modifications and Additions.....	41
SECTION 9.	Early Termination.....	43
	(a) [Intentionally reserved for potential future use].....	43
	(b) Termination for Obsolescence/Surplus.....	43
	(c) Sale of the Aircraft.....	43
	(d) Termination as to Engines.....	46
SECTION 10.	Loss, Destruction, Requisition, etc.....	46
	(a) Event of Loss with Respect to the Aircraft.....	46
	(b) Event of Loss with Respect to an Engine.....	50
	(c) Application of Payments from Governmental Authorities for Requisition of Title, etc.....	52
	(d) Requisition for Use of the Aircraft by the United States Government or Government of Registry of the Aircraft.....	53
	(e) Requisition for Use of an Engine by the United States Government or the Government of Registry of the Aircraft.....	54
	(f) Application of Payments During Existence of Events of Default.....	54
SECTION 11.	Insurance.....	55
	(a) Public Liability and Property Damage Insurance.....	55
	(b) Insurance Against Loss or Damage to the Aircraft.....	55
	(c) Reports, etc.....	57
	(d) Self-Insurance.....	59
	(e) Additional Insurance by Lessor and Lessee.....	59
	(f) Indemnification by Government in Lieu of Insurance.....	60
	(g) Application of Payments During Existence of Default.....	60
	(h) Terms of Insurance Policies.....	60
SECTION 12.	Inspection.....	61
SECTION 13.	Assignment.....	63
SECTION 14.	Events of Default.....	63

SECTION 15.	Remedies.....	65
SECTION 16.	Lessee's Cooperation Concerning Certain Matters.....	69
SECTION 17.	Notices.....	71
SECTION 18.	Net Lease; No Set-Off, Counterclaim, Etc.....	72
SECTION 19.	Renewal Options; Purchase Options; Valuation.....	74
	(a) Renewal Options.....	74
	(1) Fixed Renewal Terms.....	74
	(2) Fair Market Renewal Term.....	75
	(3) Waiver.....	75
	(4) Conditions Precedent, Payment of Basic Rent.....	75
	(5) Termination Value; Stipulated Loss Value.....	76
	(b) Purchase Options.....	76
	(c) Valuation.....	77
SECTION 20.	Security for Lessor's Obligation to Certificate Holders.....	78
SECTION 21.	Lessor's Right to Perform for Lessee.....	79
SECTION 22.	Investment of Security Funds; Liability of Lessor Limited.....	80
	(a) Investment of Security Funds.....	80
	(b) Liability of Lessor Limited.....	81
SECTION 23.	Miscellaneous.....	81
SECTION 24.	Successor Trustee.....	81
SECTION 25.	Bankruptcy.....	82

EXHIBITS

EXHIBIT A	Form of Lease Supplement
EXHIBIT B	Basic Rent and Excess Amount Schedule
EXHIBIT C	Stipulated Loss Value Schedule
EXHIBIT D	Termination Value Schedule
EXHIBIT E	Rent Recalculation and Indemnification Verification
EXHIBIT F	Schedule of Countries Authorized for Domicile of Permitted Sublessees
EXHIBIT G	Schedule of Countries Authorized for Aircraft Registration
EXHIBIT H	Lessor's Cost, Engine Cost, Commencement Date, Lease Expiry Date, Stipulated Loss Value Date, EBO Date, EBO Percentage, Special Purchase Option Dates and Special Termination Value Percentages

LEASE AGREEMENT (1995 777 A)

This LEASE AGREEMENT (1995 777 A), dated as of May 1, 1995, between STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement (as defined in Section 1 hereof) (in such capacity, "Lessor"), and UNITED AIR LINES, INC., a corporation organized and existing pursuant to the laws of the State of Delaware ("Lessee").

WITNESSETH:

SECTION 1. Definitions. Unless the context otherwise requires, the

following terms shall have the following meanings for all purposes of this Lease Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acceptable Alternate Engine" means a Pratt & Whitney Model PW4084 engine or an engine of the same or another manufacturer of equivalent or greater value and utility, and suitable for installation and use on the Airframe; provided that such engine shall be of the same make, model and manufacturer as the other engine installed on the Airframe and shall be an engine of a type then being utilized by Lessee on other Boeing 777-222 aircraft operated by Lessee and shall have been maintained, serviced, repaired and overhauled in substantially the same manner as Lessee maintains, services, repairs and overhauls similar engines utilized by Lessee and without in any way discriminating against such engine.

"Actual Knowledge" means, (i) as it applies to the Owner Trustee or Indenture Trustee, as the case may be, actual knowledge of a responsible officer in the Trust Office, and (ii) as it applies to the Owner Participant, actual knowledge of a Vice President or more senior officer of the Owner Participant or other officer of the Owner Participant in each case having responsibility for the transactions contemplated by the Operative Documents; provided that each of the Owner Trustee, the Indenture Trustee and the Owner Participant shall be deemed to have "Actual Knowledge" of any matter as to which it has been given notice by any of Lessee, the Owner Participant, any Certificate Holder, the Owner Trustee or the Indenture Trustee, such notice having been given pursuant to and in accordance with Section 13(a) of the Participation Agreement.

"Additional Insured" means Lessor, in its individual capacity and as owner of the Aircraft, the Indenture Trustee, the

Owner Participant, Lessee in its capacity as sublessor under any Sublease, and, so long as the Pass Through Trustees are Certificate Holders, each Pass Through Trustee and each of their respective Affiliates, successors and permitted assigns; and the respective directors, officers and employees of each of the foregoing.

"Affiliate" means a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under a common control with, another Person, (ii) which beneficially owns or holds 10% or more (by number of votes) of any class of voting securities of such other Person or (iii) 10% or more (by number of votes) of the voting securities (or in the case of a Person which is not a corporation, 10% or more of the equity interest) of which is beneficially owned or held by such other Person or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Aircraft" means the Airframe together with the two Engines whether or not such Engines are installed on the Airframe or any other airframe.

"Airframe" means: (i) The Boeing Company Model 777-222 aircraft (excluding Engines or engines from time to time installed thereon) specified by United States Registration Number and Manufacturer's serial number in the Lease Supplement; (ii) any and all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in Lessor in accordance herewith; and (iii) any replacement airframe which may from time to time be substituted pursuant to Section 10(a)(ii) hereof.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time.

"Base Rate" means the rate of interest announced from time to time by The First National Bank of Chicago at its principal office in Chicago, Illinois as its "corporate base rate" (or its equivalent successor rate if the corporate base rate is no longer used).

"Basic Rent" means, for the Basic Term, the rent payable for the Aircraft pursuant to Section 3(b) hereof, as adjusted as provided in Section 3(c) and, for a Renewal Term, Basic Rent determined pursuant to Section 19.

"Basic Term" means the term for which the Aircraft is leased hereunder pursuant to Section 3(a) hereof beginning on the Commencement Date and ending on the Lease Expiry Date or such earlier date as this Lease may be terminated in accordance with the terms hereof.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in the City of Chicago, Illinois; New York City, New York; the city and state in which the principal place of business of the Owner Trustee is located; and, so long as any Loan Certificate is outstanding, the city and state in which the Indenture Trustee has its principal place of business and the city and state in which the Indenture Trustee receives and disburses funds.

"Certificate Holder" has the meaning assigned to the term "Holder" in the Trust Indenture.

"Certificated Air Carrier" means a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code, for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of 11 U.S.C. Section 1110 or any analogous successor provision of the Bankruptcy Code.

"Citizen of the United States" has the meaning given such term in Section 40102(a)(15) of Title 49 of the United States Code.

"Civil Reserve Air Fleet Program" means the Civil Reserve Air Fleet Program administered by the United States Government pursuant to Executive Order No. 11490, as amended, or any substantially similar program.

"Code" means the Internal Revenue Code of 1986, as amended through the Delivery Date.

"Commencement Date" means the date specified as such in Exhibit H hereto.

"Commitments" means the respective commitments of the Pass Through Trustees and the Owner Participant to finance the Owner Trustee's payment of Lessor's Cost for the Aircraft and "Commitment" means any one of the Commitments.

"Consent and Agreement" means the Consent and Agreement (1995 777 A), dated as of the date hereof, executed by the

Manufacturer, as the same may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof.

"Debt Rate" means the weighted average interest rate borne by the Loan Certificates then outstanding.

"Default" means any event which with the giving of notice or the lapse of time or both would become an Event of Default.

"Delivery Date" means the date of the initial Lease Supplement for the Aircraft, which date shall be the date the Aircraft is leased by Lessor to Lessee and accepted by Lessee hereunder.

"Dollars" and "\$" mean the lawful currency of the United States of America.

"EBO Date" means the date specified as such in Exhibit H hereto.

"EBO Percentage" means the percentage specified as such in Exhibit H hereto.

"EBO Price" has the meaning set forth in Section 19(b)(2) hereof.

"Engine" means (i) each of the two Pratt & Whitney Model PW4084 engines listed by manufacturer's serial numbers in the initial Lease Supplement and installed on the Airframe at the time of the Manufacturer's delivery to Lessee of such Airframe, and whether or not from time to time thereafter installed on such Airframe or any other airframe; (ii) any Acceptable Alternate Engine which may from time to time be substituted for any of such two engines pursuant to the terms hereof; and (iii) in either case, any and all Parts which are from time to time incorporated or installed in or attached to any such engine and any and all parts removed therefrom so long as title thereto remains vested in Lessor in accordance herewith. The term "Engines" means, as of any date of determination, all Engines then leased hereunder.

"Engine Cost" means the amount specified as Engine Cost in Exhibit H hereto.

"Event of Default" has the meaning specified in Section 14 hereof.

"Event of Loss" with respect to the Aircraft, Airframe or any Engine means any of the following events with respect to such property: (i) the loss of such property or of the use thereof due to the destruction of or damage to such property which renders repair uneconomic or which renders such property permanently unfit for normal use by Lessee for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, or a constructive or compromised total loss; (iii) the theft or disappearance of such property, or the confiscation, condemnation, or seizure of, or requisition of title to, or use of, such property by any governmental or purported governmental authority (other than a requisition for use by the United States Government or any government of registry of the Aircraft or any agency or instrumentality thereof), which in the case of any event referred to in this clause (iii) shall have resulted in the loss of title or possession of such property by Lessee for a period in excess of 90 consecutive days or, if earlier, until the end of the Term; (iv) as a result of any law, rule, regulation, order or other action by the FAA or other governmental body of the government of registry of the Aircraft having jurisdiction, use of such property in the normal course of the business of air transportation shall have been prohibited for a period in excess of 180 consecutive days, unless (A) such grounding is applicable to all Boeing 777-222 aircraft registered in such country, (B) Lessee, prior to the expiration of such 180 day period, shall have undertaken and shall be diligently carrying forward, in a manner that does not discriminate against the Aircraft, all steps which are necessary or desirable to permit the normal use of such property by Lessee, and (C) Lessee, within one year from the time of grounding shall have conformed at least one such aircraft in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same in such jurisdiction, provided that no such grounding shall extend beyond the expiration of the Term; (v) the requisition for use by the United States Government or any government of registry of the Aircraft or any instrumentality or agency thereof, which shall have occurred during the Basic Term (or the Interim Term or any Renewal Term) and shall have, in the case of any government of registry of the Aircraft (other than the United States Government or any agency or instrumentality thereof) or any agency or instrumentality thereof, continued for more than two years (or if earlier, until the end of the Term), and in the case of the United States Government or any agency or instrumentality thereof shall have continued for a period that extends beyond the Term and Lessor shall not have furnished the written notice specified in Section 10(d) hereof; (vi) the operation of or location of the Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect

with respect to the Aircraft required by the terms of Section 11, unless in the case of a requisition by the government of the United States or any agency or instrumentality thereof, Lessee shall have obtained an indemnity in lieu thereof from such government; and (vii) any divestiture of title to an Engine treated as an Event of Loss pursuant to Section 7(b) hereof. An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe.

"Excess Amount" for the Commencement Date means the amount determined by multiplying Lessor's Cost by the percentage specified in Exhibit B hereto opposite the Commencement Date (as such Exhibit B may be adjusted from time to time as provided in Section 3(c) hereof).

"Excluded Payments" has the meaning set forth in the Trust Indenture.

"Expenses" means any and all liabilities, obligations, losses, damages, penalties, claims (including, but not limited to, negligence, strict or absolute liability, liability in tort and liabilities arising out of violation of laws or regulatory requirements of any kind), actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses and, to the extent not required to be paid by the Owner Trustee pursuant to Section 16 of the Participation Agreement, Transaction Expenses, and all costs and expenses relating to amendments, supplements, waivers and consents to and under the Operative Documents, any amounts that would be included in Premium, but excluding internal costs and expenses such as salaries, and overhead of whatsoever kind and nature).

"Fair Market Rental Value" means the fair market rental value determined as provided in Section 19(c) hereof.

"Fair Market Sales Value" means the fair market sales value determined as provided in Sections 19(a) and 19(c) hereof.

"Federal Aviation Act" means the sections of Title 49 of the United States Code relating to aviation, as amended.

"Federal Aviation Administration" and "FAA" mean the United States Federal Aviation Administration and any successor agency or agencies thereto.

"Indemnitees" means the Owner Participant, the Owner Trustee, in its individual capacity and as trustee under the Trust Agreement, the Trust Estate, the Trust Indenture Estate, the Indenture Trustee, in its individual capacity and as trustee

under the Trust Indenture, each Pass Through Trustee (so long as the Pass Through Trustees are Certificate Holders), and each of their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents.

"Indenture Trustee" has the meaning set forth in the Trust Indenture.

"Indenture Trustee Documents" means the Participation Agreement, the Trust Indenture, each Pass Through Trust Agreement, each Pass Through Trust Supplement, each Loan Certificate and each Pass Through Certificate and any other document executed by the Indenture Trustee or the Pass Through Trustee in connection with the transactions contemplated by the Operative Documents.

"Interim Term" means the period commencing on the Delivery Date and ending on and including the day immediately preceding the Commencement Date, unless earlier terminated in accordance with the provisions hereof.

"Lease Agreement", "this Lease Agreement", "this Lease", "this Agreement", "herein", "hereof", "hereunder", "hereby", or other like words mean this Lease Agreement as originally executed or as modified, amended or supplemented in accordance with the applicable provisions hereof and the terms of the Trust Indenture, including, without limitation, supplementation hereof by any Lease Supplement entered into in accordance with the applicable provisions hereof and the terms of the Trust Indenture.

"Lease Expiry Date" means the date specified as such in Exhibit H.

"Lease Period" means each of the consecutive semi-annual periods throughout the Basic Term and any Renewal Term ending on a Lease Period Date, the first such period commencing on and including the Commencement Date.

"Lease Period Date" means April 19, 1996 and each succeeding semi-annual anniversary thereof to and including the last such date in the Term.

"Lease Supplement" means a Lease Supplement (1995 777 A), substantially in the form of Exhibit A hereto, to be entered into between Lessor and Lessee on the Delivery Date for the purpose of leasing the Aircraft under and pursuant to the terms of this Lease Agreement, and any subsequent Lease Supplement entered into in accordance with the terms hereof and the terms of the Trust Indenture.

"Lessee Documents" means the Participation Agreement, the Lease, any Lease Supplement, the Purchase Agreement, the Owner Trustee's Purchase Agreement, the Owner Trustee's FAA Bill of Sale, the Owner Trustee's Bill of Sale, the Tax Indemnity Agreement, each Pass Through Trust Agreement, each Pass Through Trust Agreement Supplement and any other document executed by Lessee in connection with the transactions contemplated by the Operative Documents.

"Lessor Liens" means any Lien on, or disposition of title to, the Aircraft or the Trust Estate arising as a result of (i) claims against Lessor, State Street Bank and Trust Company, in its individual capacity, or the Owner Participant not related to the transactions contemplated by the Operative Documents, (ii) any act or omission of the Owner Participant, Lessor, or State Street Bank and Trust Company, in its individual capacity, which is not related to the transactions contemplated by the Operative Documents or is in violation of any of the terms of the Operative Documents, (iii) claims against the Owner Participant, Lessor, or State Street Bank and Trust Company, in its individual capacity, with respect to Taxes or Expenses against which Lessee is not required to indemnify the Owner Participant, Lessor or State Street Bank and Trust Company, in its individual capacity or (iv) claims against Lessor or the Owner Participant arising out of any transfer by Lessor or the Owner Participant of all or any portion of the respective interests of Lessor or the Owner Participant in the Aircraft, the Trust Estate or the Operative Documents (other than a transfer of possession of the Aircraft by Lessor pursuant to this Agreement, a transfer pursuant to the Trust Indenture (other than a transfer pursuant to Article 8 of the Trust Indenture not attributable to a Lease Event of Default) or a transfer pursuant to Section 7, 8, 9, 10 or 19 hereof, pursuant to Section 17 of the Participation Agreement or pursuant to the exercise of the remedies set forth in Section 15 hereof); provided, however, that any Lien which is attributable solely to State Street Bank and Trust Company or the Owner Participant and would otherwise constitute a Lessor Lien hereunder shall not constitute a Lessor Lien hereunder so long as (1) the existence of such Lien poses no material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein, (2) the existence of such Lien does not interfere in any way with the use or operation of the Aircraft by Lessee (or any Sublessee), (3) the existence of such Lien does not affect the priority or perfection of, or otherwise jeopardize, the Lien of the Trust Indenture, (4) State Street Bank and Trust Company or the Owner Participant, as the case may be, is diligently contesting such Lien by appropriate proceeding and (5) the existence of such Lien does not result in actual interruption in the payment of Rent assigned to the Indenture Trustee for the benefit of the Certificate Holders.

"Lessor's Cost" for the Aircraft means the amount specified as Lessor's Cost in Exhibit H hereto; provided, however, Lessor's Cost shall be reduced by Engine Cost for each Engine for which Lessee has paid Stipulated Loss Value pursuant to the terms of Section 10(b) hereof and has otherwise paid all other amounts due and payable under said Section 10(b).

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease or security interest.

"Loan Certificate" has the meaning assigned to the term "Certificate" in the Trust Indenture.

"Loss Payment Date" has the meaning set forth in Section 10(a) hereof.

"Manufacturer" means The Boeing Company, a Delaware corporation, and its subsidiaries, successors and assigns.

"Manufacturer Documents" means the Purchase Agreement, the Consent and Agreement and any other document executed by the Manufacturer in connection with the transactions contemplated by the Operative Documents.

"Net Economic Return" means the Owner Participant's net after-tax book yield, aggregate after-tax cash flow and, with respect to any adjustments required to maintain the Owner Participant's Net Economic Return, periodic FASB 13 earnings plus or minus 5% for any annual period, utilizing the multiple investment sinking fund method of analysis, computed on the basis of the same methodology and assumptions as were utilized by the Owner Participant in determining Basic Rent, Stipulated Loss Value percentages, Special Termination Value Percentages, EBO Percentage and Termination Value percentages as of the Delivery Date, as such assumptions may be revised from time to time for events which have been the basis for adjustments to Rent pursuant to Section 3(c) hereof, provided that under no circumstances shall there be a reduction in Owner Participant's 1995 FASB 13 earnings.

"Net Present Value of Rents" means the net present value, as of the Delivery Date, of Basic Rent set forth in Exhibit B hereto, discounted at a rate per Lease Period equal to (a) 11% per annum divided by (b) the number of Lease Periods per year.

"Operative Documents" means the Lease (including any Lease Supplement); the Participation Agreement; the Tax Indemnity Agreement; the Trust Agreement; any Trust Supplement; the Purchase Agreement; the Owner Trustee's Bill of Sale; the Owner

Trustee's FAA Bill of Sale; the Owner Trustee's Purchase Agreement; an acceptance certificate covering the Aircraft in the form agreed to by the Participants and Lessee (the "Acceptance Certificate"); the Trust Indenture; the Loan Certificates outstanding at the time of reference; and the Consent and Agreement.

"Original Amount", with respect to a Loan Certificate, means at any time prior to the Commencement Date, the Original Issue Price (as defined in the Trust Indenture) of such Loan Certificate, or, at any time on or after the Commencement Date, the stated original principal amount of such Loan Certificate, and with respect to all Loan Certificates means, at any time prior to the Commencement Date, the aggregate Original Issue Prices for such Loan Certificates or, at any time on or after the Commencement Date, the aggregate stated original principal amounts of such Loan Certificates.

"Owner Participant" means the Person executing the Participation Agreement as the Owner Participant and any Person to which such Person transfers all or any portion of its right, title and interest in and to the Trust Agreement, the Trust Estate and the Participation Agreement, to the extent permitted thereby.

"Owner Participant Documents" means the Participation Agreement, the Trust Agreement, the Tax Indemnity Agreement and any other document executed by the Owner Participant in connection with the transactions contemplated by the Operative Documents.

"Owner Participant Parent" means _____, a Delaware corporation.

"Owner Participant Parent Guaranty" means the guaranty, dated the Delivery Date, by the Owner Participant Parent in favor of Lessee, the Pass Through Trustees, and certain other parties, of certain obligations of the Owner Participant, as the same may be amended or modified in compliance with the provisions thereof.

"Owner Trustee" means the Person executing the Participation Agreement as Owner Trustee and any Person appointed as successor Owner Trustee in each case not in its individual capacity but solely as Owner Trustee under the Trust Agreement, except as otherwise expressly stated.

"Owner Trustee Documents" means the Participation Agreement, the Trust Agreement, this Lease, any Lease Supplement, the Owner Trustee's Purchase Agreement, the Trust Indenture, any Trust Supplement, the Loan Certificates and any other document

executed by the Owner Trustee in connection with the transactions contemplated by the Operative Documents.

"Owner Trustee's Bill of Sale" means a bill of sale for the Aircraft, dated the Delivery Date, executed by Lessee in favor of Lessor in form and substance satisfactory to Lessor.

"Owner Trustee's FAA Bill of Sale" means a bill of sale for the Aircraft on AC Form 8050-2 or such other form as may be approved by the FAA on the Delivery Date executed by Lessee in favor of Lessor in form and substance satisfactory to Lessor.

"Owner Trustee's Purchase Agreement" means the Owner Trustee's Purchase Agreement and Assignment (1995 777 A), dated as of the date hereof, between Lessee and the Owner Trustee, as the same may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof and the terms of the Trust Indenture.

"Participants" means and includes the Pass Through Trustees and the Owner Participant.

"Participation Agreement" means that certain Participation Agreement (1995 777 A), dated as of the date hereof, among Lessee, the Indenture Trustee, the Owner Participant, the Pass Through Trustees and the Owner Trustee, as such Participation Agreement may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature other than complete Engines or engines, which are from time to time incorporated or installed in or attached to an Airframe or any Engine or which have been removed therefrom, but where title to which remains vested in Lessor in accordance with Section 8 hereof.

"Pass Through Certificates" has the meaning set forth in the Trust Indenture.

"Pass Through Trust Agreements" means the Pass Through Trust Agreement dated as of February 1, 1992, as amended and restated as of May 1, 1995, in each case between the Lessee and State Street Bank and Trust Company of Connecticut, National Association, as supplemented by each of the two Pass Through Trust Supplements, in each case between the Lessee and the Pass Through Trustee, and as the same may be further modified, amended or supplemented pursuant to the applicable provisions thereof and the Participation Agreement.

"Pass Through Trustee" shall mean First Security Bank of Utah, National Association, a national banking association, in its capacity as Trustee under each Pass Through Trust Agreement, and each other Person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Pass Through Trust Supplement" means each of the two separate Trust Supplements Nos. 1995-A1 and 1995-A2, in each case dated as of May __, 1995 between Lessee and the Pass Through Trustee.

"Past Due Rate" means (i) with respect to the portion of any payment of Rent that may be required by the Trust Indenture to be paid by the Indenture Trustee to any Certificate Holder, the "Past Due Rate" as defined in the Trust Indenture and (ii) with respect to the remaining portion of any payment of Rent (and the entire amount of any payment of Rent after the satisfaction and discharge of the Trust Indenture), a fluctuating rate per annum equal to 2% over the Debt Rate.

"Permitted Lien" means any Lien referred to in clauses (i) through (vi) of Section 6 hereof.

"Permitted Sublessee" means any air carrier domiciled in a country listed in Exhibit F hereto as in effect from time to time.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Premium" has the meaning assigned to the term in Section 6.01(b) of the Trust Indenture.

"Prepaid Rent" has the meaning set forth in Section 3(g) hereof.

"Purchase Agreement" means the agreement between Lessee and the Manufacturer relating to the purchase by Lessee of the Aircraft, as originally executed or as modified, amended or supplemented in accordance with the terms thereof, but only insofar as the foregoing relates to the Aircraft.

"Redemption Date" has the meaning set forth in the Trust Indenture.

"Reimbursement Amount" has the meaning set forth in Section 3(g) hereof.

"Renewal Term" means the Fair Market Renewal Term or a Fixed Renewal Term as those terms are defined in Section 19 hereof.

"Rent" means Basic Rent and Supplemental Rent, collectively.

"Replacement Airframe" means any airframe substituted for an airframe in accordance with Sections 10(a) of the Lease.

"Replacement Engine" means any engine substituted for an Engine in accordance with Sections 9(d), 10(a) or 10(b) of the Lease.

"Restricted Country" has the meaning set forth on Exhibits F and G hereto.

"Restricted Period" means the period ending on the last open day of the calendar year in which there occurs the seventh anniversary of the Delivery Date.

"Special Purchase Option Dates" means each of the dates specified as such on Exhibit H hereto.

"Special Termination Value", with respect to any Special Purchase Option Date, has the meaning set forth in Section 19(b)(1) hereof.

"Special Termination Value Percentage" means, with respect to any Special Purchase Option Date, the percentage set forth opposite such Date on Exhibit H hereto.

"Stipulated Loss Value" with respect to the Aircraft as of any date through and including the last day of the Basic Term, means the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage specified in Exhibit C hereto opposite the Stipulated Loss Value Date with respect to which the amount of Stipulated Loss Value is determined (as such Exhibit C may be adjusted from time to time as provided in Section 3(c) hereof and in Section 8 of the Tax Indemnity Agreement). "Stipulated Loss Value" with respect to the Aircraft, as of any date during any Renewal Term, shall be the amount determined as provided in Section 19 hereof. To the extent that an event giving rise to an obligation to pay any Stipulated Loss Value occurs (with respect to the Airframe or either Engine), and the actual date on which the loss of tax benefits resulting from such event occurs shall be earlier or later than the date assumed in calculating the United States Federal income tax consequences reflected in the applicable Stipulated Loss Value, such Stipulated Loss Value shall be appropriately adjusted upwards or downwards to reflect

the actual date of such loss of tax benefits, but shall be otherwise based on the original assumptions used in determining such Stipulated Loss Value.

"Stipulated Loss Value Date" has the meaning specified therefore in Exhibit H hereto.

"Sublease" means any sublease permitted by the terms of Section 7(b)(viii) hereof.

"Sublessee" means any Person for so long, but only so long, as such Person is in possession of the Airframe and or any Engine pursuant to the terms of a Sublease which is then in effect pursuant to Section 7(b)(viii) hereof.

"Subsidiary" means, with respect to any Person that is a corporation, any other corporation a majority of the voting securities of which are owned by such person, whether directly or indirectly.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes or agrees to pay to Lessor or others hereunder or under any of the other Operative Documents, including payments of Stipulated Loss Value and Termination Value and amounts calculated by reference thereto, an amount equal to the Premium, if any, payable in accordance with Section 3(d) hereof and indemnity payments. The parties acknowledge that Supplemental Rent is a general category and, accordingly, agree that any provision of any Operative Document which calls for the payment of Supplemental Rent and also calls for the payment of specific items which are includable in Supplemental Rent is not to be interpreted as requiring any double payment.

"Tax Indemnity Agreement" means that certain Tax Indemnity Agreement (1995 777 A), dated as of the date hereof, between the Owner Participant and Lessee, as originally executed or as modified, amended or supplemented pursuant to the applicable provisions thereof.

"Taxes" means any and all fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, or withholdings of any nature whatsoever, together with any assessments, penalties, fines, additions to tax and interest thereon (each, individually, a "Tax").

"Term" means the Interim Term, Basic Term and, if actually entered into, any Renewal Term.

"Termination Date" has the meaning set forth in Section 9(b) hereof.

"Termination Value" with respect to the Aircraft as of any date through and including the last day of the Basic Term means the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage specified in Exhibit D hereto opposite the Termination Date with respect to which the amount of Termination Value is determined (as such Exhibit D may be adjusted from time to time as provided in Section 3(c) hereof and in Section 8 of the Tax Indemnity Agreement). To the extent that an event giving rise to an obligation to pay any Termination Value occurs, and the actual date on which the loss of tax benefits resulting from such event occurs shall be earlier or later than the date assumed in calculating the United States Federal income tax consequences reflected in the applicable Termination Value, such Termination Value shall be appropriately adjusted upwards or downwards to reflect the actual date of such loss of tax benefits, but shall be otherwise based on the original assumptions used in determining such Termination Value.

"Transaction Expenses" means (i) the reasonable and actual fees, expenses and disbursements of (1) Ray, Quinney & Nebeker, special counsel for the Indenture Trustee and the Pass Through Trustee, (2) Bingham, Dana & Gould, counsel for the Owner Trustee, (3) Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, (4) Shearman & Sterling, special counsel for the underwriters (to the extent not payable by the underwriters), (5) Vedder, Price, Kaufman & Kammholz, special counsel for Lessee, and (6) Dewey Ballantine, special counsel for the Owner Participant, (ii) all fees, taxes and other charges payable in connection with the recording or filing of instruments and financing statements, (iii) the initial fee and reasonable and actual disbursements of the Owner Trustee under the Trust Agreement, (iv) the initial fee and reasonable and actual disbursements of the Indenture Trustee under the Trust Indenture, (v) the fee of BK Associates (or of such other appraiser as shall be selected by the Owner Participant) with respect to the appraisal of the Aircraft required on or before the Delivery Date pursuant to Section 4(a) of the Participation Agreement, (vi) the fees, commissions and expenses of Capstar Partners, Inc., (vii) the reasonable out-of-pocket expenses of the Owner Participant relating to the transactions contemplated by the Participation Agreement including, without limitation, the expenses related to the organization of the foreign sales corporation, as well as those transactions relating to the investment by the Owner Participant in the second quarter of 1995 in one Boeing 777-222

aircraft to be operated by the Lessee up to an aggregate of \$25,000 (but excluding from Transaction Expenses airfare charges incurred for travel on an airline other than United Air Lines, unless such travel is necessitated by the foreign sales corporation structure to the extent that United Air Lines does not offer regularly scheduled flights directly from New York to such foreign location where negotiations with respect to the transactions will be conducted for purposes of the foreign sales corporation nature of the transactions) plus airfare charges incurred for travel on United Air Lines, (viii) the placement or underwriting fees, commissions and expenses, if any, in placing the debt contemplated by the Participation Agreement and all costs and expenses associated with the public offering pursuant thereto and the actual expenses of each Pass Through Trustee under its respective Pass Through Trust Agreement and (ix) printing and distribution costs.

"Trust Agreement" means that certain Trust Agreement (1995 777 A), dated as of the date hereof, between the Owner Participant and State Street Bank and Trust Company, in its individual capacity, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof and the terms of the Trust Indenture, including, without limitation, any Trust Supplement entered into pursuant to the applicable provisions thereof.

"Trust Estate" has the meaning set forth in the Trust Agreement.

"Trust Indenture" means that certain Trust Indenture and Mortgage (1995 777 A), dated as of the date hereof, between Lessor and the Indenture Trustee, as originally executed or as modified, amended or supplemented in accordance with the provisions thereof and the terms of the Participation Agreement, including, without limitation, any Trust Supplement entered into pursuant to the applicable provisions thereof.

"Trust Indenture Estate" has the meaning assigned to the term "Indenture Estate" in the Trust Indenture.

"Trust Office" has the meaning set forth in the Trust Indenture.

"Trust Supplement" means a supplement to the Trust Agreement and the Trust Indenture, substantially in the form of Exhibit A to the Trust Agreement.

"U.S. Air Carrier" means any United States air carrier as to which there is in force a certificate issued pursuant to Section 44102 of the Federal Aviation Act, and as to which there

is in force an air carrier operating certificate issued pursuant to Part 121 of the regulations under such Act, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

"Wet Lease" means any arrangement whereby Lessee agrees to furnish the Airframe and Engines or engines installed thereon to a third party pursuant to which such Airframe and Engines or engines (i) shall be operated solely by regular employees of Lessee possessing all current certificates and licenses that would be required under the Federal Aviation Act (or if the Aircraft is not registered in the United States, all certificates and licenses required by the laws of the jurisdiction of registry) for the performance by such employees of similar functions within the United States of America (or such jurisdiction of registry) (it is understood that cabin attendants need not be employees of Lessee) and (ii) shall be maintained by Lessee in accordance with its normal maintenance practices.

SECTION 2. Acceptance and Lease. Lessor hereby agrees to accept from

the Lessee the transfer of title to and simultaneously to lease to Lessee hereunder, and Lessee hereby agrees to lease on the Delivery Date from Lessor hereunder, the Aircraft as evidenced by the execution by Lessor and Lessee of a Lease Supplement leasing the Aircraft hereunder. Lessee agrees that Lessor will authorize one or more employees of Lessee, designated by Lessee in writing, as the authorized representative or representatives of Lessor to accept delivery of the Aircraft. Lessee hereby agrees that in the event delivery of the Aircraft shall be accepted by an employee or employees of Lessee pursuant to such authorization by Lessor, such acceptance of delivery by such employee or employees on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of the Aircraft for all purposes of this Lease.

SECTION 3. Term and Rent. (a) Interim Term and Basic Term. The

Interim Term shall commence on the Delivery Date and end on and include the day immediately preceding the Commencement Date unless earlier terminated pursuant to the provisions hereof. The Basic Term shall commence on the Commencement Date and end on the Lease Expiry Date or such earlier date as this Lease may be terminated in accordance with the provisions hereof.

(b) Basic Rent. Lessee shall pay Basic Rent in Dollars with respect

to each Lease Period during the Basic Term on each Lease Period Date during the Basic Term, in the respective amounts for each Lease Period Date determined in accordance with Exhibit B hereto.

(c) Adjustments to Basic Rent, Excess Amount, Stipulated Loss Values,

Termination Values, Special Termination Value Percentages and the EBO

Percentage.

(i) In the event that (A) Transaction Expenses paid by Lessor are determined to be other than ___% of Lessor's Cost, (B) there shall be an optional redemption or a refinancing or a refunding of the Loan Certificates in accordance with Section 17 of the Participation Agreement, (C) the Delivery Date occurs other than on May 15, 1995, or (D) there is an optimization in accordance with Section 18 of the Participation Agreement; then in each case the Basic Rent and Excess Amount set forth in Exhibit B, the Stipulated Loss Value percentages set forth in Exhibit C, the Termination Value percentages set forth in Exhibit D, and the EBO Percentage and the Special Termination Value Percentages set forth in Exhibit H shall be adjusted (upwards or downwards as the case may be) using the same methods and assumptions (as modified on account of the occurrence of any of the events referred to in clauses (A)-(D)) used to calculate the Basic Rent and Excess Amount, the Stipulated Loss Value percentages, the Termination Value percentages and the EBO Percentage and the Special Termination Value Percentages set forth in Exhibits B, C, D and H, respectively, in each case in compliance with clauses (iv) and (v) of this paragraph (c) and in order to: (1) maintain the Owner Participant's Net Economic Return and (2) minimize the Net Present Value of Rents to Lessee to the extent possible consistent with clause (1) hereof; provided,

however, in no event will the EBO Price be adjusted below the greatest of

(i) the Termination Value for the Aircraft as of the EBO Date, (ii) ___% of Lessor's Cost (i.e., the fair market value of the Aircraft as of the EBO Date as the same was determined on the Delivery Date) and (iii) ___% multiplied by the present value as of the EBO Date of (x) the remaining Basic Rent plus (y) ___% of Lessor's Cost (i.e., the fair market value of the Aircraft as of the end of the Term as the same was determined on the Delivery Date) (the present value calculation described in this clause (iii) shall utilize a semi-annual discount rate that on a compound basis is equal to ___% per annum).

(ii) [Intentionally reserved for potential future use.]

(iii) Any recalculation of Basic Rent and Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, EBO Percentage and Special Termination Value Percentages pursuant to this Section 3(c) (or pursuant to the definition of Stipulated Loss Value or Termination

Value) shall be determined by the Owner Participant and shall be subject to the verification procedures set forth in Exhibit E hereto. Such recalculated Basic Rent and Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, EBO Percentage and Special Termination Value Percentages shall be set forth in an amendment hereto.

(iv) Anything contained in the Participation Agreement or this Lease to the contrary notwithstanding, each installment of Basic Rent payable hereunder, whether or not adjusted in accordance with this Section 3(c), together with the amount of Excess Amount and Supplemental Rent, if any, in respect of the date on which such installment is payable, and each payment of Termination Value, Stipulated Loss Value, EBO Price and Special Termination Value whether or not adjusted in accordance with this Section 3(c) or Section 8 of the Tax Indemnity Agreement, and all other amounts (excluding Excluded Payments payable simultaneously by Lessee pursuant to this Lease), in each case, on the date on which such payment is due, shall be in an amount at least sufficient to pay in full, and shall be available to be applied by Lessor in payment on account of, any payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding. It is agreed that no installment of Basic Rent or payment of Excess Amount, Termination Value, Stipulated Loss Value, Special Termination Value or EBO Price, shall be increased or adjusted by reason of (A) any attachment or diversion of Rent on account of (x) Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) or (y) any other Lien on or against the Trust Estate, any part thereof or the Operative Documents arising as a result of claims against the Indenture Trustee or a Certificate Holder, not related to the transactions contemplated by the Operative Documents, (B) any modification of the payment terms of the Loan Certificates made without the prior written consent of Lessee, or (C) the acceleration of any Loan Certificate due to the occurrence of an "Event of Default" (as defined in the Trust Indenture) which does not constitute an Event of Default hereunder.

(v) All adjustments to Basic Rent under this Section 3(c) shall be consistent with the requirements of Sections 4.02(5), 4.07(1) and (2) and Section 4.08(1) of Rev. Proc. 75-28 (provided that the requirements of Section 4.08(1) shall apply on a prospective basis), as modified and in effect on the Delivery Date, and shall not cause the Lease to be a "disqualified leaseback or long-term

agreement" within the meaning of Section 467 of the Code as then in effect and any final, temporary or proposed regulations thereunder or any administrative or judicial interpretation thereof in effect on the date of such adjustment (a "Section 467 Agreement") (it being understood that any such adjustment shall not be treated as causing the Lease to be a Section 467 Agreement to the extent the Lease would have been a Section 467 Agreement if no such adjustment to Basic Rent had occurred).

(d) Supplemental Rent. Lessee shall pay (or cause to be paid)

promptly to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent constituting Stipulated Loss Value, Termination Value, EBO Price and Special Termination Values as the same shall become due and owing and all other amounts of Supplemental Rent within five Business Days after demand or on such date, or within such other relevant period, as may be provided in any Operative Document, and in the event of any failure on the part of Lessee to pay any Supplemental Rent when due, Lessor shall have all rights, powers and remedies provided for herein or in any other Operative Document or by law or equity or otherwise in the case of nonpayment of Basic Rent. Lessee shall also pay on behalf of Lessor as Supplemental Rent an amount equal to any amount payable by Lessor as Premium as and when any such Premium shall be due and payable; provided, however, that Lessee shall have no obligation to pay on behalf of Lessor any Premium payable under Section 6.01 or 6.02 of the Trust Indenture due to the occurrence of an "Event of Default" (as defined in the Trust Indenture) which does not constitute an Event of Default hereunder. Lessee also will pay to Lessor, or on behalf of Lessor to whomsoever shall be entitled thereto, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Past Due Rate with respect to any part of any installment of Basic Rent not paid prior to 11:00 a.m., New York City time, on the date when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid prior to 11:00 a.m., New York City time, on the date when due for the period until the same shall be paid.

(e) Payments in General. All payments of Rent other than Excluded

Payments payable to Lessor shall be made directly by Lessee by wire transfer of immediately available funds prior to 11:00 a.m., New York time, on the date of payment in Dollars, to Lessor at its office at 225 Franklin Street, Boston, Massachusetts 02110, Attention: _____ (or such other office of Lessor in the continental United States or such other account as Lessor shall direct in a notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due); provided, that so long as the Trust Indenture shall not

have been fully discharged, Lessor hereby directs and Lessee agrees, that all Basic Rent shall be paid directly to the Indenture Trustee at the times and in funds specified in this Section 3(e) at the offices of the Indenture Trustee at Two International Place, Boston, MA 02110, Attention: Corporate Trust Department (or such other office of Indenture Trustee in the continental United States or such other account as Indenture Trustee shall direct in a notice to Lessee at least 10 Business Days prior to the date such payment of Basic Rent is due). Excluded Payments shall be paid in Dollars in immediately available funds to the Person to whom payable at the address of such Person specified in Schedule I of the Participation Agreement.

Notwithstanding anything to the contrary contained herein, if any date on which a payment of Rent becomes due and payable is not a Business Day then such payment shall be made on the next succeeding Business Day and no interest shall accrue on the amount of such payment, if such payment is made on such next succeeding Business Day.

(f) [Intentionally Reserved for Potential Future Use].

(g) Prepayments of Certain Rent Payments. Lessor agrees to pay, on

behalf of the Owner Participant, to the Indenture Trustee for the account of the Certificate Holders on the Commencement Date an amount equal to the Excess Amount. To the extent, if any, that there shall not have been received by the Indenture Trustee at the account of the Indenture Trustee referred to in Section 3(e) by 11:00 a.m., New York City time, on the Commencement Date from Lessor, an amount equal to the Excess Amount payable for such date, Lessee shall advance to Lessor, as Prepaid Rent, by paying to the Indenture Trustee on behalf of Lessor on the Commencement Date an amount equal to the Excess Amount not so paid (such amount being herein called "Prepaid Rent"); provided that Lessee will also pay to the Indenture Trustee, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Debt Rate on any Prepaid Rent not paid when due for any period for which the same shall be overdue. Lessor agrees to reimburse Lessee in the manner and subject to the conditions provided in the following sentence for (x) the Prepaid Rent so paid by Lessee determined as of the date such payment was made, plus (y) the Supplemental Rent so paid by Lessee pursuant to this Section 3(g), plus (z) accrued interest on the unreimbursed portion thereof at a rate per annum equal to the greater of the Base Rate plus 2% or the Debt Rate plus 2% from the date such amount is paid by Lessee to but not including the date of each such reimbursement (such amounts to be reimbursed being herein called the "Reimbursement Amount"). So long as no Default or Event of Default has occurred and is

continuing, Lessee may with written notice to the Owner Participant and Indenture Trustee offset (without duplication) against each succeeding payment (other than as limited by the proviso to this sentence) due from Lessee to Lessor in respect of Basic Rent, Stipulated Loss Value, Termination Value or any other amount due hereunder to Lessor, until Lessee has been fully reimbursed for the Reimbursement Amount; provided, however, that in the case of any payment due from Lessee which is distributable under the terms of the Trust Indenture, Lessee's right of offset shall be limited to amounts distributable to Lessor or the Owner Participant thereunder. No such offset or aggregate combined effect of separate offsets shall reduce the amount of any installment of Basic Rent to an amount insufficient, together with all other amounts payable simultaneously by Lessee, to pay in full the payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding.

SECTION 4. Lessor's Representations and Warranties. LESSOR LEASES

AND LESSEE TAKES THE AIRCRAFT "AS-IS, WHERE-IS." LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN LESSOR, ANY PARTICIPANT, THE INDENTURE TRUSTEE, AND LESSEE (A) THE AIRFRAME AND EACH ENGINE IS OF SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO LESSEE, (B) LESSEE IS SATISFIED THAT THE AIRFRAME AND EACH ENGINE IS SUITABLE FOR ITS PURPOSES, (C) NEITHER LESSOR NOR OWNER PARTICIPANT IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, AND (D) NEITHER LESSOR, IN ITS INDIVIDUAL CAPACITY OR AS OWNER TRUSTEE, THE INDENTURE TRUSTEE NOR THE OWNER PARTICIPANT MAKES, HAS MADE OR SHALL BE DEEMED TO HAVE MADE, AND EACH WILL BE DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, CONDITION, DESIGN, OPERATION, VALUE, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, except as set forth in Sections 8(f)(vi) and 8(p)(ii) of the Participation Agreement as to Lessor Liens and except that State Street Bank and Trust Company, in its individual capacity, (i) represents and warrants that on the Delivery Date, Lessor shall have received whatever title to the Aircraft was conveyed to it by Lessee, (ii) represents and warrants that on the Delivery Date the Aircraft shall be free of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to it in its individual capacity, (iii) covenants that it will not, through its own actions or inactions, in such capacity, interfere in Lessee's or any

Sublessee's quiet enjoyment, use, operation or possession of the Aircraft unless this Lease shall have been declared in default pursuant to Section 15 hereof, (iv) agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it in its individual capacity on or with respect to the Airframe or any Engine or any portion of the Trust Estate and (v) represents and warrants that it is a Citizen of the United States and agrees that if at any time it shall cease to be a Citizen of the United States, it will promptly resign as Owner Trustee (if and so long as such citizenship is necessary under the Federal Aviation Act as in effect at such time or, if it is not necessary, if and so long as the Owner Trustee's citizenship would have any adverse effect on the Owner Participant, the Certificate Holders or Lessee), effective upon the appointment of a successor Owner Trustee in accordance with the provisions of the Trust Agreement. None of the provisions of this Section 4 or any other provision of this Agreement shall be deemed to amend, modify or otherwise affect the representations, warranties or other obligations (express or implied) of the Manufacturer, any subcontractor or supplier of the Manufacturer with respect to the Airframe, Engines, or any Parts, or to release the Manufacturer, or any such subcontractor or supplier from any such representation, warranty or obligation. Unless a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing, Lessor agrees to make available to Lessee such rights as Lessor may have under any warranty with respect to the Aircraft made by the Manufacturer or any of its subcontractors or suppliers and any other claims against the Manufacturer or any such subcontractor or supplier with respect to the Aircraft, all pursuant to and in accordance with the terms of the Owner Trustee's Purchase Agreement.

SECTION 5. Return of the Aircraft. (a) Condition Upon Return.

Unless purchased by Lessee pursuant to Section 19(b) hereof, upon the termination of this Lease at the end of the Basic Term or any Renewal Term or pursuant to Section 9(b) or 15 hereof, Lessee will at its expense return the Aircraft to Lessor at Lessee's maintenance base located at San Francisco International Airport (or any principal maintenance base established by Lessee in the continental United States subsequent to the date hereof), provided that upon the request of the Lessor given to Lessee at least ten (10) days prior to the date of such return, Lessee shall return the Airframe to Lessor at a location on Lessee's route system in the continental United States selected by Lessor, provided that such location is served on a normal basis by Boeing Model 777-222 aircraft operated by Lessee, and Lessor shall reimburse Lessee on a net after-tax basis for Lessee's out-of-pocket Expenses (including for this purpose salary costs for Lessee's personnel) resulting from Lessee's

return of the Aircraft to such alternate return location to the extent such out-of-pocket Expenses exceed the out-of-pocket Expenses (including, for this purpose, salary costs for Lessee's personnel) Lessee would have incurred in returning the Aircraft to its principal maintenance base at San Francisco International Airport, provided, further, however, that if Lessor shall have made the request for storage pursuant to Section 5(d) hereof, Lessee shall at its expense return the Aircraft at the site of storage. At the time of such return, (A) Lessee will, at its own cost and expense, unless otherwise requested by Lessor to retain the existing registration of the Aircraft, cause the Aircraft, if it is not then so registered, to be registered under the laws of the United States with the FAA in the name of Lessor or its designee, provided that Lessee shall be relieved of its obligations under this sentence if such registration is prohibited by reason of the failure of Lessor, the Owner Participant or Lessor's designee to be eligible on such date to own an aircraft registered with the Federal Aviation Administration, and (B) subject to Section 5(e) hereof, the Airframe will be fully equipped with the Engines (or Acceptable Alternate Engines) installed thereon. Also, at the time of such return, Lessor shall have good title to such Airframe and Engines or Acceptable Alternate Engines, and such Airframe and Engines or Acceptable Alternate Engines (i) shall be certified (or, if not then registered under the Federal Aviation Act by reason of the proviso to clause (A) in the preceding sentence or because Lessor has so requested that the Aircraft not be so registered, shall hold a valid certificate of airworthiness issued by the country of registry and be eligible for certification by the FAA) as an airworthy aircraft by the Federal Aviation Administration, (ii) shall be free and clear of all Liens (other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) and rights of third parties under pooling, interchange, overhaul, repair or other similar agreements or arrangements, (iii) shall be in a regular passenger configuration, and in as good a condition as when delivered by Lessee to Lessor, ordinary wear and tear excepted and otherwise in the condition required to be maintained under the Lease and under Lessee's FAA-approved maintenance plan (notwithstanding any Sublease theretofore in effect) and shall be in compliance with all mandatory environmental, noise, air pollution and other standards prescribed by the federal government of the United States and applicable to the Aircraft including, without limitation, standards relating to corrosion and structural integrity and all other applicable manufacturer's mandatory service bulletins (except for standards, laws, regulations, directives and bulletins that permit compliance at a later time and would not, in the normal course of Lessee's maintenance plan, be complied with by the date of return without discriminating on the basis of the status of the Aircraft as a

leased aircraft), (iv) in the event that Lessee shall not then be using a continuous maintenance program with respect to the Airframe immediately prior to such return but instead shall have been using a block overhaul program with respect to the Airframe, then (A) such block overhaul program shall have been approved by the government of registry of the Aircraft and (B) the Airframe shall have remaining until the next scheduled block overhaul at least 25% of the allowable hours between block overhauls permitted under the block overhaul program then used by Lessee, (v) in the event that Lessee during the period of operation of the Aircraft immediately prior to such return shall not have been using an on-condition maintenance program with respect to the Engines (or Acceptable Alternate Engines), Lessee agrees that the average number of hours or cycles of operation (whichever shall be applicable under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines)) on such Engines (or Acceptable Alternate Engines) remaining until the next scheduled engine heavy maintenance shall be at least 25% of the hours or cycles (whichever shall be applicable) between engine heavy maintenance allowed under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines), (vi) shall have all Lessee's and any Sublessee's exterior marking removed or painted over with areas thereof refinished to match adjacent areas, and (vii) shall be in a state of cleanliness suitable under Lessee's normal service standards for operation in Lessee's revenue passenger service and in all such cases the Aircraft shall not have been discriminated against whether by reason of its leased status or otherwise in maintenance, use, operation or in any other manner whatsoever.

In addition, the following conditions shall be complied with at the time of the return of the Aircraft: (i) Lessee shall deliver to Lessor any "no cost" modification kits designated for the Aircraft that Lessee has in its possession and that have not been incorporated at the time of the return of the Aircraft, (ii) Lessor may purchase from Lessee at Lessee's cost any service bulletin kits purchased or manufactured by Lessee for the Aircraft (provided that Lessee shall not be obligated to sell to Lessor any service bulletin kit manufactured by Lessee to the extent Lessee, in its reasonable judgment, considers the same proprietary) and (iii) without limiting the obligations of the Lessee set forth in the preceding paragraph, in the event the FAA shall issue any directive which requires termination thereof prior to the return date, then such directive shall be terminated prior to the return date, and if Lessee shall have not been required to terminate such directive in the normal course of its operations without discriminating against the Aircraft by reason of its leased status or otherwise prior to the return of the Aircraft but such directive must be terminated on or before six

months following such return, then Lessee shall, at the sole cost and expense of Lessor, comply with such directive but only if (x) at least 540 days prior to the return of the Aircraft Lessee receives from Lessor a written request to comply with such directive at Lessor's sole cost and expense (determined on the basis of what a third party would charge for comparable services) and (y) after receipt by Lessee of such request, the Aircraft is subject to a maintenance check of the type at which such modification is made, in accordance with Lessee's general maintenance program, and Lessee has, or can obtain using commercial reasonable efforts taking into account the 540 day prior notice received by Lessee, the personnel, parts, facilities and other resources available to accomplish the modification and the modification can be made without materially disrupting the operations of Lessee's maintenance facility or Lessee's operations.

For purposes of this Section 5(a), any maintenance program used by Lessee for airframes (including the Airframe) substantially similar to the maintenance program described in the excerpts from ["United Air Lines 777 Maintenance Program"] furnished to Lessor and the Owner Participant prior to the Delivery Date (a copy of which was attached to the certificate of the Assistant Secretary of the Lessee delivered pursuant to Section 4(a)(vii)(6) of the Participation Agreement) shall be considered a continuous maintenance program (and not a block maintenance program) and any engine maintenance program used by Lessee for engines (including the Engines) substantially similar to the maintenance program described in "United Air Lines 777 Maintenance Program" shall be considered an on-condition maintenance program.

In the event that the provisions of the preceding paragraph are inapplicable and upon a return of the Aircraft pursuant to this Section 5, Lessee and Lessor cannot agree as to whether Lessee, during the period of operation of the Aircraft immediately prior to such return, shall have been using a continuous maintenance program or a block overhaul program with respect to the Airframe (including, without limitation, a dispute as to whether Lessee's program is substantially similar to the program described in the excerpts to the ["United Air Lines 777 Maintenance Program"] furnished to Lessor as set forth in the preceding paragraph), then Lessee and Lessor shall mutually appoint an independent third party, satisfactory to both Lessee and Lessor, who shall make such a determination, which determination shall be conclusive and final. Lessee will provide, on a confidential basis, such independent third party with the maintenance program and records applicable to the Aircraft necessary to make such determination. The fee of such third party shall be paid equally by Lessor and Lessee.

If clause (iv) of the first paragraph of this Section 5(a) shall be applicable but the Airframe does not meet the conditions specified in said clause (iv), Lessee shall pay or cause to be paid to Lessor, concurrently with the return thereof, a Dollar amount computed by multiplying (i) the fair market cost of obtaining an airframe block overhaul of the type referred to in such clause (iv) at a location in the United States that has been approved by the FAA for such work by (ii) a fraction of which (x) the numerator shall be the excess of 25% of the hours of operation allowable between such block overhauls over the actual number of hours of operation remaining on the Airframe to the next such block overhaul and (y) the denominator shall be the number of hours of operation allowable between such block overhauls in accordance with such block overhaul program.

If clause (v) of the first paragraph of this Section 5(a) shall be applicable but the Engines (or Acceptable Alternate Engines) do not meet the conditions specified in said clause (v), Lessee shall pay or cause to be paid to Lessor, concurrently with the return thereof, a Dollar amount computed by multiplying (i) the fair market cost of obtaining the scheduled engine heavy maintenance under the maintenance program then used by Lessee for engines of the same model as the Engines (or Acceptable Alternate Engines) at a location in the United States that has been approved by the FAA for such work by (ii) a fraction which (x) the numerator shall be the excess of 25% of the hours or cycles (whichever is applicable) of operation of one Engine between engine heavy maintenance allowable under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines) over the actual average number of hours or cycles of operation of such Engines (or Acceptable Alternate Engines) remaining until the next such scheduled engine heavy maintenance and (y) the denominator shall be the number of hours or cycles allowable between such scheduled engine heavy maintenance.

During the last six months of the Term (unless Lessee shall have irrevocably elected to purchase the Aircraft or renew this Lease in accordance with the terms of this Lease), with reasonable notice, Lessee will cooperate, and cause any Sublessee to cooperate, at Lessor's sole cost, in all reasonable respects with the efforts of Lessor to sell or lease the Aircraft, including, without limitation, permitting prospective purchasers or lessees to inspect the Aircraft, any maintenance records relating to the Aircraft then required to be retained by the FAA or by the comparable government agency of the country in which the Aircraft is registered, all in accordance with Section 12 hereof, provided that any such cooperation shall not interfere with the normal operation or maintenance of the Aircraft by, or the business of, Lessee or any Sublessee.

(b) Return of Other Engines. In the event that an Acceptable

Alternate Engine shall be delivered with the returned Airframe as set forth in paragraph (a) of this Section 5, Lessee, concurrently with such delivery, will, at no cost to Lessor, furnish, or cause to be furnished, to Lessor a full warranty (as to title) bill of sale with respect to each such Acceptable Alternate Engine, in form and substance reasonably satisfactory to Lessor (together with an opinion of counsel (which may be Lessee's General Counsel) to the effect that such full warranty bill of sale has been duly authorized and delivered and is enforceable in accordance with its terms and that each such Acceptable Alternate Engine is free and clear of all Liens other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) and will, to the extent applicable, comply with the provisions of Section 9(d) as if Lessee had irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to the Engine in replacement for which such Acceptable Alternate Engine is being delivered and Lessor will provide a bill of sale, at Lessee's expense, evidencing the transfer, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) by Lessor to Lessee or its designee of all of Lessor's right, title and interest in and to any Engine not installed on the Airframe at the time of the return of the Airframe.

(c) Fuel and Manuals. Upon the return of the Airframe upon any

termination of this Lease in accordance with paragraph (a) of this Section 5, (i) Lessee shall invoice Lessor, and Lessor shall pay to Lessee the amount of Lessee's cost for any fuel or oil contained in the fuel or oil tanks on the Airframe, and (ii) Lessee shall deliver or cause to be delivered to Lessor all logs, manuals and data and inspection, modification and overhaul records in the English language (or an English translation of the same), (A) required to be maintained with respect to the Airframe, the Engines or any part thereof in accordance with Section 7(a) hereof, (B) created since the Airframe's or Engine's or Acceptable Alternate Engine's (whichever is applicable) last heavy maintenance visit and (C) required to lawfully operate the Aircraft in the United States under a United States Certificate of Airworthiness without performing additional maintenance.

(d) Storage Upon Return. If, at any time at least 30 days prior to

the end of the Basic Term or any Renewal Term or pursuant to Section 9(c) or Section 15, Lessee receives from Lessor a written request for storage of the Aircraft upon its return hereunder, Lessee will provide Lessor, or cause Lessor to be provided, with storage facilities for the Aircraft (at

Lessor's risk and at Lessor's cost for insurance, maintenance and Lessee's reasonable out-of-pocket expenses other than storage fees) for a period not exceeding forty-five (45) days (and upon prior written notice from Lessor to Lessee given at least 10 days prior to the end of such 45 day period, at Lessor's risk and at Lessor's cost for insurance, maintenance and Lessee's reasonable out-of-pocket expenses including storage fees, for an additional period not exceeding 45 days) commencing on the date of such termination, at a location in the forty-eight contiguous states of the United States selected by Lessee and used as a location for the storage of aircraft. Lessee shall, at Lessor's written request, maintain insurance (if available) for the Aircraft during such period and shall be reimbursed by Lessor for the premiums thereon.

(e) Purchase of Engine. In the event that Lessee shall have paid the

Stipulated Loss Value for any Engine pursuant to Section 10(b) hereof and all other amounts due and owing under said Section 10(b), then, notwithstanding anything contained in this Section 5, Lessee shall, subject to the proviso below, be under no obligation to return any engine installed on the Airframe in replacement for such Engine to Lessor upon the termination of this Lease; provided, however, that in such event Lessor shall have the right upon termination of this Lease (unless Lessee shall have exercised any of its options to purchase the Aircraft pursuant to Section 19), at its sole option, to purchase from Lessee an engine or engines suitable for use on the Airframe and compatible with the other Engine (if any) or the other engine purchased under this Section 5(e) for such engine's then Fair Market Sales Value and any such engine shall be installed at no cost to Lessor on the Airframe on the return thereof.

(f) Severable Parts. At any time after Lessee has advised Lessor that

it has determined not to renew this Lease or purchase the Aircraft, or the Aircraft is otherwise to be returned to Lessor, Lessee shall, at Lessor's request, advise Lessor of the nature and condition of all severable Parts owned by Lessee which have been used by Lessee during the prior six months and which Lessee has or intends to remove from the Aircraft as permitted by Section 8 hereof. Lessor may, at its option, upon 30 days written notice to Lessee, purchase any or all of such Parts from Lessee upon the expiration of the Term at their then fair market value.

(g) Special Redelivery Provision. Not less than 30 days prior to (A)

the date of redelivery of the Aircraft by Lessee to Lessor in accordance with this Section 5, (B) the date of redelivery to Lessor or a purchaser pursuant to Section 9(c) or Section 15 hereof, or (C) a purchase of the Aircraft by Lessee

pursuant to Section 19(b), Lessor may provide Lessee with a proposal regarding the arranging of delivery of the Aircraft so as to enable Lessor to realize "foreign trade income" (as defined in Section 923(b) of the Code or any successor provision thereto) from the sale or re-lease of the Aircraft, and Lessee shall (i) arrange delivery at Lessor's cost (unless the delivery site is as provided in Section 5(a) hereof) either inside or outside the United States, as specified in Lessor's proposal, and (ii) otherwise comply with such proposal to the extent Lessee can do so without incurring any cost, expense or liability not indemnified against by Lessor in a manner in form and substance reasonably satisfactory to Lessee.

SECTION 6. Liens. Lessee will not directly or indirectly create,

incur, assume or suffer to exist any Lien on or with respect to the Aircraft, title thereto or any interest therein or in this Lease, except (i) the respective rights of Lessor as owner of the Aircraft and Lessee as herein provided (including any Sublease permitted pursuant to Section 7(b)), the Lien of the Trust Indenture, and any other rights existing pursuant to the Operative Documents, (ii) Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), (iii) Liens for Taxes of Lessee (or any Sublessee) either not yet due or being contested in good faith by appropriate proceeding so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest thereon, (iv) materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of Lessee's or any Sublessee's business securing obligations that are not overdue for a period of more than 30 days or are being contested in good faith by appropriate proceedings so long as during such 30 day period there is not, or such proceedings do not involve, any material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein, (v) Liens arising out of any judgment or award against Lessee (or any Sublessee), unless there exists a material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein or unless the judgment secured shall not, within 45 days after the entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal or shall not have been discharged, vacated or reversed within 45 days after the expiration of such stay, and (vi) any other Lien with respect to which Lessee (or any Sublessee) shall have provided a bond or other security in an amount and under terms reasonably satisfactory to Lessor. Lessee will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary duly to discharge any such Lien not excepted above if the same shall arise at any time.

SECTION 7. Registration, Maintenance and Operation; Possession and

Subleases; Insignia. (a) (1) Registration and Maintenance. Lessee, at its

own cost and expense, shall (or shall cause any Sublessee to): (i) upon delivery of the Aircraft, cause the Aircraft to be duly registered in the name of Lessor, and, subject to subparagraph (3) of this Section 7(a), to remain duly registered in the name of Lessor under the Federal Aviation Act (except to the extent that such registration cannot be effected because of Lessor's or the Owner Participant's failure to comply with the citizenship requirements for registration of aircraft under such Act), provided that Lessor and the Owner Participant shall execute and deliver all such documents as Lessee (or any Sublessee) may reasonably request for the purpose of effecting and continuing such registration, and Lessee shall cause the Trust Indenture to be duly recorded and maintained of record as a first mortgage on the Aircraft; (ii) maintain, service, repair, and overhaul (or cause to be maintained, serviced, repaired, and overhauled) the Aircraft (and any engine which is not an Engine but which is installed on the Aircraft) (x) so as (p) at all times to keep the Aircraft in as good an operating condition as when delivered by Manufacturer to Lessee, ordinary wear and tear excepted, and (q) to keep the Aircraft in such condition as may be necessary to enable the airworthiness certification for the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage in accordance with applicable regulations) under (I) the Federal Aviation Act, except when all of Lessee's Boeing Model 777-222 aircraft (powered by engines of the same type as those with which the Airframe shall be equipped at the time of such grounding) registered in the United States have been grounded by the FAA unless such grounding was caused by the failure of Lessee to maintain, service, repair or overhaul the Aircraft in accordance with this Lease, or (II) the applicable laws of any other jurisdiction in which the Aircraft may then be registered from time to time, except when all of Lessee's Boeing Model 777-222 aircraft (powered by engines of the same type as those with which the Airframe shall be equipped at the time of such grounding) registered in such jurisdiction have been grounded by the aeronautical authority of such jurisdiction unless such grounding was caused by the failure of Lessee to maintain, service, repair or overhaul the Aircraft in accordance with this Lease and (y) in substantially the same manner as Lessee (or any Sublessee) maintains, services, repairs or overhauls similar aircraft operated by Lessee (or such Sublessee) in similar circumstances and without in any way discriminating against the Aircraft, whether by reason of its leased status or otherwise, including, without limitation, in regard to the termination of airworthiness directives; or such other manner as shall have been approved in writing by the Owner Participant; (iii) maintain or cause to be maintained in the English language

(or with appropriate English translation) all records, logs and other materials required to be maintained in respect of the Aircraft by the FAA or the applicable regulatory agency or body of any other jurisdiction in which the Aircraft may then be registered (which records, logs and other materials, as between Lessor and Lessee and all parties claiming through Lessee, shall be the property of Lessor but shall be maintained by Lessee during the Term of this Lease and shall become the property of Lessee upon Lessee's purchase of the Aircraft pursuant to the terms of this Lease or upon the occurrence of an Event of Loss and Lessee's compliance with Section 10); and (iv) promptly furnish or cause to be furnished to Lessor or the Owner Participant such information as may be reasonably required to enable Lessor or the Owner Participant to file any reports required to be filed by Lessor or the Owner Participant with any governmental authority because of Lessor's ownership of the Aircraft.

(2) Operation. Lessee will not (or permit any Sublessee to) maintain,

use, service, repair, overhaul or operate the Aircraft in violation of any law or any rule, regulation, treaty, order or certificate of any government or governmental authority (domestic or foreign) having jurisdiction, or in violation of any airworthiness certificate, license or registration relating to the Aircraft issued by any such authority, except that, after Lessee shall have provided Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee with a certificate of its President, any Vice President, the Treasurer or any Assistant Treasurer stating all relevant facts pertaining thereto, Lessee or any Sublessee may contest in good faith the validity or application of any such law, rule, regulation, order, certificate, license, registration or violation in any reasonable manner which does not jeopardize the right, title and interest of the Lessor or the Owner Participant in and to the Airframe and/or the Engines or otherwise materially adversely affect Lessor, the Indenture Trustee or the Owner Participant but only so long as such proceedings do not involve any risk of criminal liability or any unindemnified material risk of civil liability to Lessor or the Owner Participant for which the Lessee is not then willing to indemnify Lessor or the Owner Participant in a manner reasonably satisfactory to such Person. If the indemnities or insurance specified in Section 11(f), or some combination thereof in amounts equal to amounts required by Section 11(f), have not been obtained, Lessee will not operate the Aircraft, or permit any Sublessee to operate the Aircraft, in or to any area excluded from coverage by any insurance required to be maintained by the terms of Section 11, provided, however, that the failure of Lessee to comply with the provisions of this sentence shall not give rise to an Event of Default hereunder where such failure is

attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other isolated extraordinary event beyond the control of Lessee and Lessee is taking all reasonable steps to remedy such failure as soon as is reasonably practicable.

(3) Reregistration. At any time after the Restricted Period, Lessor

shall, at the request and sole expense of Lessee, cooperate with Lessee and take all actions required to change the country of registration of the Aircraft in compliance with and subject to the terms and conditions of Section 8(e) of the Participation Agreement.

(4) Operating Certificates. Lessor hereby authorizes Lessee, at

Lessee's sole cost, expense and risk, to act as its agent for the purpose (but only for the purpose) of obtaining any required replacement operating certificates from the FAA; provided, however, that in the event that Lessee shall have received from Lessor written notice that an Event of Default shall have occurred and be continuing, this authority shall not apply for a period from the date of receipt of such notice to such time as such Event of Default shall have been cured by Lessee or waived by Lessor. This authority includes (without expanding in any way the nature of the limited authority granted pursuant to the first sentence of this Section 7(a)(4)), but is not limited to, obtaining registration certificates, airworthiness certificates, certificates of sanitary construction and ferry permits. In particular, this authority includes the ability to make use of Exemption No. 5318 issued by the FAA. This authority will allow duly authorized personnel of Lessee to sign any application forms required in the process of obtaining such operating certificates, and this authority will also allow such personnel, where necessary and appropriate, to sign certificates as the attorney-in-fact for Lessor. Lessee hereby agrees that it will promptly notify Lessor of any action that it has taken in accordance with this Section 7(a)(4) as agent for the Lessor. Nothing in this Section 7(a)(4) shall permit the Lessee to change the country of registry of the Aircraft except as provided in Section 7(a)(3) above.

(b) Possession and Subleases. Lessee will not, without the prior

written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or install or permit any Engine to be installed on any airframe other than the Airframe; provided that, so long as no Section 14(a), (b), (f) or (g) Default or, in the case of paragraph (viii) of this Section 7(b), no Section 14(d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof) Default, or any Event of Default shall have occurred and be

continuing at the time of such sublease, delivery, transfer or relinquishment of possession or installation, and so long as the action to be taken shall not deprive the Indenture Trustee of the Lien of the Trust Indenture on the Airframe or any Engine and Lessee and any Sublessee shall continue to comply with the provisions of Sections 7(a) and 11, Lessee may, without the prior written consent of Lessor:

(i) subject the Airframe and the Engines or engines then installed thereon to normal interchange agreements or any Engine to normal pooling or similar arrangements, in each case customary in the airline industry and entered into by Lessee (or any Sublessee) in the ordinary course of its business and, in the case of the Airframe, (x) with a U.S. Air Carrier not in bankruptcy or a Permitted Sublessee or (y) any other air carrier approved by Lessor; provided, that (A) no such agreement or arrangement contemplates or requires the transfer of title to the Airframe, and (B) if Lessor's title to any Engine shall be divested under any such agreement or arrangement, Lessee shall be deemed to have irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to such Engine on the Business Day next following the 44th day following such divestiture and Lessee shall (or shall cause any Sublessee to) comply with Section 9(d) hereof in respect thereof;

(ii) deliver possession of the Airframe or any Engine to the manufacturer thereof or to any other Person for testing, service, repair, maintenance or overhaul work on the Airframe or Engine or any Part of any thereof or for alterations or modifications in or additions to such Airframe or Engine to the extent required or permitted by the terms of Section 8(c) hereof;

(iii) install an Engine on an airframe owned by Lessee (or any Sublessee) which airframe is free and clear of all Liens, except: (A) Permitted Liens and those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety), (B) the rights of third parties under interchange agreements which would be permitted under clause (i) above, provided that Lessor's title to such Engine shall not be divested as a result thereof and (C) mortgage Liens or other security interests, provided, that (as regards this clause (C)), such mortgage Liens or other security interests effectively provide that such Engine shall not become subject to the

lien of such mortgage or security interest, notwithstanding the installation thereof on such airframe;

(iv) install an Engine on an airframe leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement, provided that (x) such airframe is free and clear of all Liens, except: (A) the rights of the parties to the lease or conditional sale or other security agreement covering such airframe, or their assignees, and (B) Liens of the type permitted by subparagraph (iii) of this paragraph (b) and (y) such lease, conditional sale or other security agreement effectively provides that such Engine shall not become subject to the lien of such lease, conditional sale or other security agreement, notwithstanding the installation thereof on such airframe;

(v) install an Engine on an airframe owned by Lessee (or any Sublessee), leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement under circumstances where neither subparagraph (iii) nor subparagraph (iv) of this paragraph (b) is applicable, provided that in the event of such installation, Lessee shall be deemed to have irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to such Engine on the Business Day next following the 44th day following such installation and Lessee shall (or shall cause any Sublessee to) comply with Section 9(d) hereof in respect thereof, Lessor not intending hereby to waive any right or interest it may have to or in such Engine under applicable law until compliance by Lessee with such Section 9(d);

(vi) transfer (or permit any Sublessee to transfer) possession of the Airframe or any Engine to the United States of America or any instrumentality or agency thereof pursuant to the Civil Reserve Air Fleet Program for a period, including all permissible renewal periods (so long as such renewal options have been irrevocably exercised by Lessee), that does not extend beyond the end of the Term so long as Lessee (or any Sublessee) shall promptly notify Lessor (x) upon transferring possession of the Airframe or any Engine to the United States of America or any agency or instrumentality thereof pursuant to the Civil Reserve Air Fleet Program and (y) of the name and the address of the Contracting Office Representative for the Military Airlift Command of the United States Air Force to whom notice must be given pursuant to Section 15 hereof;

(vii) transfer possession of the Airframe or any Engine to the United States of America or any instrumentality or agency thereof pursuant to a contract, a copy of which shall be provided to Lessor provided that the term of such contract, including all permissible renewal periods (so long as such renewal options have been irrevocably exercised by Lessee), shall not continue beyond the end of the Term; or

(viii) So long as the Sublessee is not subject to a proceeding or final order under applicable bankruptcy, insolvency or reorganization laws on the date the Sublease is entered into, Lessee may, at any time, enter into a sublease with (1) a U.S. Air Carrier, (2) after the Restricted Period any Permitted Sublessee, provided that in the event such Permitted Sublessee is domiciled in a country listed on Exhibit F hereto and designated therein as a "Restricted Country" such Sublessee shall be deemed a Permitted Sublessee only if its country of domicile at the time of such subleasing imposes and enforces aircraft maintenance standards not materially less stringent than those of the FAA or the central aviation authority of any of Canada, France, Germany, Japan or the United Kingdom, or (3) after the Restricted Period any other Person approved in writing by the Owner Participant, which approval shall not be unreasonably withheld if in regard to this subclause (3) (x) the proposed sublessee's country of domicile imposes maintenance standards not materially less stringent than those of the FAA or the central aviation authority of any of Canada, France, Japan, Germany, or the United Kingdom and (y) Lessor, Owner Participant and the Indenture Trustee receive an opinion of counsel reasonably acceptable to Lessor, in its individual capacity, and Owner Participant that the terms of the sublease and other Operative Documents will be valid in the country where Sublessee is domiciled; that no Participant is required to register to do business in the Sublessee's country of domicile; that there is no tort liability for owners not in possession that is more extensive than under United States law or any state law (it being understood that if such opinion cannot be given in a form reasonably satisfactory to the Owner Participant such opinion will be waived if insurance reasonably satisfactory to the Owner Participant and the Lessor, in its individual capacity, is provided at Lessee's expense to cover such risk); that fair compensation in a currency freely convertible into Dollars is mandated if there is a requisition of use or title of the Aircraft by the country in which the Sublessee is domiciled (it being understood that if such opinion cannot be given in a form reasonably satisfactory to the Owner Participant such opinion will be

waived if insurance reasonably satisfactory to the Owner Participant, is provided at Lessee's expense to cover such risk); that there exist no possessory rights in favor of the Sublessee which upon Lessee's bankruptcy or other Default hereunder (assuming the Sublessee is not then bankrupt) would prevent the return of the Aircraft in accordance with the terms hereof or inhibit the Lessor's rights therein; and as to such other matters as Lessor, in its individual capacity, and the Owner Participant may reasonably request, provided, however, (A) that no sublease, including all permissible renewal periods, shall extend beyond the Basic Term or any Renewal Term then in effect, unless Lessee shall have irrevocably committed to purchase the Aircraft or renew the Lease in accordance with the terms thereof at the end of the Basic Term or Renewal Term, as the case may be, to a date beyond the latest permissible expiration date of such sublease, (B) that, on the date of such sublease, the United States and the country in which sublessee is domiciled and principally located maintain diplomatic relations, (C) that on or prior to entering into such sublease, Lessee shall provide to the Lessor, the Owner Participant and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee assurances reasonably satisfactory to Lessor, in its individual capacity, and Owner Participant to the effect that the provisions of Section 11 hereof have been complied with after giving effect to such sublease and (D) that, in the case of a sublease to a sublessee described in (3) above, if the country of domicile of the proposed sublessee at the time of such subleasing has not unqualifiedly ratified the Geneva Convention for International Recognition of Rights in Aircraft, the Lessee shall provide Lessor to the Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee an opinion of counsel, which counsel and opinion shall be reasonably satisfactory to the Owner Participant, to the effect that the country in which such sublessee has its principal office and domicile would give effect to (i) the title of Lessor in and to the Aircraft, (ii) the registry of the Aircraft in the name of Lessor (or Lessee or Sublessee, as "lessee" or "sublessee" as appropriate) and (iii) the priority and validity of the Lien of the Trust Indenture.

The rights of any Sublessee or other transferee (other than a transferee where the transfer is of an Engine which is deemed a termination under Section 9(d)) shall be subject and subordinate to, all the terms of the Lease (and any Sublease shall expressly state that it is so subject and subordinate), including, without limitation, the covenants contained in Section 7(a) hereof, the inspection rights contained in

Section 12 hereof and Lessor's (and, so long as the Trust Indenture is in effect, the Indenture Trustee's (as Lessor's assignee)) rights to repossess the Aircraft and to void any Sublease upon such repossession, and Lessee shall remain primarily liable for the performance of all of the terms of the Lease, and the terms of any such Sublease shall not permit any Sublessee to take any action not permitted to be taken by Lessee in the Lease with respect to the Aircraft. No pooling agreement, Sublease or other relinquishment of possession of the Airframe or any Engine shall in any way discharge or diminish any of Lessee's obligations to Lessor under this Lease or constitute a waiver of Lessor's rights or remedies hereunder. Lessor agrees, for the benefit of Lessee (and any Sublessee) and for the benefit of any mortgagee or other holder of a security interest in any engine owned by Lessee (or any Sublessee), any lessor of any engine other than an Engine leased to Lessee (or any Sublessee) and any conditional vendor of any engine other than an Engine purchased by Lessee (or any Sublessee) subject to a conditional sale agreement or any other security agreement, that no interest shall be created under the Lease in any engine so owned, leased or purchased and that neither Lessor nor its successors or assigns will acquire or claim, as against Lessee (or any Sublessee) or any such mortgagee, lessor or conditional vendor or other holder of a security interest or any successor or assignee of any thereof, any right, title or interest in such engine as the result of such engine being installed on the Airframe; provided, however, that such agreement of Lessor shall not be for the benefit of any lessor or secured party of an airframe leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement or for the benefit of any mortgagee or any other holder of a security interest in an airframe owned by Lessee (or any Sublessee), on which airframe Lessee (or any Sublessee) then proposes to install an Engine, unless such lessor, conditional vendor, other secured party or mortgagee has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement or mortgage) that neither it nor its successors or assigns will acquire, as against Lessor, any right title or interest in an Engine as a result of such Engine being installed on such airframe. Lessee shall provide the Owner Participant and the Indenture Trustee (A) written notice (which notice shall be given (i) no later than thirty (30) days prior to entering into any Sublease with a term of more than one (1) year or (ii) at any time prior to (to the extent that the giving of prior notice is reasonably possible) or promptly after entering into any Sublease with a term of one (1) year or less) of any Sublease and (B) a copy of any Sublease which has a term of more than one (1) year.

Lessee shall assign any Sublease to Lessor as security for its obligations hereunder pursuant to an assignment instrument reasonably satisfactory to Lessor; provided, however, that any such assignment instrument shall provide that the assignment of the Sublease shall only be effective, without any further action, immediately upon the occurrence of a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default (and such effectiveness shall terminate upon the curing or waiver of the aforesaid Defaults or Events of Default). In addition, any Sublease entered into by Lessee shall provide that all payments due under such Sublease shall be paid by the Sublessee to Lessor during the continuance of a Section 14(a), 14(b), 14(f) or 14(g) Default or an Event of Default.

In the event that during the term of a Sublease the Aircraft shall have been maintained under a block-overhaul program, Lessee shall at its option either (i) cause the Aircraft to be returned to the Lessee by the Sublessee no later than three months prior to the end of the Term and Lessee shall upon such return incorporate the Aircraft into Lessee's continuous maintenance program for aircraft of the same make and model and in active commercial service or (ii) upon return of the Aircraft to Lessor pursuant to Section 5(a), Lessee shall comply with those return conditions set forth in such Section 5(a) applicable in the event Lessee had adopted a block-overhaul program.

Any Wet Lease or similar arrangement under which Lessee maintains operational control of the Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this section. Lessor acknowledges that any consolidation or merger of Lessee or conveyance, transfer or lease of all or substantially all of Lessee's assets permitted by the Operative Documents shall not be prohibited by this Section.

No Sublease permitted pursuant to this Section shall permit any further sub-subleasing of the Aircraft.

(c) Insignia. On or prior to the Delivery Date, or as soon thereafter

as practicable, Lessee agrees to affix and maintain (or cause to be affixed and maintained) in the cockpit of the Airframe adjacent to the registration certificate therein and on each Engine a nameplate bearing the inscription:

Leased From

State Street Bank and Trust Company, not in its individual capacity
but solely as Owner Trustee, Owner and Lessor

and, for so long as the Airframe and each Engine shall be subject to the Lien of the Trust Indenture, bearing the following additional inscription:

Mortgaged To

First Security Bank of Utah, National Association, as Indenture Trustee

(such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Lessor or successor Indenture Trustee, in each case as permitted under the Operative Documents).

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the Airframe or on any Engine as a designation that might be interpreted as a claim of ownership; provided, that nothing herein contained shall prohibit Lessee (or any Sublessee) from placing its customary colors and insignia on the Airframe or any Engine.

SECTION 8. Replacement and Pooling of Parts;

Alterations, Modifications and Additions.

(a) Replacement of Parts. Lessee, at its own cost and expense, will

promptly replace or cause to be replaced all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in Section 8(c). All replacement Parts shall be owned by Lessee free and clear of all Liens (except Permitted Liens, pooling arrangements permitted by Section 8(b) hereof and replacement Parts temporarily installed on an emergency basis) and shall be in as good operating condition as, and shall have a value and utility substantially equal to, the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. All Parts at any time removed from the Airframe or any Engine shall remain the property of Lessor, no matter where located, until such time as such Parts shall be replaced by Parts which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Airframe or any Engine, without further act (subject only to Permitted Liens and any pooling arrangement permitted by Section 8(b) hereof and except replacement Parts temporarily installed on an emergency basis), (i) title shall vest in and such replacement Part shall become the property of Lessor and shall become subject to this Lease and be deemed a Part for all purposes hereof to the same

extent as the Parts originally incorporated or installed in or attached to the Airframe or such Engine and (ii) the replaced Part shall no longer be the property of Lessor and shall no longer be deemed a Part hereunder.

(b) Pooling of Parts. Any Part removed from the Airframe or any

Engine as provided in Section 8(a) hereof may be subjected by Lessee (or any Sublessee) to a pooling arrangement of the type which is permitted by Section 7(b)(i) hereof; provided, that the Part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or Engine in accordance with Section 8(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or an Engine in accordance with such Sections may be owned by any third party subject to such a pooling arrangement, provided, that Lessee (or any Sublessee), at its expense, as promptly thereafter as practicable, and in any event within 90 days, either (i) causes such replacement Part to become the property of Lessor free and clear of all Liens other than Permitted Liens or (ii) replaces such replacement Part with a further replacement Part owned by Lessee (or any Sublessee) which shall become the property of Lessor, free and clear of all Liens other than Permitted Liens.

(c) Alterations, Modifications and Additions. Lessee, at its own

expense, will make (or cause to be made) such alterations and modifications in and additions to the Airframe and Engines as may be required from time to time to be made during the Term so as to comply with any law, rule, regulation or order of any regulatory agency or body of any jurisdiction in which the Aircraft may then be registered; provided, however, that, after Lessee shall have provided Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee, with a certificate of its President, any Vice President, the Treasurer or any Assistant Treasurer stating all relevant facts pertaining thereto, Lessee or any Sublessee may, in good faith, and by appropriate proceedings contest the validity or application of any such law, rule, regulation or order in any reasonable manner which does not jeopardize the right, title and interest of the Lessor or the Owner Participant in and to the Airframe and/or the Engines, or otherwise materially adversely affect Lessor, the Owner Participant or the Indenture Trustee but only so long as such proceedings do not involve any risk of criminal liability or any unindemnified material risk of civil liability to Lessor or the Owner Participant for which the Lessee is not then willing to indemnify Lessor or the Owner Participant in a manner reasonably satisfactory to such Person. In addition, Lessee (or any Sublessee), at its own expense, may from time to time make such

alterations and modifications in and additions to the Airframe or any Engine as Lessee (or any Sublessee) may deem desirable in the proper conduct of its business, including removal of Parts which Lessee (or any Sublessee) deems to be obsolete or no longer suitable or appropriate for use on the Airframe or such Engine (such parts, "Obsolete Parts"); provided that no such alteration, modification, removal or addition impairs the condition or airworthiness of the Airframe or such Engine, or decreases the value or the utility (or, in regard to the Airframe, remaining useful life) of the Airframe or such Engine below the value or utility (or, in regard to the Airframe, remaining useful life) thereof immediately prior to such alteration, modification, removal or addition assuming the Airframe or such Engine was then in the condition required to be maintained by the terms of this Lease. In addition, the value (but not the utility, condition, airworthiness or, in the case of the Airframe, remaining economic useful life) of the Airframe or any Engine may be reduced by the value, if any, of Obsolete Parts which shall have been removed so long as the aggregate original cost of all Obsolete Parts which shall have been removed and not replaced shall not exceed \$900,000. All Parts incorporated or installed in or attached or added to the Airframe or an Engine as the result of such alteration, modification or addition (except those parts which Lessee has leased from others and which may be removed by Lessee pursuant to the next sentence) (the "Additional Parts") shall, without further act, become the property of, and title to such Parts shall vest in, Lessor. Notwithstanding the foregoing sentence, Lessee (or any Sublessee), subject to Lessor's rights under Section 5(f) hereof, may, at its own expense, at any time during the Term, so long as no Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) or an Event of Default shall have occurred and be continuing, remove or suffer to be removed any Additional Part, provided that such Additional Part (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Airframe or any Engine at the time of delivery thereof hereunder or any Part in replacement of or substitution for any such Part, (ii) is not required to be incorporated or installed in or attached or added to the Airframe or any Engine pursuant to the terms of Section 7 hereof or the first sentence of this paragraph (c) and (iii) can be removed from the Airframe or such Engine without impairing the condition or airworthiness or diminishing the value or utility (or, in regard to the Airframe, remaining useful life) of the Airframe or such Engine which the Airframe or such Engine would have had at such time had such alteration, modification or addition not occurred. Upon the removal thereof as provided above, such Additional Part shall no longer be deemed the property of Lessor or part of the Airframe or Engine from which it was removed. Any

Additional Part not removed as above provided prior to the return of the Airframe or Engine to Lessor hereunder shall remain the property of Lessor.

SECTION 9. Early Termination.

(a) [Intentionally reserved for potential future use].

(b) Termination for Obsolescence/Surplus. So long as no Section

14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) Default or any Event of Default shall have occurred and be continuing, Lessee shall have the right to terminate this Lease on the third Business Day prior to any Lease Period Date occurring on or after the Restricted Period if Lessee shall have made a good faith determination, which shall be evidenced by a certificate of any financial officer of Lessee, who is the Treasurer or more senior officer, that the Aircraft is surplus to Lessee's requirements or economically obsolete to Lessee.

Lessee shall give to Lessor and Indenture Trustee at least one hundred and eighty (180) days revocable (except as provided below) advance written notice of Lessee's intention to so terminate this Lease (any such notice, a "Termination Notice") specifying (i) the date on which Lessee intends to terminate this Lease in accordance with this Section 9(b) (such specified date, a "Termination Date") and (ii) that Lessee has determined that the Aircraft is surplus to its requirements or economically obsolete to Lessee. Lessee shall exercise this option by arranging for the sale of the Aircraft pursuant to Section 9(c), provided, however, that Lessee may not withdraw its notice if Lessor has elected to retain the Aircraft pursuant to Section 9(c) or if the highest bid obtained by Lessee pursuant to Section 9(c) is greater than the then applicable Termination Value; provided, further, that if no sale of the Aircraft shall have occurred on or prior to the Termination Date and if Lessor shall not have elected to retain the Aircraft, Lessee's Termination Notice shall be deemed withdrawn. The Termination Notice shall become irrevocable twenty-five (25) days prior to the Termination Date.

(c) Sale of the Aircraft. In the event that Lessee shall have

proposed to terminate this Lease under Section 9(b), then during the period commencing with the date of the Termination Notice until the proposed Termination Date Lessee, as non-exclusive agent for Lessor and at no expense to Lessor, shall use reasonable efforts to obtain bids in Dollars for the purchase of the Aircraft and, in the event it receives any bid, Lessee shall, within five Business Days after receipt thereof and at least ten Business Days prior to the proposed Termination Date,

advise Lessor in writing of the amount and terms of such bid, and the name and address of the party or parties (who shall not be Lessee or any Affiliate of Lessee or any person with whom Lessee or any such Affiliate has an arrangement or understanding regarding the future use of the Aircraft by Lessee or any such Affiliate but who may be the Owner Participant, any Affiliate thereof or any person contacted by the Owner Participant) submitting such bid. After Lessee shall have advised Lessor of all bids received, the Owner Participant, any Affiliate thereof or any Person contacted by the Owner Participant may submit a further bid or bids to Lessee not later than five Business Days prior to the Termination Date proposed by Lessee (unless Lessee shall have revoked the Termination Notice specifying such proposed Termination Date). Subject to the next succeeding sentence, on or before the Termination Date, subject to the release of all mortgage and security interests with respect to the Aircraft under the Trust Indenture: (1) Lessee shall deliver the Aircraft, or cause the Aircraft to be delivered to the highest bidder as determined below, in the same manner and in the same condition and otherwise in accordance with all the terms of this Lease as if delivery were made to Lessor pursuant to Section 5, and Lessee shall duly transfer to Lessor title to any engine installed on the Airframe and not owned by Lessor, all in accordance with the terms of Section 5 (but subject to the provisions of Section 5(e) hereof), (2) Lessor shall comply with the terms of the Trust Indenture and shall, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), subject to prior or concurrent payment by Lessee of all amounts due under clause (3) of this sentence, sell the Aircraft for cash in Dollars to the entity, if any, which shall have submitted the highest bona fide bid (evaluated on a net

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cash basis) therefor, the total selling price realized at such sale to be retained by Lessor, and (3) Lessee shall simultaneously pay or cause to be paid to Lessor in the manner provided in Section 3(e), (A) if the proceeds of the sale of the Aircraft so sold, net of reasonable out-of-pocket costs and expenses incurred by Lessor and the Owner Participant in connection therewith, including, without limitation, applicable sales or transfer taxes and legal fees, are less than the Termination Value for the Aircraft computed as of the Redemption Date, the difference in Dollars, (B) all unpaid Basic Rent due on or prior to the applicable Redemption Date (other than Basic Rent payable in advance on the Redemption Date, if any) and all unpaid Supplemental Rent with respect to the Aircraft due on or prior to such Redemption Date, and (C) Premium, if any, due on the Loan Certificates and upon receiving all such payments referred to in clauses (2) and (3) above Lessor simultaneously will transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for

this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest in and to any Engines constituting part of the Aircraft which were not sold with the Aircraft. Notwithstanding the preceding sentence, Lessor may, if Lessee has not already revoked the Termination Notice, elect to retain title to the Aircraft. If Lessor so elects, Lessor shall give to Lessee written notice of such election at least ten Business Days prior to the Termination Date accompanied by an irrevocable undertaking by the Owner Participant to make available to Lessor for payment to the Indenture Trustee on the Termination Date the amount required to pay in full the unpaid Original Amount of the Loan Certificates outstanding on the applicable Redemption Date together with all other amounts due on such Redemption Date thereunder less amounts to be paid by Lessee as a result of the payment thereof as set forth in the second following sentence. Upon receipt of notice of such an election by Lessor and the accompanying undertaking by the Owner Participant, Lessee shall cease its efforts to obtain bids as provided above and shall reject all bids theretofore or thereafter received. On the Termination Date, Lessor shall (subject to the payment by Lessee of all Rent due on or prior to the Redemption Date as set forth below) pay in full the unpaid Original Amount of the Loan Certificates outstanding on the Redemption Date, plus interest accrued to, or to accrue thereon to but excluding the applicable Redemption Date, together with all other amounts due thereunder less any amounts to be paid by Lessee as a result of the payment thereof and, provided that the Loan Certificates are paid as aforesaid, Lessee shall deliver the Airframe and Engines or engines to Lessor in accordance with Section 5 and shall pay all Basic Rent due on or prior to the Redemption Date (other than Basic Rent payable in advance on the Redemption Date, if any) and all unpaid Supplemental Rent due on or prior to such Redemption Date, and Premium, if any, on the Loan Certificates. If no sale shall have occurred on the Termination Date for any reason (including, without limitation, by reason of Lessee's revocation of its Termination Notice) or Lessor has not, after making its election referred to above, made the payment contemplated by the preceding sentence and thereby caused this Lease to terminate, this Lease shall continue in full force and effect as to the Aircraft, Lessee shall be entitled to keep any deposits or other advances received from the proposed purchaser(s) of the Aircraft (without in any way limiting any other rights or remedies against such proposed purchaser(s) available to Lessor or Lessee), Lessee shall pay the reasonable out-of-pocket costs and expenses, including legal fees, incurred by the Owner Participant, Indenture Trustee and Lessor (unless such failure to terminate this Lease is a consequence of the failure of Lessor or the Owner Participant without due cause to make, or cause to be made, the payment referred to in the immediately preceding sentence), if

any, in connection with preparation for such sale and Lessee may give one or more additional Termination Notices, provided no more than three such notices may be given during the Term and only one such notice may be given during any 365 day period (not counting, in either case, any Termination Notice for a Termination Date on which this Lease does not terminate as a consequence of the failure of Lessor or the Owner Participant without due cause to make or cause to be made the payment referred to in the immediately preceding sentence). In the event of any such sale or such retention of the Aircraft by Lessor and upon compliance by Lessee with the provisions of this paragraph, the obligation of Lessee to pay Basic Rent or any other amounts hereunder shall cease to accrue. Upon payment of all amounts that may then be due hereunder, this Lease shall terminate. Lessor may, but shall be under no duty to, solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with any such sale other than to transfer (in accordance with the foregoing provisions) to the purchaser named in the highest bid certified by Lessee to Lessor all of Lessor's right, title and interest in the Aircraft, against receipt of the payments provided herein.

(d) Termination as to Engines. Upon compliance with the terms of the

Tax Indemnity Agreement, Lessee shall have the right at its option at any time during the Term, on at least 30 days' prior written notice, to terminate this Lease with respect to any Engine. In such event, and prior to the date of such termination, Lessee shall replace such Engine hereunder by complying with the terms of Section 10(b) to the same extent as if an Event of Loss had occurred with respect to such Engine (provided that Lessee shall have no right to pay Stipulated Loss Value with respect to such Engine), and Lessor shall transfer title to the replaced Engine as provided in Section 5(b). No termination of this Lease with respect to any Engine as contemplated by this Section 9(d) shall result in any reduction of Basic Rent.

SECTION 10. Loss, Destruction, Requisition, etc. (a) Event of Loss

with Respect to the Aircraft. Upon the occurrence of an Event of Loss with

respect to the Airframe or the Airframe and the Engines and/or engines then installed thereon, Lessee shall (1) forthwith (and in any event, within fifteen days after such occurrence) give Lessor written notice of such Event of Loss and (2) within 60 days after such occurrence, give Lessor written notice of its election to perform one of the following options (it being understood that the failure to give such notice shall be deemed to be an election of the option set forth in clause (i) below):

(i) Not later than the earlier of (x) the Business Day next succeeding the 100th day following the occurrence of such Event of Loss or (y) the third Business Day following receipt by the loss payee of the insurance proceeds in respect to such Event of Loss (but not earlier than the first Business Day next succeeding the 65th day following the occurrence of such Event of Loss) (the applicable day being the "Loss Payment Date"), Lessee shall, to the extent not paid to Lessor or Indenture Trustee, as the case may be, as insurance proceeds, pay or cause to be paid to Lessor as specified in Section 3(e) hereof, (A) the Stipulated Loss Value of the Aircraft computed as of the Stipulated Loss Value Date occurring on or immediately following the date of such Event of Loss, plus (B) if such Stipulated Loss Value Date is a Lease Period Date, Basic Rent due on such Lease Period Date (excluding Basic Rent payable in advance on such Lease Period Date), plus (C) unpaid Supplemental Rent with respect to the Aircraft due on or prior to the date of payment, plus (D) interest on such Stipulated Loss Value at the Debt Rate from and including such Stipulated Loss Value Date to, but not including, the date of any advance payment in respect of Stipulated Loss Value as provided below, and thereafter on the unpaid balance of such Stipulated Loss Value from and including the date of such advance payment to, but excluding, the date such Stipulated Loss Value is paid in full; provided, however, that if a Lease Period Date shall occur after the Stipulated Loss Value Date with respect to which Stipulated Loss Value is determined but prior to the date of such payment of the sum of the amounts specified in clauses (A), (B), (C) and (D) above or if Basic Rent is payable in advance on the Stipulated Loss Value Date, Lessee shall pay on such Lease Period Date an amount equal to the Basic Rent that would have been due on such Lease Period Date if such Event of Loss had not occurred, which amount shall be credited as an advance against the amounts payable pursuant to clauses (A), (B), (C) and (D) above, or

(ii) Not later than the Business Day next succeeding the 100th day following the occurrence of such Event of Loss, Lessee shall, provided that no Section 14(a), (b), (f) or (g) Default or any Event of Default shall have occurred and be continuing, substitute an aircraft or an airframe or an airframe and one or more engines, as the case may be in accordance with the terms hereof, provided that if Lessee shall have elected to make a substitution under this clause (ii) and shall fail for any reason to make such substitution in accordance with the terms hereof, Lessee shall make the payments required by clause (i) above as and when due thereunder.

At such time as Lessor shall have received the sum of the amounts specified in clauses (A), (B), (C) and (D) of subparagraph (i) above, together with all other amounts that then may be due hereunder (including, without limitation, all Basic Rent due on or before the date of such payment (other than Basic Rent payable in advance, if any, on such date)), under the Participation Agreement and under the Tax Indemnity Agreement, (1) the obligation of Lessee to pay the installments of Basic Rent, Supplemental Rent, Stipulated Loss Value, Termination Value or any other amount shall cease to accrue, (2) this Lease shall terminate, (3) Lessor will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all Lessor's right, title and interest in and to the Airframe and the Engines "as-is, where-is" and furnish to or at the direction of Lessee, at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee (or any Sublessee), evidencing such transfer, and (4) Lessee will be subrogated to all claims of Lessor if any against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at its own cost and expense in accordance with Section 11(e) hereof), but only to the extent the same relate to physical damage to or loss of the Airframe and any Engines which were subject to such Event of Loss.

In the event Lessee shall elect to substitute an aircraft (or an airframe or an airframe and one or more engines, as the case may be) Lessee shall (A) convey or cause to be conveyed to Lessor an aircraft (or an airframe or an airframe and an engine which, together with the Engines or Engine constituting a part of the Aircraft but not installed thereon at the time of such Event of Loss, constitute the Aircraft) free and clear of all Liens (other than Permitted Liens) and having at least the fair market value, utility and remaining useful life and being in as good an operating condition as, the Aircraft subject to such Event of Loss assuming that the Aircraft had been maintained in accordance with this Lease; provided that any aircraft or airframe so substituted hereunder shall be of the same make and model or improved model as those initially leased hereunder and any engine substituted hereunder shall be an Acceptable Alternate Engine and (B) prior to or at the time of any such substitution, Lessee (or any Sublessee), at its own expense, will (1) furnish Lessor with a full warranty bill of sale and a FAA bill of sale, in form and substance reasonably satisfactory to the Owner Participant, evidencing such transfer of title, (2) cause a Lease Supplement and a Trust Supplement to be duly executed by Lessee and filed for recording pursuant to the Federal Aviation Act, or the applicable laws, rules and regulations of any other

jurisdiction in which the Airframe may then be registered, and cause a financing statement or statements or other requisite documents of a similar nature (including precautionary filings) to be filed in such place or places as necessary in order to perfect the security interests therein created by or pursuant to the Trust Indenture (and, with regard to precautionary filings, this Lease), (3) furnish the Owner Participant with such evidence of Lessor's title to such replacement aircraft and of compliance with the insurance provisions of Section 11 with respect to such substituted property as Lessor, in its individual capacity, and the Owner Participant may reasonably request, (4) provide Owner Participant an opinion of outside tax counsel, which opinion and counsel shall be satisfactory to Owner Participant, to the effect that such substitution will not result in any adverse tax consequences (including under Section 861 of the Code as then in effect) to Lessor and/or the Owner Participant (it being understood that if such opinion cannot be given Lessee may indemnify Owner Participant for such adverse tax consequences in lieu of such opinion in a manner satisfactory in form and substance to the Owner Participant), (5) provide Lessor, Owner Participant and the Indenture Trustee an opinion of counsel, which counsel and opinion shall be reasonably acceptable to Lessor, in its individual capacity, and the Owner Participant, to the effect that Lessor and the Indenture Trustee (as assignee of all right, title and interest of Lessor under the Lease) shall be entitled to the benefits and protections of Section 1110 of the Bankruptcy Code with respect to the aircraft substituted hereunder, (6) provide an opinion of counsel to Lessor and the Indenture Trustee, which opinion and counsel shall be reasonably acceptable to the Lessor, in its individual capacity, and the Owner Participant, to the effect that title to such replacement aircraft has been duly conveyed to Lessor free and clear of all Liens except Permitted Liens and that such replacement aircraft is duly subjected to the Lien of the Trust Indenture and (7) provide Lessor, Owner Participant and Indenture Trustee all the documentation required (or, following the termination of the Trust Indenture, all the documentation that prior to such termination would have been required) to be provided by it pursuant to Section 5.01(b) of the Trust Indenture, and Lessor simultaneously will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest, if any, in and to the Aircraft or the Airframe and one or more Engines, as the case may be, "as-is, where-is" with respect to which such Event of Loss occurred and furnish to or at the direction of Lessee, at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee, evidencing such transfer. Lessee will be subrogated to

all claims of Lessor, if any, against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at their own cost and expense in accordance with Section 11(e) hereof) but only to the extent the same relate to physical damage to or loss of the Airframe and any Engine which were subject to such Event of Loss. For all purposes hereof, the property so substituted shall after such transfer be deemed part of the property leased hereunder and shall be deemed an "Aircraft," "Airframe" and "Engine," as the case may be, as defined herein. No Event of Loss with respect to the Airframe or the Airframe and the Engines or engines then installed thereon for which substitution has been elected pursuant to Section 10(a)(ii) hereof shall result in any reduction in Basic Rent.

(b) Event of Loss with Respect to an Engine. Upon the occurrence of

an Event of Loss with respect to an Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Lessee shall forthwith (and in any event, within fifteen days after such occurrence) give Lessor written notice thereof and shall, within forty-five (45) days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, as replacement for the Engine with respect to which such Event of Loss occurred, title to an Acceptable Alternate Engine free and clear of all Liens (other than Permitted Liens, which engine may upon its transfer to Lessor become subject to any and all Permitted Liens) and having a value and utility at least equal to, and being in as good an operating condition as and having been maintained in the same manner as, the Engine subject to such Event of Loss (assuming that such Engine had been maintained in accordance with this Lease); provided, however, upon written notice to Lessee given within 20 days after Lessor has received notice of such Event of Loss, the Lessor may require Lessee to pay with respect to the Engine subject to such Event of Loss within 45 days after the occurrence of such Event of Loss (provided that in no event shall such payment be required to be made prior to the Commencement Date) an amount equal to (A) Engine Cost multiplied by the percentage specified in Exhibit C hereto opposite the Stipulated Loss Value Date occurring on or immediately following the date of such Event of Loss, plus (B) interest on the amount determined pursuant to clause (A) above at the Debt Rate from and including such Stipulated Loss Value Date to, but excluding, the date such amount is paid in full; and provided, further, if Lessee pays such Stipulated Loss Value and interest, then, subject to Section 5(e), Lessee shall only be obligated to return the Aircraft to Lessor with any Engine attached thereto with respect to which Lessee has not paid Stipulated Loss Value pursuant to this Section 10(b) at any time that Lessee is required to return the Aircraft to Lessor pursuant to the terms hereof; provided

further, however, that, in lieu of paying such Stipulated Loss Value and interest, Lessee may replace the Engine in accordance with this Section 10(b) if Lessee provides to the Owner Participant either: (x) an opinion of outside tax counsel, which opinion and counsel shall be satisfactory to the Owner Participant, to the effect that such substitution will not result in any adverse tax consequences to the Owner Participant, or (y) an indemnity, satisfactory in form and substance to the Owner Participant, for any adverse tax consequences resulting from such substitution. Prior to or at the time of any such conveyance, Lessee, at its own expense, will (i) furnish Lessor with a warranty (as to title) bill of sale, in form and substance reasonably satisfactory to Lessor, with respect to such replacement engine, (ii) cause a Lease Supplement and Trust Supplement to be duly executed by Lessee and to be filed for recording pursuant to the Federal Aviation Act, or the applicable laws, rules and regulations of any other jurisdiction in which the Airframe may then be registered, and cause a financing statement or statements or other requisite documents of a similar nature (including precautionary filings) to be filed in such place or places as necessary in order to perfect the security interests therein created by or pursuant to the Trust Indenture (and, with regard to precautionary filings, this Lease), (iii) furnish Lessor with such evidence of Lessor's title to such Acceptable Alternate Engine and of compliance with the insurance provisions of Section 11 hereof with respect to such replacement engine as Lessor, in its individual capacity, or the Owner Participant may reasonably request, (iv) provide Lessor and the Indenture Trustee an opinion of Lessee's counsel which counsel and opinion shall be reasonably satisfactory to Lessor, in its individual capacity, or the Owner Participant to the effect that title to such Acceptable Alternate Engine has been duly conveyed to Lessor free and clear of all Liens except Permitted Liens and that such Acceptable Alternate Engine is duly subjected to the Lien of the Trust Indenture, and (v) provide Lessor, Owner Participant and Indenture Trustee all the documentation required (or, following the termination of the Trust Indenture, all the documentation that prior to such termination would have been required) to be provided by it pursuant to Section 5.01(b) of the Trust Indenture, and Lessor will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee without recourse or warranty (except as to absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) all of Lessor's right, title and interest, if any, in and to (1) the Engine with respect to which such Event of Loss occurred and furnish to or at the direction of Lessee, and at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee, evidencing such transfer and (2) all claims, if any, against third parties (other than Lessor's or the

Owner Participant's insurers under policies independently maintained at their own cost and expense in accordance with Section 11(e) hereof), for damage to or loss of the Engine subject to such Event of Loss, and such Engine shall thereupon cease to be an Engine leased hereunder. For all purposes hereof, each such replacement engine shall, after such conveyance, be deemed part of the property leased hereunder, and shall be deemed an "Engine." Except to the extent Lessor's Cost is reduced pursuant to the definition thereof, no Event of Loss with respect to an Engine under the circumstances contemplated by the terms of this paragraph (b) shall result in any reduction in Basic Rent.

(c) Application of Payments from Governmental Authorities for

Requisition of Title, etc. Any payments (other than insurance proceeds the

application of which is provided for in Section 11) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss, other than a requisition for use by the United States Government or other government of registry of the Aircraft or any instrumentality or agency of any thereof not constituting an Event of Loss, will be applied as follows:

(i) if payments are received with respect to the Airframe (or the Airframe and any Engine or engines then installed thereon), (A) unless the same are replaced pursuant to the last paragraph of Section 10(a), after reimbursement of Lessor (as provided in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, so much of such payments remaining as shall not exceed the Stipulated Loss Value and the other amounts payable under Section 10(a) hereof required to be paid by Lessee pursuant to Section 10(a), shall be applied in reduction of Lessee's obligation to pay Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value and such other amounts, and following the foregoing application, the balance, if any, of such payments shall be distributed between Lessee and Lessor as their respective interests may appear; or (B) if such property is replaced pursuant to the last paragraph of Section 10(a), such payments shall be paid over to or retained by, Lessee; provided, that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of the last paragraph of Section 10(a) with respect to the Event of Loss for which such payments are made; and

(ii) if such payments are received with respect to an Engine under circumstances contemplated by Section 10(b) hereof, (A) unless the same is replaced pursuant to the

terms of Section 10(b), after reimbursement of Lessor (as provided for in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, so much of such payments remaining as shall not exceed the amounts payable under Section 10(b) hereof by Lessee, shall be applied in reduction of Lessee's obligation to pay the same, if not already paid by Lessee, or if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amounts and following the foregoing application, the balance, if any, shall be paid to Lessee; or (B) if such property is replaced pursuant to Section 10(b), such payments shall be paid over to, or retained by, Lessee, provided that Lessee shall have fully performed, or concurrently therewith will perform, the terms of Section 10(b) with respect to the Event of Loss for which such payments are made.

(d) Requisition for Use of the Aircraft by the United States

Government or Government of Registry of the Aircraft. In the event of the

requisition for use of the Airframe and the Engines or engines installed on the Airframe during the Term by the United States Government or any other government of registry of the Aircraft or any instrumentality or agency of any thereof, Lessee shall promptly notify Lessor of such requisition, and all of Lessee's obligations under this Lease Agreement with respect to the Aircraft shall continue to the same extent as if such requisition had not occurred (unless deemed prior to the end of the Term an Event of Loss in which case the foregoing provisions of this Section 10 shall be applicable). If Lessee shall fail to return the Aircraft (i) on or before the end of the Term, in the case of a requisition by the United States government or any agency or instrumentality thereof or (ii) within the earlier of the end of the Term or two years after such requisition in the case of a requisition for use by the government of registry of the Aircraft or any agency or instrumentality thereof (other than the United States government or any agency or instrumentality thereof), such failure shall constitute an Event of Loss which shall be deemed to have occurred in the case of clause (i) on the last day of the Term, and in the case of clause (ii), on the earlier of the last day of the Term or the expiration of such two-year period, provided, however, that Lessor may notify Lessee in writing on or before the twentieth day prior to the last day of the Term that, in the event Lessee shall fail by reason of such requisition to return the Airframe and such Engines or engines on or before the end of the Term, such failure shall not be deemed an Event of Loss. Upon the giving of such notice and such failure to return by the end of the Term, Lessee shall be relieved of all of its obligations pursuant to the provisions of Section 5 (but not under any other Section), except that if any engine not owned by Lessor shall then be installed on the

Airframe, Lessee will, at no cost to Lessor, furnish, or cause to be furnished, to Lessor a full warranty (as to title) bill of sale with respect to each such engine, in form and substance reasonably satisfactory to Lessor, in its individual capacity, and the Owner Participant (together with an opinion of counsel (which may be Lessee's General Counsel) to the effect that such full warranty bill of sale has been duly authorized and delivered and is enforceable in accordance with its terms and that such engines are free and clear of Liens other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), against receipt from Lessor, at Lessee's expense, of a bill of sale evidencing the transfer, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), by Lessor to Lessee or its designee of all of Lessor's right, title and interest in and to any Engine constituting part of the Aircraft but not then installed on the Airframe. All payments received by Lessor or Lessee from such government for the use of such Airframe and Engines or engines during the Term shall be paid over to, or retained by, Lessee (or, if directed by Lessee, any Sublessee); and all payments received by Lessor or Lessee from such government for the use of such Airframe and Engines or engines after the end of the Term shall be paid over to, or retained by, Lessor unless Lessee shall have exercised its purchase option hereunder, or there is a deemed Event of Loss hereunder, in which case such payments shall be made to Lessee.

(e) Requisition for Use of an Engine by the United States Government

or the Government of Registry of the Aircraft. In the event of the requisition

for use of an Engine during the Term by the United States Government or any other government of registry of the Aircraft or any agency or instrumentality of any thereof (other than in the circumstances contemplated by subsection (d)) which shall have continued for more than 180 days or, if earlier, until the end of the Term, Lessee shall replace (or cause any Sublessee to replace) such Engine hereunder and Lessor and Lessee (or Sublessee as the case may be) shall comply with the terms of Section 10(b) to the same extent as if an Event of Loss had occurred with respect to such Engine. Upon compliance with Section 10(b) hereof, any payments received by Lessor or Lessee from such government with respect to such requisition shall be paid over to, or retained by Lessee.

(f) Application of Payments During Existence of Events of Default.

Any amount referred to in this Section 10 which is payable to or retainable by Lessee (or any Sublessee) shall not be paid to or retained by Lessee (or any Sublessee) if at the time of such payment or retention a Default or an Event of

Default shall have occurred and be continuing, but shall be held by or paid over to Lessor as security for the obligations of Lessee (or such Sublessee) under this Lease and applied against Lessee's obligations hereunder as and when due. At such time as there shall not be continuing any such Default or Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with the preceding sentence.

SECTION 11. Insurance. (a) Public Liability and Property Damage

Insurance. (1) Except as provided in clause (2) of this Section 11(a), and

subject to self-insurance to the extent permitted by Section 11(d) hereof, Lessee will carry or cause to be carried with respect to the Aircraft at its or any Sublessee's expense (i) comprehensive airline liability (including, without limitation, passenger, contractual, bodily injury, and property damage liability) insurance (exclusive of manufacturer's product liability insurance) and (ii) cargo liability insurance, (A) in an amount not less than the greater of (x) the amounts of comprehensive airline liability insurance from time to time applicable to aircraft owned or leased, and operated by Lessee of the same type as the Aircraft and (y) \$450,000,000 per occurrence, (B) of the type and covering the same risks as from time to time are applicable to aircraft owned or leased, and operated by Lessee of the same type as the Aircraft, and (C) which is maintained in effect with insurers of recognized reputation and responsibility; provided, however, that Lessee need not maintain cargo liability insurance, or may maintain such insurance in an amount less than \$450,000,000 per occurrence, as long as the amount of cargo liability insurance, if any, maintained with respect to the Aircraft is the same as the cargo liability insurance, if any, maintained for other Boeing Model 777-222 aircraft owned or leased, and operated by Lessee.

(2) During any period that the Airframe or an Engine, as the case may be, is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating property, in lieu of the insurance required by clause (1) above, and subject to the self-insurance to the extent permitted by Section 11(d) hereof, insurance by insurers of recognized reputation and responsibility otherwise conforming with the provisions of clause (1) except that (A) the amounts of coverage shall not be required to exceed the amounts of comprehensive airline liability insurance from time to time applicable to property owned or leased by Lessee of the same type as such non-operating property and which is on the ground and not in operation; and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to property owned or leased by Lessee of the same type

as such non-operating property and which is on the ground and not in operation.

(b) Insurance Against Loss or Damage to the Aircraft. (1) Except as

provided in clause (2) of this Section 11(b), and subject to the provisions of Section 11(d) hereof permitting self-insurance, Lessee shall maintain or cause to be maintained in effect, at its or any Sublessee's expense, with insurers of recognized reputation and responsibility, all-risk aircraft hull insurance covering the Aircraft and fire and extended coverage and all-risk aircraft hull insurance covering Engines and Parts while temporarily removed from the Aircraft and not replaced by similar components (including, without limitation, aircraft war risk and governmental confiscation and expropriation (other than by the government of registry of the Aircraft) and hijacking insurance, if and to the extent the same is maintained by Lessee (or any Sublessee) with respect to other aircraft owned or leased, and operated by Lessee (or such Sublessee) on the same routes); provided, that such insurance shall at all times while the Aircraft is subject to this Lease be for an amount (taking into account self-insurance to the extent permitted by Section 11(d) hereof) not less than the Stipulated Loss Value for the Aircraft; and provided further, that subject to compliance with Section 11(d) hereof, such all-risk property damage insurance covering Engines and Parts while temporarily removed from the Airframe or an airframe of (in the case of Parts) an Engine need be obtained only to the extent available at reasonable cost (as reasonably determined by Lessee). In the case of a loss with respect to an engine (other than an Engine) installed on the Airframe in circumstances which do not constitute an Event of Loss with respect to the Airframe, Lessor shall promptly remit any payment made to it of any insurance proceeds in respect of such loss to Lessee or any other third party that is entitled to receive such proceeds.

Except during a period when a Section 14(a), (b), (f) or (g) Default or an Event of Default has occurred and is continuing, all losses will be adjusted by Lessee with the insurers giving due regard to Lessor's interest. As between Lessor and Lessee, it is agreed that all proceeds of insurance maintained in compliance with the preceding paragraph and received as the result of the occurrence of an Event of Loss will be applied as follows:

(x) if such payments are received with respect to the Airframe (or the Airframe and the Engines installed thereon), (i) unless such property is replaced pursuant to the last paragraph of Section 10(a) hereof, so much of such payments remaining, after reimbursement of Lessor (as provided in Section 7.01 of the Trust Agreement) and the

Owner Participant for reasonable costs and expenses, as shall not exceed the Stipulated Loss Value and the other amounts payable under Section 10(a) hereof required to be paid by Lessee pursuant to Section 10(a) hereof shall be applied in reduction of Lessee's obligation to pay such Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, and the balance, if any, of such payments remaining thereafter will be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee); or (ii) if such property is replaced pursuant to the last paragraph of Section 10(a) hereof, such payments shall be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee), provided that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of the last paragraph of Section 10(a) hereof with respect to the Event of Loss for which such payments are made; and

(y) if such payments are received with respect to an Engine under the circumstances contemplated by Section 10(b) hereof, so much of such payments remaining after reimbursement of Lessor and the Owner Participant for reasonable costs and expenses shall be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee), provided that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of Section 10(b) hereof with respect to the Event of Loss for which such payments are made.

(2) During any period that the Aircraft is on the ground and not in operation, Lessee may carry or cause to be carried, in lieu of the insurance required by clause (1) above, and subject to the self-insurance to the extent permitted by Section 11(d) hereof, insurance otherwise conforming with the provisions of said clause (1) except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft owned or leased by Lessee of the same type as the Aircraft similarly on the ground and not in operation, provided that, subject to the self-insurance to the extent permitted by Section 11(d) hereof, Lessee shall maintain insurance against risk of loss or damage to the Aircraft in an amount at least equal to the Stipulated Loss Value of the Aircraft during such period that the Aircraft is on the ground and not in operation.

(c) Reports, etc. Lessee will furnish, or cause to be furnished, to

Lessor, the Indenture Trustee, the Owner

Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee, on or before the Delivery Date, and each annual anniversary of the Delivery Date during the Term, a report, signed by Rollins Hudig Hall of Illinois, Inc. or any other independent firm of insurance brokers reasonably acceptable to Lessor which brokers may be in the regular employ of Lessee (the "Insurance Brokers"), describing in reasonable detail the hull and liability insurance (and property insurance for detached engines and parts) then carried and maintained with respect to the Aircraft and stating the opinion of such firm that (a) such insurance complies with the terms hereof and (b) that such insurance together with any self-insurance permitted hereby provides coverage that are in substantially similar forms, are of such types and have limits within the range of limits as are customarily carried by U.S. carriers; provided, however, that the opinion set forth in clause (b) shall not be required if the Insurance Broker then generally does not provide such an opinion or will provide such an opinion for material additional cost; and provided further that all information contained in the foregoing report shall not be made available by Lessor, the Indenture Trustee, the Pass Through Trustees or the Owner Participant to anyone except (A) to prospective and permitted transferees of Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's interest or their respective counsel, independent certified public accountants, independent insurance brokers or other agents, who agree to hold such information confidential, (B) to Lessor's, Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's counsel or independent certified public accountants, independent insurance brokers or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, or (D) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this Lease by Lessor or the Indenture Trustee; provided, however, that any and all disclosures permitted by clauses (C) or (D) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons to whom such disclosures are hereby permitted. Lessee will cause such Insurance Broker to agree to advise Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee in writing of any act or omission on the part of Lessee of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft and to advise such Persons in writing at least 30 days (7 days in the case of war risk and allied perils coverage) prior to the cancellation or material adverse change of any insurance maintained pursuant to this Section 11, provided that if the notice period specified above is not reasonably obtainable, the

Insurance Broker shall provide for as long a period of prior notice as shall then be reasonably obtainable. In addition, Lessee will also cause such Insurance Broker to deliver to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee, on or prior to the date of expiration of any insurance policy referenced in a previously delivered certificate of insurance, a new certificate of insurance, substantially in the same form as delivered by Lessee to such parties on the Delivery Date except for the changes in the report or the coverage consistent with the terms hereof. In the event that Lessee or any Sublessee shall fail to maintain or cause to be maintained insurance as herein provided, Lessor, the Indenture Trustee or, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee may at its sole option, but shall be under no duty to, provide such insurance and, in such event, Lessee shall, upon demand, reimburse Lessor, the Indenture Trustee or such Pass Through Trustee, as Supplemental Rent, for the cost thereof to Lessor, such Pass Through Trustee or the Indenture Trustee, as the case may be; provided, however, that no exercise by Lessor, a Pass Through Trustee or the Indenture Trustee, as the case may be, of said option shall affect the provisions of this Lease, including the provisions that failure by Lessee to maintain the prescribed insurance shall constitute an Event of Default.

(d) Self-Insurance. Lessee may self-insure the risks required to be

insured against pursuant to this Section 11 under a program applicable to all aircraft (whether owned or leased) in Lessee's fleet, but in no case shall the aggregate amount of such self-insurance in regard to Sections 11(a) and 11(b) hereof exceed for any calendar year, with respect to all of the aircraft (whether owned or leased) in Lessee's fleet (including, without limitation, the Aircraft) the lesser of (A) 50% of the highest replacement value of any single aircraft in Lessee's fleet or (B) 1-1/2% of the average aggregate insurable value (during the preceding calendar year) of all aircraft (including, without limitation, the Aircraft) on which Lessee carries insurance. In addition to the foregoing right to self-insure, Lessee (and any Sublessee) may self-insure to the extent of any applicable mandatory minimum per aircraft (or, if applicable, per annum or other period) hull or liability insurance deductible imposed by the aircraft hull or liability insurer.

(e) Additional Insurance by Lessor and Lessee. Lessee (and any

Sublessee) may at its own expense carry insurance with respect to its interest in the Aircraft in amounts in excess of that required to be maintained by this Section 11. The Owner Participant or Lessor may carry for its own account at its sole cost and expense insurance with respect to its interest in the

Aircraft, provided that such insurance does not prevent Lessee (or any Sublessee) from carrying the insurance required or permitted by this Section 11 or adversely affect such insurance or materially increase the cost thereof.

(f) Indemnification by Government in Lieu of Insurance.

Notwithstanding any provisions of this Section 11 requiring insurance, Lessor agrees to accept, in lieu of insurance against any risk with respect to the Aircraft, indemnification from, or insurance provided by, the United States Government or any agency or instrumentality thereof, the obligations of which are supported by the full faith and credit of the federal government of the United States, against such risk in an amount which, when added to the amount of insurance against such risk maintained by Lessee (or any Sublessee) shall be at least equal to the amount of insurance against such risk otherwise required by this Section 11 (taking into account self-insurance permitted by Section 11(d) hereof).

(g) Application of Payments During Existence of Default. Any amount

referred to in this Section 11 which is payable to or retainable by Lessee (or any Sublessee) shall not be paid to or retained by Lessee (or any Sublessee) if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing, but shall be held by or paid over to Lessor as security for the obligations of Lessee under this Lease and, if such a Default or an Event of Default shall have occurred and be continuing, applied against Lessee's obligations hereunder as and when due. At such time as there shall not be continuing any such Default or Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with the preceding sentence.

(h) Terms of Insurance Policies. Any policies carried in accordance

with Sections 11(a) and 11(b) hereof covering the Aircraft, and any policies taken out in substitution or replacement for any such policies, (A) shall name the Additional Insureds as additional insureds, or, if appropriate, loss payees, as their respective interests may appear (but without imposing on any such party liability to pay premiums with respect to such insurance), (B) may provide for self-insurance to the extent permitted in Section 11(d) hereof, (C) shall provide that if the insurers cancel such insurance for any reason whatever, or if the same is allowed to lapse for non-payment of premium or if any material change is made in the insurance which adversely affects the interest of any Additional Insured, such lapse, cancellation or change shall not be effective as to any Additional Insured for thirty days (ten days in the case of lapse for nonpayment of premium and seven days in the case of war risk and allied perils coverage) after receipt by such Additional Insured of written

notice by such insurers of such lapse, cancellation or change; provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable, (D) shall provide that in respect of the respective interests of each Additional Insured in such policies the insurance shall not be invalidated by any action or inaction of Lessee (or any Sublessee) or any other Person and shall insure the respective interests of the Additional Insureds, as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee (or any Sublessee) or by any other Person, (E) shall be primary without any right of contribution from any other insurance which is carried by any Additional Insured, (F) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured, (G) shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Additional Insured, and (H) shall provide that (i) in the event of a loss involving the Aircraft, Airframe, or an Engine for which proceeds are in excess of \$5,000,000 (\$2,500,000 if the Aircraft is under sublease), the proceeds in respect of such loss up to the amount of Stipulated Loss Value for the Aircraft shall be payable to Lessor (or, so long as the Trust Indenture shall be in effect, the Indenture Trustee), it being understood and agreed that in the case of any payment to Lessor (or the Indenture Trustee) otherwise than in respect of an Event of Loss, Lessor (or the Indenture Trustee) shall, upon receipt of evidence reasonably satisfactory to it that the damages giving rise to such payment shall have been repaired or that such payment shall then be required to pay for repairs then being made, pay the amount of such payment, and any interest or income earned thereon in accordance with Section 22 hereof, to Lessee or its order, and (ii) the entire amount of any such loss for which proceeds are \$5,000,000 (\$2,500,000 if the Aircraft is under sublease) or less or the amount of any proceeds of any such loss in excess of Stipulated Loss Value for the Aircraft shall be paid to Lessee or its order unless a Default or an Event of Default shall have occurred and be continuing and the insurers have been notified thereof by Lessor or the Indenture Trustee.

SECTION 12. Inspection. At reasonable times, and upon at least 10

days (or one day if a Section 14(a), 14(b), 14(d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing) prior written notice, the Owner Participant or the Indenture Trustee, or their respective authorized representatives, may inspect the Aircraft (provided, however, that such inspections by the Owner

Participant and its authorized representatives or the Indenture Trustee and its authorized representative shall, in regard to each of the Owner Participant and the Indenture Trustee, be limited to one inspection of the Aircraft during any consecutive twelve-month period except during the continuance of a Default or an Event of Default when such inspection right shall not be so limited) and inspect and make copies of the books and records of Lessee and any Sublessee required to be maintained by the FAA or the regulatory agency or body of another jurisdiction in which the Aircraft is then registered relating to the maintenance of the Aircraft (at the Owner Participant's or the Indenture Trustee's risk and expense (unless a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing in which case such inspection shall be at Lessee's expense), as the case may be) and shall keep any information or copies obtained thereby confidential and shall not disclose the same to any Person, except (A) to Lessor and the Pass Through Trustees and to prospective and permitted transferees of Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's interest (and such prospective and permitted transferee's counsel, independent insurance advisors or other agents) who agree to hold such information confidential, (B) to Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's counsel, independent insurance advisors or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, (D) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this Lease by Lessor or the Indenture Trustee; provided, however, that any and all disclosures permitted by clauses (C) and (D) above shall be made only to the extent necessary to meet the specific requirements or needs of Persons for whom such disclosures are hereby permitted. Any such inspection of the Aircraft shall be subject to Lessee's safety and security rules applicable at the location of the Aircraft, shall be a visual, walk-around inspection of the interior and exterior of the Aircraft and shall not include opening any panels, bays or the like without the express consent of Lessee (except in connection with a heavy maintenance visit when a panel, bay or the like is scheduled or required to be open), which consent Lessee may in its sole discretion withhold; provided that no exercise of such inspection right shall interfere with the normal operation or maintenance of the Aircraft by, or the business of, Lessee (or any Sublessee). Upon receipt by Lessee of a written request from the Owner Participant specifying that the Owner Participant desires to have an authorized representative observe the last scheduled heavy maintenance visit to be performed on the Aircraft (or substantially equivalent successor type of maintenance work) during the Term, Lessee shall cooperate with the Owner

Participant to enable the Owner Participant's representative to observe such last scheduled heavy maintenance visit to be performed on the Aircraft during the Term, including reasonable advance notification to the Owner Participant of the time and place of such scheduled heavy maintenance visit; provided that the Owner Participant's authorized representative shall merely observe such scheduled heavy maintenance visit, shall not interfere with or extend in any manner the normal conduct or duration of the scheduled heavy maintenance visit, and shall not be entitled to direct any of the work performed in connection with such scheduled heavy maintenance visit. Neither the Owner Participant nor the Indenture Trustee shall have any duty to make any such inspection nor shall any of them incur any liability or obligations by reason of not making any such inspection.

SECTION 13. Assignment. Except as otherwise provided in the

Operative Documents, Lessee will not, without the prior written consent of Lessor, assign any of its rights hereunder. Lessor agrees that it will not assign or convey its right, title and interest in and to this Lease or the Aircraft except as provided in the Operative Documents. Subject to the foregoing, the terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns.

SECTION 14. Events of Default. Each of the following events shall

constitute an Event of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall continue so long as, but only as long as, it shall not have been remedied:

(a) Lessee shall not have made a payment of Basic Rent, Stipulated Loss Value, Termination Value, EBO Price, Special Termination Value or Premium within ten (10) days after the same shall have become due; or

(b) Lessee shall have failed to make a payment of Supplemental Rent (other than Supplemental Rent referred to in paragraph (a) of this Section 14) after the same shall have become due and such failure shall continue for fifteen (15) days after Lessee's receipt of written demand therefor by the party entitled thereto (provided that any failure to pay any amount owed by Lessee under the Tax Indemnity Agreement or any failure of Lessee to pay to Lessor or the Owner Participant when due any Excluded Payments shall not constitute an Event of Default unless written notice is given by the Owner Participant to Lessee and

the Indenture Trustee that such failure shall constitute an Event of Default);
or

(c) Lessee shall fail to carry and maintain on or with respect to the Aircraft (or cause to be carried and maintained) insurance required to be maintained in accordance with the provisions of Section 11 hereof; or

(d) Lessee shall have failed to perform or observe (or caused to be performed and observed) any other covenant or agreement to be performed or observed by it under any Operative Document, and such failure shall continue unremedied for a period of thirty days after written notice thereof by Lessor or the Indenture Trustee; provided, however, that if Lessee shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of Lessee in attempting to cure such failure, such failure is not cured within said thirty day period but is curable with future due diligence, there shall exist no Event of Default under this Section 14 so long as Lessee is proceeding with due diligence to cure such failure and such failure is in fact cured within 180 days); or

(e) any representation or warranty made by Lessee herein or in the Participation Agreement or any document or certificate furnished by Lessee in connection herewith or therewith or pursuant hereto or thereto (except the representations and warranties set forth in Section 4 of the Tax Indemnity Agreement) shall prove to have been incorrect in any material respect at the time made and shall remain material at the time in question; provided, however, such incorrectness shall constitute a default hereunder only if such incorrectness shall continue uncured for a period of thirty (30) days after the receipt by Lessee of a written notice from Lessor or the Indenture Trustee advising Lessee of the existence of such incorrectness; or

(f) the commencement of an involuntary case or other proceeding in respect of Lessee in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States or seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Lessee or for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding undismissed or unstayed for a period of ninety (90) consecutive days or an order for relief under Chapter 11 of the Bankruptcy Code with respect to Lessee as debtor or any other order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent

of Lessee, a receiver, trustee or liquidator of Lessee, or for all or substantially all of its property, or sequestering of all or substantially all of the property of Lessee and any such order, judgment or decree or appointment or sequestration shall be final or shall remain in force undismitted, unstayed or unvacated for a period of ninety (90) days after the date of entry thereof; or

(g) the commencement by Lessee of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States, or the consent by Lessee to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Lessee or for all or substantially all of its property, or the making by Lessee of any assignment for the benefit of creditors or Lessee shall take any corporate action to authorize any of the foregoing; or

(h) Lessee shall not be a Certificated Air Carrier;

provided, however, that, notwithstanding anything to the contrary contained in this Section 14, any failure of Lessee to perform or observe any covenant, condition, agreement or any error in a representation or warranty shall not constitute an Event of Default if such failure or error is caused solely by reason of any event that constitutes an Event of Loss so long as Lessee is continuing to comply with all of the terms of Section 10 hereof.

SECTION 15. Remedies. Upon the occurrence of any Event of Default

and at any time thereafter so long as any such Event of Default shall not have been remedied, Lessor may, at its option, declare by written notice to Lessee this Lease Agreement to be in default; and at any time thereafter, so long as such Event of Default shall be continuing, Lessor may do one or more of the following with respect to all or any part of the Airframe and any or all of the Engines as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect; provided, however, that during any period the Aircraft is subject to the Civil Reserve Air Fleet Program in accordance with the provisions of Section 7(b) hereof and in the possession of the United States Government or an instrumentality or agency thereof, Lessor shall not, on account of any Event of Default, be entitled to do any of the following in such manner as to limit Lessee's control under this Lease (or any Sublessee's control under any Sublease) of any Airframe or any Engines, unless at least 60 days' (or such lesser period as may then be applicable under the Military Airlift Command program of the

United States Government) prior written notice of default hereunder shall have been given by Lessor by registered or certified mail to Lessee (and any Sublessee) with a copy addressed to the Contracting Office Representative for the Military Airlift Command of the United States Air Force under any contract with Lessee (or any Sublessee) relating to the Aircraft:

(a) upon the written demand of Lessor and at Lessee's expense, cause Lessee to return promptly, and Lessee shall return promptly, the Airframe or any Engine as Lessor may so demand to Lessor or its order in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Airframe or Engine were being returned at the end of the Term, or Lessor, at its option, may enter upon the premises where all or any part of the Airframe or any Engine is located and take immediate possession of and remove the same by summary proceedings or otherwise, (and, at Lessor's option, store the same at Lessee's premises until disposal thereof by Lessor), all without liability accruing to Lessor for or by reason of such entry or taking of possession or removing whether for the restoration of damage to property caused by such action or otherwise;

(b) sell the Aircraft, the Airframe or any Engine at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Aircraft as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee, except as hereinafter set forth in this Section 15;

(c) Lessor may hold, keep idle or lease to others the Aircraft, the Airframe or any Engine or any Part thereof, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect thereto, except that Lessee's obligation to pay Basic Rent with respect to the Aircraft on Lease Period Dates subsequent to the date upon which Lessee shall have been deprived of use of the Aircraft pursuant to this Section 15 shall be reduced by the net proceeds, if any, received by Lessor from leasing the Aircraft, the Airframe or any Engine to any Person other than Lessee;

(d) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b) or (c) above with respect to the Aircraft, Lessor, by written notice to Lessee specifying a payment date which shall be the Lease Period Date not earlier than ten days from the date of such notice, may

demand that Lessee pay to Lessor, and Lessee shall pay Lessor, on the payment date so specified, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent for the Aircraft due for Lease Periods commencing on or after the Commencement Date or the Lease Period Date, as the case may be, specified as the payment date in such notice), any unpaid Basic Rent due on Lease Period Dates on or prior to the payment date so specified plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (with interest thereon at the Past Due Rate from such specified payment date until the date of actual payment of such amount): (i) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft, computed as of the Lease Period Date specified as the payment date in such notice over the aggregate fair market rental value (computed as hereafter in this Section 15 provided) of such Aircraft for the remainder of the Term, after discounting such aggregate fair market rental value to present value as of the Lease Period Date specified as the payment date in such notice at an annual rate equal to the Past Due Rate; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Aircraft, computed as of the Lease Period Date specified as the payment date in such notice, over the fair market sales value of such Aircraft (computed as hereafter in this Section provided) as of the Lease Period Date specified as the payment date in such notice;

(e) in the event Lessor pursuant to paragraph (b) above, shall have sold the Aircraft, Lessor, in lieu of exercising its rights under paragraph (d) above with respect to such Aircraft, may, if it shall so elect, demand that Lessee pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, any unpaid Basic Rent with respect to the Aircraft due on or prior to such date plus the amount of any deficiency between the net proceeds of such sale (after deduction of all reasonable costs of sale) and the Stipulated Loss Value of such Aircraft, computed as of the Stipulated Loss Value date on or immediately following the date of such sale, together with interest, if any, on the amount of such deficiency, at the Past Due Rate, from the date of such sale to the date of actual payment of such amount; and/or

(f) Lessor may rescind or terminate this Lease Agreement, and/or may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for breach hereof.

For the purposes of paragraph (c) above, the "fair market rental value" or the "fair market sales value" of the Aircraft shall be the rental value or sales value, as the case may be, which would be obtained in an arm's-length transaction between an informed and willing lessee or purchaser, as the case may be, under no compulsion to lease or purchase, as the case may be, and an informed and willing lessor or seller in possession, as the case may be, in each case based upon the actual condition and location of the Aircraft, which value shall be determined by mutual agreement or, in the absence of mutual written agreement, pursuant to an appraisal prepared and delivered by a nationally recognized firm of independent aircraft appraisers nominated by Lessor, and Lessor shall promptly notify Lessee of such nomination. Any appraisal obtained pursuant to this Section 15 shall take into account then prevailing market conditions for aircraft of the same type as the Aircraft. The cost of such appraisal or appointment shall be borne by Lessee.

In addition, Lessee shall be liable, except as otherwise provided above, without duplication of amounts payable hereunder, for any and all unpaid Rent due hereunder before, after or during the exercise of any of the foregoing remedies, for the payment of Premium, if any, and for all reasonable and actual legal fees and other costs and expenses incurred by Lessor, the Indenture Trustee, the Certificate Holders and the Owner Participant in connection with any default or the exercise of remedies hereunder including the return of the Airframe or any Engine in accordance with the terms of Section 5 or in placing such Airframe or Engine in the condition and airworthiness required by such Section.

At any sale of the Aircraft or any part thereof pursuant to this Section 15, Lessor, the Indenture Trustee, a Certificate Holder or the Owner Participant may bid for and purchase such property. Lessor agrees to give Lessee at least 10 days' written notice of the date fixed for any public sale of any Airframe or Engine or of the date on or after which will occur the execution of any contract providing for any private sale. Except as otherwise expressly provided above, no remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No waiver by Lessor of any Default or Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. To the extent permitted by applicable law, Lessee hereby waives any right now or hereafter conferred by statute or otherwise which may require

Lessor to sell, lease, or otherwise use the Aircraft or Parts thereof in mitigation of Lessor's damages as set forth in this Section 15 or which may otherwise limit or modify any of Lessor's rights and remedies in this Section 15.

SECTION 16. Lessee's Cooperation Concerning Certain Matters. (a)

Forthwith upon the execution and delivery of each Lease Supplement and Trust Supplement from time to time required by the terms hereof and upon the execution and delivery of any amendment to this Lease or to the Trust Agreement or Trust Indenture, Lessee at its expense will cause such Lease Supplement, Trust Supplement (and, in the case of the initial Lease Supplement and Trust Supplement, this Lease, the Trust Agreement and the Trust Indenture as well) or amendment to be duly filed and recorded, and maintained of record, in accordance with the applicable laws of the government of registry of the Aircraft. In addition, Lessee at its expense will promptly and duly execute and deliver to Lessor such further documents and take such further action as Lessor may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and the Indenture Trustee hereunder, including, without limitation, if requested by Lessor, at the expense of Lessee, the execution and delivery of supplements or amendments hereto, each in recordable form, subjecting to this Lease and the Trust Indenture, any airframe or engine substituted for the Airframe or any Engine pursuant to the terms thereof and the recording or filing of counterparts thereof, in accordance with the laws of such jurisdictions as Lessor may from time to time reasonably request.

(b) Lessee will furnish to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, the Pass Through Trustees:

(i) Quarterly Statements - As soon as practicable after the end

of the first, second, and third quarterly fiscal periods in each fiscal year of Lessee, and in any event within 60 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of Lessee as at the end of such quarter setting forth in comparative form the amount for the end of the corresponding period of the preceding fiscal year,

(2) consolidated statements of income and retained earnings of Lessee for such quarterly period, setting forth in comparative form the amount for the corresponding period of the preceding fiscal year, and

(3) consolidated statements of cash flow of Lessee for the portion of the fiscal year ending with said quarter, setting forth in comparative form the amount for the corresponding period of the preceding fiscal year;

(ii) Annual Statements - As soon as practicable after the end of

each fiscal year, and in any event within 120 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of Lessee as at the end of such year, and

(2) consolidated statements of income and retained earnings and of cash flow of Lessee for such year,

prepared in accordance with generally accepted accounting principles and setting forth in each case in comparative form the figures for the previous fiscal year and accompanied by an auditor's report of a firm of independent certified public accountants of recognized national standing (which report may be adverse, qualified or disclaim an opinion);

(iii) SEC Reports - Promptly upon their becoming available, one

copy of each financial statement, report, or proxy statement sent by UAL Corporation to its shareholders generally, and of each regular or periodic report and any prospectus (in the form in which it becomes effective) filed by Lessee or UAL Corporation with the Securities and Exchange Commission or any successor agency; and

(iv) Notice of Default or Claimed Default -Immediately upon an

officer of Lessee becoming aware of the existence of a Default or an Event of Default (or that Lessor has given notice or taken any other action with respect to an Event of Default or a claimed default under this Lease), a written notice specifying the nature of the Default, Event of Default, or claimed default and any such notice given or action taken by Lessor and what action Lessee is taking or proposes to take with respect thereto.

(c) Commencing in 1996, on or before April 30 of each year during the Term, Lessee will deliver to Lessor and the Indenture Trustee a certificate of Lessee, signed by the President, a Vice President, the Chief Financial Officer or the principal accounting officer of Lessee to the effect that the signer is familiar with or has reviewed the relevant terms of this Lease and the signer does not have knowledge of the

existence, as of the date of such certificate, of any condition or event which constitutes a Default or an Event of Default.

SECTION 17. Notices. All notices required under the terms and

provisions hereof shall be in writing (including telex, telecopier or similar writing) and shall be effective (a) if given by telecopier when transmitted and the appropriate confirmation received; provided, that any such notice is confirmed by certified mail, (b) if given by certified mail, three Business Days after being deposited in the mails, (c) if given by telex, upon receipt by the party transmitting the telex of such party's callback code at the end of such telex (receipt of confirmation in writing not being necessary to the effectiveness of any telex) and (d) if given by other means, when received or personally delivered, addressed:

(i) if to Lessee, at P. O. Box 66100, Chicago, Illinois 60666 (or, if given by overnight delivery service, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007) Attention: Vice President and Treasurer, telecopier number (708) 952-7117, or to such other address or telecopier number as Lessee shall from time to time designate in writing to Lessor;

(ii) if to Lessor, at 225 Franklin Street, Boston, Massachusetts 02110 (or, if given by overnight delivery service) Two International Place, Boston, Massachusetts 02110) Attention: _____, telecopier number (617) 664-5367 or to such other address or telecopier number as Lessor shall from time to time designate in writing to Lessee;

(iii) if to the Indenture Trustee, the Owner Participant or any Pass Through Trustee, addressed to the Indenture Trustee, the Owner Participant or such Pass Through Trustee at such address or telecopier number as the Indenture Trustee, the Owner Participant or such Pass Through Trustee shall have furnished by notice to Lessor and to Lessee, and, until an address is so furnished, addressed to the Indenture Trustee, the Owner Participant or such Pass Through Trustee at its address or telecopier number set forth in Schedule I to the Participation Agreement; and

(iv) If to a Certificate Holder which is not a Pass Through Trustee, addressed to such Certificate Holder at its address stated in the Loan Certificate Register maintained pursuant to the Trust Indenture.

A copy of each notice to Lessor shall be given by the sender thereof to the Owner Participant.

SECTION 18. Net Lease; No Set-Off, Counterclaim, Etc.

(a) This Lease is a net lease, and it is intended that the Lessee shall pay all costs and expenses of every character, whether seen or unforeseen, ordinary or extraordinary or structural or non-structural, in connection with the use, operation, maintenance, repair and reconstruction of the Airframe and each Engine by the Lessee, including the costs and expenses particularly set forth in this Lease. Except as set forth in this Section 18(a), the Rent which Lessee is obligated to pay shall be paid without the necessity of notice or demand and without set-off, counterclaim, abatement, suspension, deduction or defense. If at any time that Lessee is required (a) to make a payment of Termination Value or Fair Market Sales Value pursuant to Section 9 or Stipulated Loss Value pursuant to Section 10, or (b) to pay the purchase price of the Aircraft pursuant to Section 19(b), there shall exist a Lessor Lien with respect to the Aircraft (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) relating to the Owner Participant (or Lessee shall have previously incurred a charge to discharge such a Lessor Lien), then Lessee shall be entitled to deduct from the portion required to be paid to the Owner Participant of such payment of Termination Value or Fair Market Sales Value, or such payment of the purchase price, or any combination thereof, as the case may be, an amount sufficient to so reimburse Lessee or to reimburse Lessee for the cost of discharging such Lessor Lien, as the case may be. Notwithstanding anything contained in this Section 18(a) to the contrary, any payments of Fair Market Sales Value, Termination Value, Stipulated Loss Value, Special Termination Value or EBO Price made to the Indenture Trustee shall be in an amount which, together with any other amounts payable hereunder, is at least sufficient to pay in full, as of the date of payment thereof, the amount of principal of, and any accrued and unpaid interest on, the outstanding Loan Certificates, together with Premium, if any, thereon and amounts due the Certificate Holders under the Trust Indenture, if any, and, to such extent, shall not be subject to set-off hereunder.

(b) Except as otherwise expressly provided, this Lease shall not terminate nor shall the Lessee have any right to terminate this Lease or be entitled to abatement, suspension, deferment or reduction of any Rent which the Lessee is obligated to pay hereunder, nor shall the obligations hereunder of the Lessee be affected, by reason of (A) any damage to or the destruction or loss of all or any portion of the Airframe or any Engine from whatever cause, (B) the loss or theft of any portion of the Airframe or any Engine, (C) the taking of the Airframe or any Engine or any portion thereof by condemnation, confiscation, requisition or otherwise, (D) the prohibition, limitation or

restriction of the Lessee's use of all or any part of the Airframe or any Engine, or the interference with such use by any Person, (E) the inadequacy or incorrectness of the description of any portion of the Airframe or any Engine or the failure of this Lease to demise to the Lessee the Airframe or any Engine or any portion thereof, (F) the Lessee's acquisition or ownership of all or any part of the Airframe or any Engine otherwise than pursuant to an express provision of this Lease, (G) any defect in compliance with specifications, condition, merchantability, design, airworthiness, quality, durability, operation or fitness for use for any purpose of the Airframe or any Engine or any portion thereof, (H) any defect in the title to, or registration of or the existence of any Liens or rights of others whatsoever with respect to, the Airframe or any Engine or any portion thereof, (I) any insolvency, bankruptcy, reorganization or similar proceedings by or against any Sublessee or any Person (J) any breach, default or misrepresentation by the Lessor, any Participant or the Indenture Trustee under this Lease or any other Operative Document or any of the documents referred to herein or therein or (K) any invalidity or unenforceability, in whole or in part, of this Lease or any other Operative Document or any of the documents referred to herein or therein, or any other infirmity herein or therein, or any lack of power or authority of any party to this Lease or any other Operative Document or any such documents to enter into the same, or (L) any other circumstance, happening or act whatsoever, whether or not unforeseen or similar to any of the foregoing, it being the intention of the parties hereto that the obligations of the Lessee shall be absolute and unconditional and shall be separate and independent covenants and agreements and shall continue unaffected unless and until this Lease shall have terminated in accordance with its terms upon payment by Lessee of all sums payable by Lessee hereunder and performance by Lessee of all obligations required to be performed by Lessee hereunder.

The Lessee covenants that it will remain obligated under this Lease in accordance with its terms and will take no action to terminate, rescind or avoid this lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting the Lessor or the Owner Participant or any assignee of the Lessor the Owner Participant or any other action with respect to this Lease which may be taken in any such proceeding by any trustee or receiver of the Lessor or the Owner Participant or of any assignee of the Lessor or the Owner Participant or by any court or any of the foregoing actions which may be taken by or against any of the Lessor's predecessors in interest in the Airframe or any Engine.

If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees, without limitation of the other rights and remedies of Lessor hereunder, to pay to Lessor an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part.

Except as expressly provided herein, the Lessee waives all rights now or hereafter conferred by law (x) to quit, terminate, rescind or surrender this Lease or the Airframe or any Engine or any part thereof, or (y) to any abatement, suspension, deferment, return or reduction of the Rent.

SECTION 19. Renewal Options; Purchase Options; Valuation. (a)

Renewal Options.

(1) Fixed Renewal Terms. Not less than 180 days nor more than

365 days before the end of the Basic Term or any Fixed Renewal Term, Lessee may, so long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof), (f) or (g) Default or any Event of Default has occurred and is continuing, deliver to Lessor an irrevocable written notice (which at the option of Lessee made at any time prior to 90 days prior to the end of the Basic Term or such Fixed Renewal Term may be deemed a notice to exercise the applicable purchase option in Section 19(b)) electing to renew this Lease for a term or terms having a duration and at a Basic Rent as determined below (each such term being herein referred to as a "Fixed Renewal Term"). At least 180 days, before the end of the Basic Term Lessee shall, as a condition to its exercise of any option set forth in this Section 19(a)(1), notify Lessor of its demand for an appraisal pursuant to the appraisal procedures of Section 19(c) hereof. The appraiser(s) so appointed shall determine the total useful life, the remaining useful life and the future residual value of the Aircraft on the expiration date for a Fixed Renewal Term as may be set by reason of the maximum period therefor in accordance with the constraints set forth in the following two sentences. The duration of each Fixed Renewal Term shall be a period specified by Lessee before the end of the Basic Term (or the preceding Fixed Renewal Term, as the case may be) which is not less than one year and not more than three years (in integral multiples of six months). Notwithstanding the foregoing, the aggregate term of all Fixed Renewal Terms shall not exceed the lesser of (a) three years and (b) the longest period of time (i) which would cause the Term, after giving

effect to all such Fixed Renewal Terms, to be equal to at least 80% of the then estimated useful life of the Aircraft as determined by the appraiser(s) and (ii) at the expiration of which the residual value of the Aircraft, as estimated by the appraiser(s), would be at least equal to 20% of Lessor's Cost (without taking into account inflation or deflation during the Term). The annual Basic Rent payable during each Fixed Renewal Term shall be equal to one-half of the average annual Basic Rent payments for the Aircraft over the Basic Term.

(2) Fair Market Renewal Term. So long as no Section 14(a), (b),

(d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof), (f) or (g) Default or any Event of Default has occurred and is continuing, Lessee shall have the right to renew this Lease for additional periods of at least one year commencing at the end of the Basic Term, any Fixed Renewal Term or any prior Fair Market Renewal Term for a Basic Rent equal to the Fair Market Rental Value of the Aircraft for such period (each such renewal term, a "Fair Market Renewal Term"); provided, however, each Fair Market Renewal Term shall be an integral multiple of six months. Notwithstanding the foregoing, the aggregate term for all Fair Market Renewal Terms shall not exceed three years. Each such option to renew shall be exercised upon delivery by Lessee to Lessor of irrevocable written notice of Lessee's intent to renew the Lease at least 180 days (but not more than 365 days) prior to the commencement of such Fair Market Renewal Term (which at the option of the Lessee made at any time prior to 90 days prior to the anticipated commencement of such Fair Market Renewal Term may be deemed a notice to exercise the applicable purchase option in Section 19(b)).

(3) Waiver. If no written notice is delivered by Lessee to

Lessor pursuant to Section 19(a)(1) or (2) on or before the day specified therefore, Lessee shall be deemed to have waived any right to renew this Lease.

(4) Conditions Precedent, Payment of Basic Rent. At the end of

the Basic Term or any Renewal Term, if Lessee has elected to renew this Lease as aforesaid, and provided that there shall not then have occurred and be continuing a Default or an Event of Default and that all necessary governmental authorizations and approvals shall have been received and that Basic Rent for the Renewal Term has already been determined as above provided, (i) this Lease shall continue in full force and effect during the Renewal Term, and (ii) Basic Rent for such Renewal Term shall be

payable in semi-annual installments in advance or arrears as was the basis of the Basic Rent being paid immediately prior to such Renewal Term, each such installment being due and payable on each Lease Period Date occurring during the Renewal Term.

(5) Termination Value; Stipulated Loss Value. The amounts which

are payable during any Renewal Term in respect of Termination Value as used in Section 15 and Stipulated Loss Value with respect to the Aircraft shall be determined on the basis of the Fair Market Sales Value of the Aircraft as of the commencement of such Renewal Term, amortized on a straight-line basis over such Renewal Term to the projected Fair Market Sales Value of the Aircraft as of the expiration of such Renewal Term, as such Fair Market Sales Value in each case is determined prior to the commencement of such Renewal Term. In determining Fair Market Sales Value for purposes of calculating Stipulated Loss Value and Termination Value for any Renewal Term effect shall be given to the encumbrance on the Aircraft of any Fixed Renewal Term available or in force.

(b) Purchase Options. Lessee shall have the option, so long as no

Section 14(a), (b), (f) or (g) Default or any Event of Default exists on the date notice of exercise may be given, (i) with respect to subsections (1) and (2) below, upon not more than 365 days and not less than 90 days irrevocable prior written notice to Lessor and (ii) with respect to subsections (3) and (4) below, upon not more than 365 days and not less than 180 days irrevocable prior written notice to Lessor (which at the option of the Lessee made at any time prior to 90 days prior to the relevant purchase date may be deemed a notice of the applicable renewal option pursuant to Section 19(a)(1) or 19(a)(2) as the Lessee may designate) (each a "Purchase Option Date"), to terminate this Lease and to purchase the Aircraft:

(1) on any Special Purchase Option Date for a purchase price equal to the greater of (x) the Fair Market Sales Value of the Aircraft on such date or (y) the amount determined by multiplying Lessor's Cost by the Special Termination Value Percentage with respect to such Date (with respect to any such Date, the "Special Termination Value");

(2) on the EBO Date for a purchase price equal to the amount determined by multiplying Lessor's Cost by the EBO Percentage payable on the EBO Date or as otherwise provided in, and subject to the conditions set forth in, Exhibit H hereto (the "EBO Price");

(3) on the last Business Day of the Basic Term for a purchase price equal to the Fair Market Sales Value of the Aircraft on such date; and

(4) on the last Business Day of any Renewal Term for a purchase price equal to the Fair Market Sales Value of the Aircraft on such date.

Notwithstanding the foregoing but subject to the provisions of Section 8(r) of the Participation Agreement, the purchase price on any Purchase Option Date shall be sufficient, together with all other amounts payable simultaneously by Lessee, to pay in full the payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding. Upon payment to Lessor in immediately available funds of the full amount of the purchase price (less the principal amount of the Loan Certificates assumed by the Lessee in accordance with Section 8(r) of the Participation Agreement) plus all Basic Rent due on or prior to such purchase date (unless denominated "advance" rental), all Supplemental Rent due on or prior to such purchase date (including amounts equal to Premium, if any) and payment of any other amounts then due hereunder (including all reasonable costs or expenses of Lessor (including any applicable sales or transfer taxes) and the Owner Participant in connection with such purchase), Lessor will transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest in and to the Aircraft.

(c) Valuation. At any time not earlier than 365 days prior to the -----

date on which Lessee may purchase an Aircraft pursuant to Section 19(b) hereof or renew this Lease pursuant to Section 19(a) hereof, Lessee may deliver to Lessor a revocable notice of its intent to exercise its renewal option or purchase option. For all purposes of this Section 19, including the appraisal referred to in this Section 19(c), in determining Fair Market Rental Value or Fair Market Sales Value, the Aircraft shall be valued (i) as if in the condition and otherwise in compliance with the terms of Section 5 (but subject to Section 5(e)) upon a return of the Aircraft in the United States and as if it had been maintained at all times as required in accordance with Section 7(a)(1) and (2) and Section 8, (ii) on the basis of the value which would obtain in an arm's-length transaction between an informed and willing buyer or user or lessee (other than a lessee or an Affiliate of a lessee currently in possession or a used equipment scrap dealer) under no compulsion to buy or lease and an informed and willing seller or lessor unaffiliated with such buyer-user or lessee and under no compulsion to sell or

lease, and (iii) in the case of such valuation for determining Fair Market Rental Value, assuming such lessee would have substantially the same obligations during the Fair Market Renewal Term as provided hereunder including without limitation the obligations of Lessee to carry and maintain the insurance required by Section 11 hereof. Upon receipt of such notice Lessor and Lessee shall confer in good faith with a view to reaching agreement on the Fair Market Rental Value or Fair Market Sales Value of the Aircraft. If the parties have not so agreed by 240 days prior to the end of the Basic Term or the Renewal Term in question, then the question shall be determined by an appraisal mutually agreed to by two recognized independent aircraft appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee within five Business Days after Lessor or Lessee shall have received written notice from the other party of a demand that such an appraisal be made, which notice shall specify the appraiser chosen by the party giving the notice or, if such appraisers cannot agree on the amount of such appraisal within five Business Days after the end of such five-day period, each shall render its own appraisal and shall by mutual consent choose another appraiser within five Business Days after the end of such five-day period. If, within such five-day period, such two appraisers fail to appoint a third appraiser, then either Lessor or Lessee, on behalf of both, may apply to the American Arbitration Association (or any successor organization thereto) in Chicago, Illinois for the appointment of such third appraiser. The decision of the third appraiser so appointed shall be given within ten Business Days after the appointment of such third appraiser. As soon as the third appraiser has delivered his appraisal, that appraisal shall be compared with the appraisals given by the other two appraisers. If the determination of one appraiser is more disparate from the average of all three determinations than each of the other two determinations, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto; otherwise the average of all three determinations shall be final and binding upon the parties thereto. Lessee and Lessor shall equally bear all expenses relating to such appraisal procedure (other than an appraisal procedure related to Lessee's purchase option under Section 19(b)(1), the costs of which Lessee shall in all events bear), provided, that if such transaction is not consummated (other than as the result of the fault of Lessor) Lessee shall bear all expenses relating to such appraisal procedure.

SECTION 20. Security for Lessor's Obligation to Certificate Holders.

In order to secure the indebtedness evidenced by the Loan Certificates, Lessor has agreed in the Trust Indenture, among other things, to assign to the Indenture Trustee this Lease and to mortgage the Aircraft in favor of the

Indenture Trustee, subject to the reservations and conditions therein set forth. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee as indenture trustee under the Trust Indenture on the signature page thereof. Lessee hereby accepts and consents to the assignment of all Lessor's right, title and interest in and to this Lease pursuant to the terms of the Trust Indenture. Lessee agrees to pay directly to the Indenture Trustee (or, after receipt by Lessee of notice from the Indenture Trustee of the discharge of the Trust Indenture, to Lessor), all amounts of Rent (other than Excluded Payments) due or to become due hereunder and assigned to the Indenture Trustee and Lessee agrees that the Indenture Trustee's right to such payments hereunder shall be absolute and unconditional and shall not be affected by any circumstance. Notwithstanding the foregoing assignment of this Lease, the obligations of Lessor to Lessee to perform the terms and conditions of this Lease shall remain in full force and effect. Lessee further acknowledges that the Trust Indenture provides that so long as the Loan Certificates are outstanding Lessor may not consent to any amendment, modification or waiver to this Lease without the prior consent of the Indenture Trustee (except as provided in Section 11.06 of the Trust Indenture) and Lessee agrees to provide to the Indenture Trustee a copy of all notices, consents, certificates or other information provided hereunder to Lessor.

SECTION 21. Lessor's Right to Perform for Lessee. If Lessee fails to

make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, then (but in each case, except in the case of failure to pay Rent or in the case of failure to maintain insurance as required hereunder, no earlier than five Business Days after notice as to the occurrence of such failure, whether or not it shall yet constitute an Event of Default hereunder) Lessor may itself make such payment or perform or comply with such agreement but shall not be obligated hereunder to do so, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Past Due Rate, shall be deemed Supplemental Rent, payable by Lessee upon demand.

SECTION 22. Investment of Security Funds; Liability of Lessor

Limited. (a) Investment of Security Funds. Any moneys

held by Lessor as security hereunder for future payments to Lessee shall, until paid to Lessee, be invested by Lessor or, if the Trust Indenture shall not have been discharged, by the Indenture Trustee, as the case may be, as Lessee (or in the event a Default under Section 14(a), (b), (f) or (g) or an Event of Default has occurred and is continuing, Lessor) may from time to time direct in writing (and in absence of a written direction by Lessee, there shall be no obligation to invest such moneys) in (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-1 or its equivalent by Moody's Investors Service, Inc. or at least A-1 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$200,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors Service, Inc. or Standard & Poor's Corporation; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$200,000,000 with any of the obligations described in clause (i) through (iv) as collateral. There shall be promptly remitted to Lessee or its order (but no more frequently than monthly) any gain (including interest received) realized as a result of any such investment (net of any fees, taxes, commissions and other expenses, if any, incurred in connection with such investment) unless a Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) Default or an Event of Default shall have occurred and be continuing. If a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) or an Event of Default shall have occurred and be continuing, Lessor or if the Trust Indenture shall not have been discharged, the Indenture Trustee as assignee of Lessor, shall hold any such gain as security for the obligations of Lessee under this Lease and apply it against such obligations as and when due, and once all such Defaults and Events of Default have been remedied any gain not so applied shall be remitted to Lessee. Lessee shall be responsible for any net loss realized as a result of any such investment and shall reimburse Lessor (or the Indenture Trustee, as the case may be) therefor on demand.

(b) Liability of Lessor Limited. It is expressly agreed and

understood that all representations, warranties and undertakings of Lessor hereunder shall be binding upon Lessor only in its capacity as trustee under the Trust Agreement, and the institution acting as Lessor shall not be liable in its individual capacity for any breach thereof except for its gross negligence or willful misconduct or for breach of its covenants, representations and warranties contained herein, to the extent covenanted or made in its individual capacity.

SECTION 23. Miscellaneous. Any provision of this Lease which is

prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by Lessor, Lessee and any assignee of Lessor's rights hereunder. This Lease shall constitute an agreement of lease, and nothing contained herein shall be construed as conveying to Lessee any right, title or interest in the Aircraft except as a lessee only. The section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. THIS LEASE HAS BEEN DELIVERED IN THE STATE OF ILLINOIS AND SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 24. Successor Trustee. Lessee agrees that in the case of the

appointment of any successor Owner Trustee pursuant to the terms of the Trust Agreement, such successor Owner Trustee shall, upon written notice by such successor Owner Trustee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Aircraft for all purposes hereof without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor Owner Trustees pursuant to the Trust Agreement, but such right may be executed repeatedly as long as this Lease shall be in effect.

SECTION 25. Bankruptcy. Lessee hereby acknowledges that Lessor and

the Indenture Trustee are entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft and that this Lease is a "lease" within the meaning of said Section 1110, including that it is to be treated as a lease for federal tax purposes. Lessee agrees not to take any position in connection with any bankruptcy proceedings involving it that is inconsistent with a lessor's rights under Section 1110 of the Bankruptcy Code or any comparable or successor provision affording protection to lessors of aircraft.

* * *

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed as of the day and year first above written.

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, except as expressly provided in Section 4 hereof, but solely as Owner Trustee,
Lessor

By _____
Vice President

UNITED AIR LINES, INC.,
Lessee

By _____
Vice President and Treasurer

Receipt of this original counterpart of the foregoing Lease is hereby acknowledged on this ____ day of May, 1995./1/

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
Indenture Trustee

By _____
Authorized Officer

/1/This language contained in the original counterpart only.

EXHIBIT A

LEASE SUPPLEMENT NO. 1 (1995 777 A)

LEASE SUPPLEMENT No. 1 (1995 777 A), dated May __, 1995, between STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement (1995 777 A), dated as of May 1, 1995, between such Owner Trustee and the Owner Participant referred to therein (such Owner Trustee, in its capacity as such Owner Trustee being herein called "Lessor"), and UNITED AIR LINES, INC. ("Lessee").

Lessor and Lessee have heretofore entered into that certain Lease Agreement (1995 777 A), dated as of May 1, 1995, relating to one Boeing 777-222 aircraft (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease provides for the execution and delivery from time to time of Lease Supplements for the purpose of leasing the Airframe and Engines under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease is attached hereto, and made a part hereof, and this Lease Supplement together with such attachment, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document./2/

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease, attached and made a part of Lease Supplement No. 1 (1995 777 A) dated May __, 1995, has been recorded by the Federal Aviation Administration on _____ __, 1995, as one document and assigned Conveyance No. _____./3/

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under the Lease and Lessee hereby accepts and leases from Lessor under the Lease the following described Boeing Model 777-222 aircraft (the "Aircraft"), which Aircraft as of the date hereof consists of the following components:

- -----
/2/This language for Lease Supplement No. 1.

/3/This language for other Lease Supplements.

(i) Airframe: U.S. Registration No. N777UA and manufacturer's serial no. 26916; and

(ii) Engines: two (2) Pratt & Whitney Model PW4084 engines bearing, respectively, manufacturer's serial nos. _____ and _____ (each of which engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower).

2. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof. Except as otherwise provided in the Lease, the Term for the Aircraft shall commence on the Delivery Date and end on the Lease Expiry Date.

3. Lessee hereby confirms its agreement to pay Lessor Basic Rent for the Aircraft throughout the Term therefor in accordance with Section 3 of the Lease.

4. Lessee hereby confirms to Lessor that Lessee has accepted the Aircraft for all purposes hereof and of the Lease as being airworthy, in good working order and repair and without defect or inherent vice in title, condition, design, operation or fitness for use; provided, however, that nothing contained herein or in the Lease shall in any way diminish or otherwise affect any right Lessee or Lessor may have with respect to the Aircraft against The Boeing Company, or any subcontractor or supplier of The Boeing Company, under the Purchase Agreement or otherwise.

5. All of the terms and provisions of the Lease are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

6. This Lease Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

* * *

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY, not in its
individual capacity, but solely as Owner
Trustee,
Lessor

By: _____
Title: _____

UNITED AIR LINES, INC.,
Lessee

By: _____
Vice President and Treasurer

Receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged on this ____ day of May, 1995./4/

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION
Indenture Trustee

By _____
Authorized Officer

- - - - -
/4/This language contained in the original counterpart only.

EXHIBIT B

BASIC RENT AND EXCESS AMOUNT SCHEDULE

DATE	ARREARS RENT AS A PERCENTAGE OF LESSOR'S COST	ADVANCE RENT AS A PERCENTAGE OF LESSOR'S COST	EXCESS AMOUNT AS A PERCENTAGE OF LESSOR'S COST
-----	-----	-----	-----

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT B TO THE LEASE AGREEMENT IS INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE FEDERAL AVIATION ADMINISTRATION.

EXHIBIT C

STIPULATED LOSS VALUE SCHEDULE

DATE -----	STIPULATED LOSS VALUE (as a percentage of Lessor's Cost) -----
---------------	--

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT C TO THE LEASE AGREEMENT IS INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE FEDERAL AVIATION ADMINISTRATION.

EXHIBIT D

TERMINATION VALUE SCHEDULE

DATE -----	TERMINATION VALUE (as a percentage of Lessor's Cost) -----
---------------	--

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT D TO THE LEASE AGREEMENT IS INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE FEDERAL AVIATION ADMINISTRATION.

EXHIBIT E

RENT RECALCULATION AND
INDEMNIFICATION VERIFICATION

Any recalculation of Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage pursuant to the Lease and any calculation of any payment to the Owner Participant or Lessee under the Tax Indemnity Agreement or Section 7(b) of the Participation Agreement shall be determined by the Owner Participant, computed on the basis of the same methodology and assumptions used by the Owner Participant in determining the Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage as of the Delivery Date except as such assumptions have been modified pursuant to Section 3 of the Lease; provided, however, Lessee may request (A) Capstar Partners, Inc., or any other financial advisor to Lessee to verify such calculations but without any requirement that the Owner Participant disclose to such advisor such methodology and assumptions and (B) if Lessee believes that such calculations by the Owner Participant are in error then a nationally recognized firm of accountants selected by the Owner Participant and reasonably acceptable to Lessee (which may be the Owner Participant's independent public accountants) shall be permitted to verify such calculations and the Owner Participant will make available to such firm (subject to the execution by such firm of a confidentiality agreement reasonably acceptable to the Owner Participant) such methodology and assumptions and any changes made therein pursuant to Section 3 of the Lease and any other information reasonably necessary for such verification requested by such firm. In the event of a verification under clause (B) of this Exhibit E the determination by such firm of accountants shall be final. Lessee will pay the reasonable costs and expenses of the verification under clause (B) of this Exhibit E; provided, however, if as a result of such verification process the Basic Rent is adjusted and such adjustment causes the Net Present Value of Rents to decline by 10 or more basis points or there is a material error in the computation of the Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages or EBO Percentage in the Owner Participant's original statement in the Owner Participant's favor, or indemnity payment is reduced by \$10,000 or more, the Owner Participant shall pay the reasonable costs and expenses of such verification process. Such recalculated Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage shall be set forth in an amendment to the Lease.

EXHIBIT F

SCHEDULE OF COUNTRIES AUTHORIZED
FOR DOMICILE OF PERMITTED SUBLESSEES

Australia	Luxembourg
Austria	*Malaysia
Belgium	Netherlands
*Brazil	New Zealand
Canada	Norway
Denmark	*Portugal
Finland	Singapore
France	*South Korea
Germany	*Spain
*Greece	Sweden
*Iceland	Switzerland
Ireland	*Thailand
Italy	United Kingdom
Japan	*Venezuela

* Designates "Restricted Country".

EXHIBIT G

SCHEDULE OF COUNTRIES AUTHORIZED
FOR AIRCRAFT REGISTRATION

Australia	Luxembourg
Austria	*Malaysia
Belgium	Netherlands
*Brazil	New Zealand
Canada	Norway
Denmark	*Portugal
Finland	Singapore
France	*South Korea
Germany	*Spain
*Greece	Sweden
*Iceland	Switzerland
Ireland	*Thailand
Italy	United Kingdom
Japan	*Venezuela

* Designates "Restricted Country".

Option Dates:

Value Percentages:

_____%
_____%
_____%

EXHIBIT H

LESSOR'S COST, ENGINE COST, COMMENCEMENT DATE,
LEASE EXPIRY DATE, STIPULATED LOSS VALUE DATE,
EBO DATE, EBO PERCENTAGE, SPECIAL PURCHASE
OPTION DATES AND SPECIAL TERMINATION VALUE PERCENTAGES
(EBO Percentage, EBO Installment Percentages and
Special Termination Value Percentages expressed
as a percentage of Lessor's Cost)

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT H TO THE LEASE AGREEMENT IS
INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE
FEDERAL AVIATION ADMINISTRATION.

LEASE AGREEMENT
(1995 777 B)

Dated as of May 1, 1995

Between

STATE STREET BANK AND TRUST COMPANY,
Not in its Individual Capacity,
except as expressly
provided herein, but solely as
Owner Trustee,
Lessor

and

UNITED AIR LINES, INC.,
Lessee

United Air Lines, Inc.
1995 777 B Equipment Trust
One Boeing 777-222 Aircraft

As set forth in Section 20 hereof, Lessor has assigned to the Indenture Trustee (as defined herein) certain of its right, title and interest in and to this Lease. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on the signature page thereof.

TABLE OF CONTENTS

	PAGE

SECTION 1. Definitions.....	1
SECTION 2. Acceptance and Lease.....	17
SECTION 3. Term and Rent.....	17
(a) Interim Term and Basic Term.....	17
(b) Basic Rent.....	17
(c) Adjustments to Basic Rent, Excess Amount, Stipulated Loss Values, Termination Values, Special Termination Value Percentages and the EBO Percentage.....	17
(d) Supplemental Rent.....	20
(e) Payments in General.....	20
(f) [Intentionally Reserved for Potential Future Use]....	21
(g) Prepayments of Certain Rent Payments.....	21
SECTION 4. Lessor's Representations and Warranties.....	22
SECTION 5. Return of the Aircraft.....	23
(a) Condition Upon Return.....	23
(b) Return of Other Engines.....	27
(c) Fuel and Manuals.....	28
(d) Storage Upon Return.....	28
(e) Purchase of Engine.....	29
(f) Severable Parts.....	29
(g) Special Redelivery Provision.....	29
SECTION 6. Liens.....	30
SECTION 7. Registration, Maintenance and Operation; Possession and Subleases; Insignia.....	30
(a) (1) Registration and Maintenance.....	31
(2) Operation.....	32
(3) Reregistration.....	33
(4) Operating Certificates.....	33
(b) Possession and Subleases.....	33
(c) Insignia.....	39
SECTION 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions.....	40
(a) Replacement of Parts.....	40

	(b) Pooling of Parts.....	41
	(c) Alterations, Modifications and Additions.....	41
SECTION 9.	Early Termination.....	43
	(a) [Intentionally reserved for potential future use].....	43
	(b) Termination for Obsolescence/Surplus.....	43
	(c) Sale of the Aircraft.....	43
	(d) Termination as to Engines.....	46
SECTION 10.	Loss, Destruction, Requisition, etc.	46
	(a) Event of Loss with Respect to the Aircraft.....	46
	(b) Event of Loss with Respect to an Engine.....	50
	(c) Application of Payments from Governmental Authorities for Requisition of Title, etc.	52
	(d) Requisition for Use of the Aircraft by the United States Government or Government of Registry of the Aircraft.....	53
	(e) Requisition for Use of an Engine by the United States Government or the Government of Registry of the Aircraft.....	54
	(f) Application of Payments During Existence of Events of Default.....	54
SECTION 11.	Insurance.....	55
	(a) Public Liability and Property Damage Insurance.....	55
	(b) Insurance Against Loss or Damage to the Aircraft.....	55
	(c) Reports, etc.....	57
	(d) Self-Insurance.....	59
	(e) Additional Insurance by Lessor and Lessee.....	59
	(f) Indemnification by Government in Lieu of Insurance....	60
	(g) Application of Payments During Existence of Default...	60
	(h) Terms of Insurance Policies.....	60
SECTION 12.	Inspection.....	61
SECTION 13.	Assignment.....	63
SECTION 14.	Events of Default.....	63

SECTION 15.	Remedies.....	65
SECTION 16.	Lessee's Cooperation Concerning Certain Matters.....	69
SECTION 17.	Notices.....	71
SECTION 18.	Net Lease; No Set-Off, Counterclaim, Etc.....	72
SECTION 19.	Renewal Options; Purchase Options; Valuation.....	74
	(a) Renewal Options.....	74
	(1) Fixed Renewal Terms.....	74
	(2) Fair Market Renewal Term.....	75
	(3) Waiver.....	75
	(4) Conditions Precedent, Payment of Basic Rent.....	75
	(5) Termination Value; Stipulated Loss Value.....	76
	(b) Purchase Options.....	76
	(c) Valuation.....	77
SECTION 20.	Security for Lessor's Obligation to Certificate Holders.....	78
SECTION 21.	Lessor's Right to Perform for Lessee.....	79
SECTION 22.	Investment of Security Funds; Liability of Lessor Limited....	80
	(a) Investment of Security Funds.....	80
	(b) Liability of Lessor Limited.....	81
SECTION 23.	Miscellaneous.....	81
SECTION 24.	Successor Trustee.....	81
SECTION 25.	Bankruptcy.....	82

EXHIBITS

EXHIBIT A	Form of Lease Supplement
EXHIBIT B	Basic Rent and Excess Amount Schedule
EXHIBIT C	Stipulated Loss Value Schedule
EXHIBIT D	Termination Value Schedule
EXHIBIT E	Rent Recalculation and Indemnification Verification
EXHIBIT F	Schedule of Countries Authorized for Domicile of Permitted Sublessees
EXHIBIT G	Schedule of Countries Authorized for Aircraft Registration
EXHIBIT H	Lessor's Cost, Engine Cost, Commencement Date, Lease Expiry Date, Stipulated Loss Value Date, EBO Date, EBO Percentage, Special Purchase Option Dates and Special Termination Value Percentages

LEASE AGREEMENT (1995 777 B)

This LEASE AGREEMENT (1995 777 B), dated as of May 1, 1995, between STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement (as defined in Section 1 hereof) (in such capacity, "Lessor"), and UNITED AIR LINES, INC., a corporation organized and existing pursuant to the laws of the State of Delaware ("Lessee").

WITNESSETH:

SECTION 1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acceptable Alternate Engine" means a Pratt & Whitney Model PW4084 engine or an engine of the same or another manufacturer of equivalent or greater value and utility, and suitable for installation and use on the Airframe; provided that such engine shall be of the same make, model and manufacturer as the other engine installed on the Airframe and shall be an engine of a type then being utilized by Lessee on other Boeing 777-222 aircraft operated by Lessee and shall have been maintained, serviced, repaired and overhauled in substantially the same manner as Lessee maintains, services, repairs and overhauls similar engines utilized by Lessee and without in any way discriminating against such engine.

"Actual Knowledge" means, (i) as it applies to the Owner Trustee or Indenture Trustee, as the case may be, actual knowledge of a responsible officer in the Trust Office, and (ii) as it applies to the Owner Participant, actual knowledge of a Vice President or more senior officer of the Owner Participant or other officer of the Owner Participant in each case having responsibility for the transactions contemplated by the Operative Documents; provided that each of the Owner Trustee, the Indenture Trustee and the Owner Participant shall be deemed to have "Actual Knowledge" of any matter as to which it has been given notice by any of Lessee, the Owner Participant, any Certificate Holder, the Owner Trustee or the Indenture Trustee, such notice having been given pursuant to and in accordance with Section 13(a) of the Participation Agreement.

"Additional Insured" means Lessor, in its individual capacity and as owner of the Aircraft, the Indenture Trustee, the

Owner Participant, Lessee in its capacity as sublessor under any Sublease, and, so long as the Pass Through Trustees are Certificate Holders, each Pass Through Trustee and each of their respective Affiliates, successors and permitted assigns; and the respective directors, officers and employees of each of the foregoing.

"Affiliate" means a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under a common control with, another Person, (ii) which beneficially owns or holds 10% or more (by number of votes) of any class of voting securities of such other Person or (iii) 10% or more (by number of votes) of the voting securities (or in the case of a Person which is not a corporation, 10% or more of the equity interest) of which is beneficially owned or held by such other Person or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Aircraft" means the Airframe together with the two Engines whether or not such Engines are installed on the Airframe or any other airframe.

"Airframe" means: (i) The Boeing Company Model 777-222 aircraft (excluding Engines or engines from time to time installed thereon) specified by United States Registration Number and Manufacturer's serial number in the Lease Supplement; (ii) any and all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in Lessor in accordance herewith; and (iii) any replacement airframe which may from time to time be substituted pursuant to Section 10(a)(ii) hereof.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time.

"Base Rate" means the rate of interest announced from time to time by The First National Bank of Chicago at its principal office in Chicago, Illinois as its "corporate base rate" (or its equivalent successor rate if the corporate base rate is no longer used).

"Basic Rent" means, for the Basic Term, the rent payable for the Aircraft pursuant to Section 3(b) hereof, as adjusted as provided in Section 3(c) and, for a Renewal Term, Basic Rent determined pursuant to Section 19.

[Lease Agreement (1995 777 B)]

"Basic Term" means the term for which the Aircraft is leased hereunder pursuant to Section 3(a) hereof beginning on the Commencement Date and ending on the Lease Expiry Date or such earlier date as this Lease may be terminated in accordance with the terms hereof.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in the City of Chicago, Illinois; New York City, New York; the city and state in which the principal place of business of the Owner Trustee is located; and, so long as any Loan Certificate is outstanding, the city and state in which the Indenture Trustee has its principal place of business and the city and state in which the Indenture Trustee receives and disburses funds.

"Certificate Holder" has the meaning assigned to the term "Holder" in the Trust Indenture.

"Certificated Air Carrier" means a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code, for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of 11 U.S.C. Section 1110 or any analogous successor provision of the Bankruptcy Code.

"Citizen of the United States" has the meaning given such term in Section 40102(a)(15) of Title 49 of the United States Code.

"Civil Reserve Air Fleet Program" means the Civil Reserve Air Fleet Program administered by the United States Government pursuant to Executive Order No. 11490, as amended, or any substantially similar program.

"Code" means the Internal Revenue Code of 1986, as amended through the Delivery Date.

"Commencement Date" means the date specified as such in Exhibit H hereto.

"Commitments" means the respective commitments of the Pass Through Trustees and the Owner Participant to finance the Owner Trustee's payment of Lessor's Cost for the Aircraft and "Commitment" means any one of the Commitments.

"Consent and Agreement" means the Consent and Agreement (1995 777 B), dated as of the date hereof, executed by the

Manufacturer, as the same may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof.

"Debt Rate" means the weighted average interest rate borne by the Loan Certificates then outstanding.

"Default" means any event which with the giving of notice or the lapse of time or both would become an Event of Default.

"Delivery Date" means the date of the initial Lease Supplement for the Aircraft, which date shall be the date the Aircraft is leased by Lessor to Lessee and accepted by Lessee hereunder.

"Dollars" and "\$" mean the lawful currency of the United States of America.

"EBO Date" means the date specified as such in Exhibit H hereto.

"EBO Percentage" means the percentage specified as such in Exhibit H hereto.

"EBO Price" has the meaning set forth in Section 19(b)(2) hereof.

"Engine" means (i) each of the two Pratt & Whitney Model PW4084 engines listed by manufacturer's serial numbers in the initial Lease Supplement and installed on the Airframe at the time of the Manufacturer's delivery to Lessee of such Airframe, and whether or not from time to time thereafter installed on such Airframe or any other airframe; (ii) any Acceptable Alternate Engine which may from time to time be substituted for any of such two engines pursuant to the terms hereof; and (iii) in either case, any and all Parts which are from time to time incorporated or installed in or attached to any such engine and any and all parts removed therefrom so long as title thereto remains vested in Lessor in accordance herewith. The term "Engines" means, as of any date of determination, all Engines then leased hereunder.

"Engine Cost" means the amount specified as Engine Cost in Exhibit H hereto.

"Event of Default" has the meaning specified in Section 14 hereof.

"Event of Loss" with respect to the Aircraft, Airframe or any Engine means any of the following events with respect to such property: (i) the loss of such property or of the use thereof due to the destruction of or damage to such property which renders repair uneconomic or which renders such property permanently unfit for normal use by Lessee for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, or a constructive or compromised total loss; (iii) the theft or disappearance of such property, or the confiscation, condemnation, or seizure of, or requisition of title to, or use of, such property by any governmental or purported governmental authority (other than a requisition for use by the United States Government or any government of registry of the Aircraft or any agency or instrumentality thereof), which in the case of any event referred to in this clause (iii) shall have resulted in the loss of title or possession of such property by Lessee for a period in excess of 90 consecutive days or, if earlier, until the end of the Term; (iv) as a result of any law, rule, regulation, order or other action by the FAA or other governmental body of the government of registry of the Aircraft having jurisdiction, use of such property in the normal course of the business of air transportation shall have been prohibited for a period in excess of 180 consecutive days, unless (A) such grounding is applicable to all Boeing 777-222 aircraft registered in such country, (B) Lessee, prior to the expiration of such 180 day period, shall have undertaken and shall be diligently carrying forward, in a manner that does not discriminate against the Aircraft, all steps which are necessary or desirable to permit the normal use of such property by Lessee, and (C) Lessee, within one year from the time of grounding shall have conformed at least one such aircraft in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same in such jurisdiction, provided that no such grounding shall extend beyond the expiration of the Term; (v) the requisition for use by the United States Government or any government of registry of the Aircraft or any instrumentality or agency thereof, which shall have occurred during the Basic Term (or the Interim Term or any Renewal Term) and shall have, in the case of any government of registry of the Aircraft (other than the United States Government or any agency or instrumentality thereof) or any agency or instrumentality thereof, continued for more than two years (or if earlier, until the end of the Term), and in the case of the United States Government or any agency or instrumentality thereof shall have continued for a period that extends beyond the Term and Lessor shall not have furnished the written notice specified in Section 10(d) hereof; (vi) the operation of or location of the Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect

with respect to the Aircraft required by the terms of Section 11, unless in the case of a requisition by the government of the United States or any agency or instrumentality thereof, Lessee shall have obtained an indemnity in lieu thereof from such government; and (vii) any divestiture of title to an Engine treated as an Event of Loss pursuant to Section 7(b) hereof. An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe.

"Excess Amount" for the Commencement Date means the amount determined by multiplying Lessor's Cost by the percentage specified in Exhibit B hereto opposite the Commencement Date (as such Exhibit B may be adjusted from time to time as provided in Section 3(c) hereof).

"Excluded Payments" has the meaning set forth in the Trust Indenture.

"Expenses" means any and all liabilities, obligations, losses, damages, penalties, claims (including, but not limited to, negligence, strict or absolute liability, liability in tort and liabilities arising out of violation of laws or regulatory requirements of any kind), actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses and, to the extent not required to be paid by the Owner Trustee pursuant to Section 16 of the Participation Agreement, Transaction Expenses, and all costs and expenses relating to amendments, supplements, waivers and consents to and under the Operative Documents, any amounts that would be included in Premium, but excluding internal costs and expenses such as salaries, and overhead of whatsoever kind and nature).

"Fair Market Rental Value" means the fair market rental value determined as provided in Section 19(c) hereof.

"Fair Market Sales Value" means the fair market sales value determined as provided in Sections 19(a) and 19(c) hereof.

"Federal Aviation Act" means the sections of Title 49 of the United States Code relating to aviation, as amended.

"Federal Aviation Administration" and "FAA" mean the United States Federal Aviation Administration and any successor agency or agencies thereto.

"Indemnitees" means the Owner Participant, the Owner Trustee, in its individual capacity and as trustee under the Trust Agreement, the Trust Estate, the Trust Indenture Estate, the Indenture Trustee, in its individual capacity and as trustee

under the Trust Indenture, each Pass Through Trustee (so long as the Pass Through Trustees are Certificate Holders), and each of their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents.

"Indenture Trustee" has the meaning set forth in the Trust Indenture.

"Indenture Trustee Documents" means the Participation Agreement, the Trust Indenture, each Pass Through Trust Agreement, each Pass Through Trust Supplement, each Loan Certificate and each Pass Through Certificate and any other document executed by the Indenture Trustee or the Pass Through Trustee in connection with the transactions contemplated by the Operative Documents.

"Interim Term" means the period commencing on the Delivery Date and ending on and including the day immediately preceding the Commencement Date, unless earlier terminated in accordance with the provisions hereof.

"Lease Agreement", "this Lease Agreement", "this Lease", "this Agreement", "herein", "hereof", "hereunder", "hereby", or other like words mean this Lease Agreement as originally executed or as modified, amended or supplemented in accordance with the applicable provisions hereof and the terms of the Trust Indenture, including, without limitation, supplementation hereof by any Lease Supplement entered into in accordance with the applicable provisions hereof and the terms of the Trust Indenture.

"Lease Expiry Date" means the date specified as such in Exhibit H.

"Lease Period" means each of the consecutive semi-annual periods throughout the Basic Term and any Renewal Term ending on a Lease Period Date, the first such period commencing on and including the Commencement Date.

"Lease Period Date" means April 19, 1996 and each succeeding semi-annual anniversary thereof to and including the last such date in the Term.

"Lease Supplement" means a Lease Supplement (1995 777 B), substantially in the form of Exhibit A hereto, to be entered into between Lessor and Lessee on the Delivery Date for the purpose of leasing the Aircraft under and pursuant to the terms of this Lease Agreement, and any subsequent Lease Supplement entered into in accordance with the terms hereof and the terms of the Trust Indenture.

"Lessee Documents" means the Participation Agreement, the Lease, any Lease Supplement, the Purchase Agreement, the Owner Trustee's Purchase Agreement, the Owner Trustee's FAA Bill of Sale, the Owner Trustee's Bill of Sale, the Tax Indemnity Agreement, each Pass Through Trust Agreement, each Pass Through Trust Agreement Supplement and any other document executed by Lessee in connection with the transactions contemplated by the Operative Documents.

"Lessor Liens" means any Lien on, or disposition of title to, the Aircraft or the Trust Estate arising as a result of (i) claims against Lessor, State Street Bank and Trust Company, in its individual capacity, or the Owner Participant not related to the transactions contemplated by the Operative Documents, (ii) any act or omission of the Owner Participant, Lessor, or State Street Bank and Trust Company, in its individual capacity, which is not related to the transactions contemplated by the Operative Documents or is in violation of any of the terms of the Operative Documents, (iii) claims against the Owner Participant, Lessor, or State Street Bank and Trust Company, in its individual capacity, with respect to Taxes or Expenses against which Lessee is not required to indemnify the Owner Participant, Lessor or State Street Bank and Trust Company, in its individual capacity or (iv) claims against Lessor or the Owner Participant arising out of any transfer by Lessor or the Owner Participant of all or any portion of the respective interests of Lessor or the Owner Participant in the Aircraft, the Trust Estate or the Operative Documents (other than a transfer of possession of the Aircraft by Lessor pursuant to this Agreement, a transfer pursuant to the Trust Indenture (other than a transfer pursuant to Article 8 of the Trust Indenture not attributable to a Lease Event of Default) or a transfer pursuant to Section 7, 8, 9, 10 or 19 hereof, pursuant to Section 17 of the Participation Agreement or pursuant to the exercise of the remedies set forth in Section 15 hereof); provided, however, that any Lien which is attributable solely to State Street Bank and Trust Company or the Owner Participant and would otherwise constitute a Lessor Lien hereunder shall not constitute a Lessor Lien hereunder so long as (1) the existence of such Lien poses no material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein, (2) the existence of such Lien does not interfere in any way with the use or operation of the Aircraft by Lessee (or any Sublessee), (3) the existence of such Lien does not affect the priority or perfection of, or otherwise jeopardize, the Lien of the Trust Indenture, (4) State Street Bank and Trust Company or the Owner Participant, as the case may be, is diligently contesting such Lien by appropriate proceeding and (5) the existence of such Lien does not result in actual interruption in the payment of Rent assigned to the Indenture Trustee for the benefit of the Certificate Holders.

[Lease Agreement (1995 777 B)]

"Lessor's Cost" for the Aircraft means the amount specified as Lessor's Cost in Exhibit H hereto; provided, however, Lessor's Cost shall be reduced by Engine Cost for each Engine for which Lessee has paid Stipulated Loss Value pursuant to the terms of Section 10(b) hereof and has otherwise paid all other amounts due and payable under said Section 10(b).

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease or security interest.

"Loan Certificate" has the meaning assigned to the term "Certificate" in the Trust Indenture.

"Loss Payment Date" has the meaning set forth in Section 10(a) hereof.

"Manufacturer" means The Boeing Company, a Delaware corporation, and its subsidiaries, successors and assigns.

"Manufacturer Documents" means the Purchase Agreement, the Consent and Agreement and any other document executed by the Manufacturer in connection with the transactions contemplated by the Operative Documents.

"Net Economic Return" means the Owner Participant's net after-tax book yield, aggregate after-tax cash flow and, with respect to any adjustments required to maintain the Owner Participant's Net Economic Return, periodic FASB 13 earnings plus or minus 5% for any annual period, utilizing the multiple investment sinking fund method of analysis, computed on the basis of the same methodology and assumptions as were utilized by the Owner Participant in determining Basic Rent, Stipulated Loss Value percentages, Special Termination Value Percentages, EBO Percentage and Termination Value percentages as of the Delivery Date, as such assumptions may be revised from time to time for events which have been the basis for adjustments to Rent pursuant to Section 3(c) hereof, provided that under no circumstances shall there be a reduction in Owner Participant's 1995 FASB 13 earnings.

"Net Present Value of Rents" means the net present value, as of the Delivery Date, of Basic Rent set forth in Exhibit B hereto, discounted at a rate per Lease Period equal to (a) 11% per annum divided by (b) the number of Lease Periods per year.

"Operative Documents" means the Lease (including any Lease Supplement); the Participation Agreement; the Tax Indemnity Agreement; the Trust Agreement; any Trust Supplement; the Purchase Agreement; the Owner Trustee's Bill of Sale; the Owner

Trustee's FAA Bill of Sale; the Owner Trustee's Purchase Agreement; an acceptance certificate covering the Aircraft in the form agreed to by the Participants and Lessee (the "Acceptance Certificate"); the Trust Indenture; the Loan Certificates outstanding at the time of reference; and the Consent and Agreement.

"Original Amount", with respect to a Loan Certificate, means at any time prior to the Commencement Date, the Original Issue Price (as defined in the Trust Indenture) of such Loan Certificate, or, at any time on or after the Commencement Date, the stated original principal amount of such Loan Certificate, and with respect to all Loan Certificates means, at any time prior to the Commencement Date, the aggregate Original Issue Prices for such Loan Certificates or, at any time on or after the Commencement Date, the aggregate stated original principal amounts of such Loan Certificates.

"Owner Participant" means the Person executing the Participation Agreement as the Owner Participant and any Person to which such Person transfers all or any portion of its right, title and interest in and to the Trust Agreement, the Trust Estate and the Participation Agreement, to the extent permitted thereby.

"Owner Participant Documents" means the Participation Agreement, the Trust Agreement, the Tax Indemnity Agreement and any other document executed by the Owner Participant in connection with the transactions contemplated by the Operative Documents.

"Owner Participant Parent" means _____, a Delaware corporation.

"Owner Participant Parent Guaranty" means the guaranty, dated the Delivery Date, by the Owner Participant Parent in favor of Lessee, the Pass Through Trustees, and certain other parties, of certain obligations of the Owner Participant, as the same may be amended or modified in compliance with the provisions thereof.

"Owner Trustee" means the Person executing the Participation Agreement as Owner Trustee and any Person appointed as successor Owner Trustee in each case not in its individual capacity but solely as Owner Trustee under the Trust Agreement, except as otherwise expressly stated.

"Owner Trustee Documents" means the Participation Agreement, the Trust Agreement, this Lease, any Lease Supplement, the Owner Trustee's Purchase Agreement, the Trust Indenture, any Trust Supplement, the Loan Certificates and any other document

executed by the Owner Trustee in connection with the transactions contemplated by the Operative Documents.

"Owner Trustee's Bill of Sale" means a bill of sale for the Aircraft, dated the Delivery Date, executed by Lessee in favor of Lessor in form and substance satisfactory to Lessor.

"Owner Trustee's FAA Bill of Sale" means a bill of sale for the Aircraft on AC Form 8050-2 or such other form as may be approved by the FAA on the Delivery Date executed by Lessee in favor of Lessor in form and substance satisfactory to Lessor.

"Owner Trustee's Purchase Agreement" means the Owner Trustee's Purchase Agreement and Assignment (1995 777 B), dated as of the date hereof, between Lessee and the Owner Trustee, as the same may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof and the terms of the Trust Indenture.

"Participants" means and includes the Pass Through Trustees and the Owner Participant.

"Participation Agreement" means that certain Participation Agreement (1995 777 B), dated as of the date hereof, among Lessee, the Indenture Trustee, the Owner Participant, the Pass Through Trustees and the Owner Trustee, as such Participation Agreement may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature other than complete Engines or engines, which are from time to time incorporated or installed in or attached to an Airframe or any Engine or which have been removed therefrom, but where title to which remains vested in Lessor in accordance with Section 8 hereof.

"Pass Through Certificates" has the meaning set forth in the Trust Indenture.

"Pass Through Trust Agreements" means the Pass Through Trust Agreement dated as of February 1, 1992, as amended and restated as of May 1, 1995, in each case between the Lessee and State Street Bank and Trust Company of Connecticut, National Association, as supplemented by each of the two Pass Through Trust Supplements, in each case between the Lessee and the Pass Through Trustee, and as the same may be further modified, amended or supplemented pursuant to the applicable provisions thereof and the Participation Agreement.

[Lease Agreement (1995 777 B)]

"Pass Through Trustee" shall mean First Security Bank of Utah, National Association, a national banking association, in its capacity as Trustee under each Pass Through Trust Agreement, and each other Person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Pass Through Trust Supplement" means each of the two separate Trust Supplements Nos. 1995-A1 and 1995-A2, in each case dated as of May __, 1995 between Lessee and the Pass Through Trustee.

"Past Due Rate" means (i) with respect to the portion of any payment of Rent that may be required by the Trust Indenture to be paid by the Indenture Trustee to any Certificate Holder, the "Past Due Rate" as defined in the Trust Indenture and (ii) with respect to the remaining portion of any payment of Rent (and the entire amount of any payment of Rent after the satisfaction and discharge of the Trust Indenture), a fluctuating rate per annum equal to 2% over the Debt Rate.

"Permitted Lien" means any Lien referred to in clauses (i) through (vi) of Section 6 hereof.

"Permitted Sublessee" means any air carrier domiciled in a country listed in Exhibit F hereto as in effect from time to time.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Premium" has the meaning assigned to the term in Section 6.01(b) of the Trust Indenture.

"Prepaid Rent" has the meaning set forth in Section 3(g) hereof.

"Purchase Agreement" means the agreement between Lessee and the Manufacturer relating to the purchase by Lessee of the Aircraft, as originally executed or as modified, amended or supplemented in accordance with the terms thereof, but only insofar as the foregoing relates to the Aircraft.

"Redemption Date" has the meaning set forth in the Trust Indenture.

"Reimbursement Amount" has the meaning set forth in Section 3(g) hereof.

"Renewal Term" means the Fair Market Renewal Term or a Fixed Renewal Term as those terms are defined in Section 19 hereof.

"Rent" means Basic Rent and Supplemental Rent, collectively.

"Replacement Airframe" means any airframe substituted for an airframe in accordance with Sections 10(a) of the Lease.

"Replacement Engine" means any engine substituted for an Engine in accordance with Sections 9(d), 10(a) or 10(b) of the Lease.

"Restricted Country" has the meaning set forth on Exhibits F and G hereto.

"Restricted Period" means the period ending on the last open day of the calendar year in which there occurs the seventh anniversary of the Delivery Date.

"Special Purchase Option Dates" means each of the dates specified as such on Exhibit H hereto.

"Special Termination Value", with respect to any Special Purchase Option Date, has the meaning set forth in Section 19(b)(1) hereof.

"Special Termination Value Percentage" means, with respect to any Special Purchase Option Date, the percentage set forth opposite such Date on Exhibit H hereto.

"Stipulated Loss Value" with respect to the Aircraft as of any date through and including the last day of the Basic Term, means the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage specified in Exhibit C hereto opposite the Stipulated Loss Value Date with respect to which the amount of Stipulated Loss Value is determined (as such Exhibit C may be adjusted from time to time as provided in Section 3(c) hereof and in Section 8 of the Tax Indemnity Agreement). "Stipulated Loss Value" with respect to the Aircraft, as of any date during any Renewal Term, shall be the amount determined as provided in Section 19 hereof. To the extent that an event giving rise to an obligation to pay any Stipulated Loss Value occurs (with respect to the Airframe or either Engine), and the actual date on which the loss of tax benefits resulting from such event occurs shall be earlier or later than the date assumed in calculating the United States Federal income tax consequences reflected in the applicable Stipulated Loss Value, such Stipulated Loss Value shall be appropriately adjusted upwards or downwards to reflect

the actual date of such loss of tax benefits, but shall be otherwise based on the original assumptions used in determining such Stipulated Loss Value.

"Stipulated Loss Value Date" has the meaning specified therefore in Exhibit H hereto.

"Sublease" means any sublease permitted by the terms of Section 7(b)(viii) hereof.

"Sublessee" means any Person for so long, but only so long, as such Person is in possession of the Airframe and or any Engine pursuant to the terms of a Sublease which is then in effect pursuant to Section 7(b)(viii) hereof.

"Subsidiary" means, with respect to any Person that is a corporation, any other corporation a majority of the voting securities of which are owned by such person, whether directly or indirectly.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes or agrees to pay to Lessor or others hereunder or under any of the other Operative Documents, including payments of Stipulated Loss Value and Termination Value and amounts calculated by reference thereto, an amount equal to the Premium, if any, payable in accordance with Section 3(d) hereof and indemnity payments. The parties acknowledge that Supplemental Rent is a general category and, accordingly, agree that any provision of any Operative Document which calls for the payment of Supplemental Rent and also calls for the payment of specific items which are includable in Supplemental Rent is not to be interpreted as requiring any double payment.

"Tax Indemnity Agreement" means that certain Tax Indemnity Agreement (1995 777 B), dated as of the date hereof, between the Owner Participant and Lessee, as originally executed or as modified, amended or supplemented pursuant to the applicable provisions thereof.

"Taxes" means any and all fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, or withholdings of any nature whatsoever, together with any assessments, penalties, fines, additions to tax and interest thereon (each, individually, a "Tax").

"Term" means the Interim Term, Basic Term and, if actually entered into, any Renewal Term.

"Termination Date" has the meaning set forth in Section 9(b) hereof.

"Termination Value" with respect to the Aircraft as of any date through and including the last day of the Basic Term means the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage specified in Exhibit D hereto opposite the Termination Date with respect to which the amount of Termination Value is determined (as such Exhibit D may be adjusted from time to time as provided in Section 3(c) hereof and in Section 8 of the Tax Indemnity Agreement). To the extent that an event giving rise to an obligation to pay any Termination Value occurs, and the actual date on which the loss of tax benefits resulting from such event occurs shall be earlier or later than the date assumed in calculating the United States Federal income tax consequences reflected in the applicable Termination Value, such Termination Value shall be appropriately adjusted upwards or downwards to reflect the actual date of such loss of tax benefits, but shall be otherwise based on the original assumptions used in determining such Termination Value.

"Transaction Expenses" means (i) the reasonable and actual fees, expenses and disbursements of (1) Ray, Quinney & Nebeker, special counsel for the Indenture Trustee and the Pass Through Trustee, (2) Bingham, Dana & Gould, counsel for the Owner Trustee, (3) Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, (4) Shearman & Sterling, special counsel for the underwriters (to the extent not payable by the underwriters), (5) Vedder, Price, Kaufman & Kammholz, special counsel for Lessee, and (6) Dewey Ballantine, special counsel for the Owner Participant, (ii) all fees, taxes and other charges payable in connection with the recording or filing of instruments and financing statements, (iii) the initial fee and reasonable and actual disbursements of the Owner Trustee under the Trust Agreement, (iv) the initial fee and reasonable and actual disbursements of the Indenture Trustee under the Trust Indenture, (v) the fee of BK Associates (or of such other appraiser as shall be selected by the Owner Participant) with respect to the appraisal of the Aircraft required on or before the Delivery Date pursuant to Section 4(a) of the Participation Agreement, (vi) the fees, commissions and expenses of Capstar Partners, Inc., (vii) the reasonable out-of-pocket expenses of the Owner Participant relating to the transactions contemplated by the Participation Agreement including, without limitation, the expenses related to the organization of the foreign sales corporation, as well as those transactions relating to the investment by the Owner Participant in the second quarter of 1995 in one Boeing 777-222

aircraft to be operated by the Lessee up to an aggregate of \$25,000 (but excluding from Transaction Expenses airfare charges incurred for travel on an airline other than United Air Lines, unless such travel is necessitated by the foreign sales corporation structure to the extent that United Air Lines does not offer regularly scheduled flights directly from New York to such foreign location where negotiations with respect to the transactions will be conducted for purposes of the foreign sales corporation nature of the transactions) plus airfare charges incurred for travel on United Air Lines, (viii) the placement or underwriting fees, commissions and expenses, if any, in placing the debt contemplated by the Participation Agreement and all costs and expenses associated with the public offering pursuant thereto and the actual expenses of each Pass Through Trustee under its respective Pass Through Trust Agreement and (ix) printing and distribution costs.

"Trust Agreement" means that certain Trust Agreement (1995 777 B), dated as of the date hereof, between the Owner Participant and State Street Bank and Trust Company, in its individual capacity, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof and the terms of the Trust Indenture, including, without limitation, any Trust Supplement entered into pursuant to the applicable provisions thereof.

"Trust Estate" has the meaning set forth in the Trust Agreement.

"Trust Indenture" means that certain Trust Indenture and Mortgage (1995 777 B), dated as of the date hereof, between Lessor and the Indenture Trustee, as originally executed or as modified, amended or supplemented in accordance with the provisions thereof and the terms of the Participation Agreement, including, without limitation, any Trust Supplement entered into pursuant to the applicable provisions thereof.

"Trust Indenture Estate" has the meaning assigned to the term "Indenture Estate" in the Trust Indenture.

"Trust Office" has the meaning set forth in the Trust Indenture.

"Trust Supplement" means a supplement to the Trust Agreement and the Trust Indenture, substantially in the form of Exhibit A to the Trust Agreement.

"U.S. Air Carrier" means any United States air carrier as to which there is in force a certificate issued pursuant to Section 44102 of the Federal Aviation Act, and as to which there

is in force an air carrier operating certificate issued pursuant to Part 121 of the regulations under such Act, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

"Wet Lease" means any arrangement whereby Lessee agrees to furnish the Airframe and Engines or engines installed thereon to a third party pursuant to which such Airframe and Engines or engines (i) shall be operated solely by regular employees of Lessee possessing all current certificates and licenses that would be required under the Federal Aviation Act (or if the Aircraft is not registered in the United States, all certificates and licenses required by the laws of the jurisdiction of registry) for the performance by such employees of similar functions within the United States of America (or such jurisdiction of registry) (it is understood that cabin attendants need not be employees of Lessee) and (ii) shall be maintained by Lessee in accordance with its normal maintenance practices.

SECTION 2. Acceptance and Lease. Lessor hereby agrees to accept from the Lessee the transfer of title to and simultaneously to lease to Lessee hereunder, and Lessee hereby agrees to lease on the Delivery Date from Lessor hereunder, the Aircraft as evidenced by the execution by Lessor and Lessee of a Lease Supplement leasing the Aircraft hereunder. Lessee agrees that Lessor will authorize one or more employees of Lessee, designated by Lessee in writing, as the authorized representative or representatives of Lessor to accept delivery of the Aircraft. Lessee hereby agrees that in the event delivery of the Aircraft shall be accepted by an employee or employees of Lessee pursuant to such authorization by Lessor, such acceptance of delivery by such employee or employees on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of the Aircraft for all purposes of this Lease.

SECTION 3. Term and Rent. (a) Interim Term and Basic Term. The Interim Term shall commence on the Delivery Date and end on and include the day immediately preceding the Commencement Date unless earlier terminated pursuant to the provisions hereof. The Basic Term shall commence on the Commencement Date and end on the Lease Expiry Date or such earlier date as this Lease may be terminated in accordance with the provisions hereof.

(b) Basic Rent. Lessee shall pay Basic Rent in Dollars with respect to each Lease Period during the Basic Term on each Lease Period Date during the Basic Term, in the respective amounts for each Lease Period Date determined in accordance with Exhibit B hereto.

(c) Adjustments to Basic Rent, Excess Amount, Stipulated Loss Values, Termination Values, Special Termination Value Percentages and the EBO Percentage.

(i) In the event that (A) Transaction Expenses paid by Lessor are determined to be other than ___% of Lessor's Cost, (B) there shall be an optional redemption or a refinancing or a refunding of the Loan Certificates in accordance with Section 17 of the Participation Agreement, (C) the Delivery Date occurs other than on May 15, 1995, or (D) there is an optimization in accordance with Section 18 of the Participation Agreement; then in each case the Basic Rent and Excess Amount set forth in Exhibit B, the Stipulated Loss Value percentages set forth in Exhibit C, the Termination Value percentages set forth in Exhibit D, and the EBO Percentage and the Special Termination Value Percentages set forth in Exhibit H shall be adjusted (upwards or downwards as the case may be) using the same methods and assumptions (as modified on account of the occurrence of any of the events referred to in clauses (A)-(D)) used to calculate the Basic Rent and Excess Amount, the Stipulated Loss Value percentages, the Termination Value percentages and the EBO Percentage and the Special Termination Value Percentages set forth in Exhibits B, C, D and H, respectively, in each case in compliance with clauses (iv) and (v) of this paragraph (c) and in order to: (1) maintain the Owner Participant's Net Economic Return and (2) minimize the Net Present Value of Rents to Lessee to the extent possible consistent with clause (1) hereof; provided, however, in no event will the EBO Price be adjusted below the greatest of (i) the Termination Value for the Aircraft as of the EBO Date, (ii) ___% of Lessor's Cost (i.e., the fair market value of the Aircraft as of the EBO Date as the same was determined on the Delivery Date) and (iii) ___% multiplied by the present value as of the EBO Date of (x) the remaining Basic Rent plus (y) ___% of Lessor's Cost (i.e., the fair market value of the Aircraft as of the end of the Term as the same was determined on the Delivery Date) (the present value calculation described in this clause (iii) shall utilize a semi-annual discount rate that on a compound basis is equal to ___% per annum).

(ii) [Intentionally reserved for potential future use.]

(iii) Any recalculation of Basic Rent and Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, EBO Percentage and Special Termination Value Percentages pursuant to this Section 3(c) (or pursuant to the definition of Stipulated Loss Value or Termination

Value) shall be determined by the Owner Participant and shall be subject to the verification procedures set forth in Exhibit E hereto. Such recalculated Basic Rent and Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, EBO Percentage and Special Termination Value Percentages shall be set forth in an amendment hereto.

(iv) Anything contained in the Participation Agreement or this Lease to the contrary notwithstanding, each installment of Basic Rent payable hereunder, whether or not adjusted in accordance with this Section 3(c), together with the amount of Excess Amount and Supplemental Rent, if any, in respect of the date on which such installment is payable, and each payment of Termination Value, Stipulated Loss Value, EBO Price and Special Termination Value whether or not adjusted in accordance with this Section 3(c) or Section 8 of the Tax Indemnity Agreement, and all other amounts (excluding Excluded Payments payable simultaneously by Lessee pursuant to this Lease), in each case, on the date on which such payment is due, shall be in an amount at least sufficient to pay in full, and shall be available to be applied by Lessor in payment on account of, any payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding. It is agreed that no installment of Basic Rent or payment of Excess Amount, Termination Value, Stipulated Loss Value, Special Termination Value or EBO Price, shall be increased or adjusted by reason of (A) any attachment or diversion of Rent on account of (x) Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) or (y) any other Lien on or against the Trust Estate, any part thereof or the Operative Documents arising as a result of claims against the Indenture Trustee or a Certificate Holder, not related to the transactions contemplated by the Operative Documents, (B) any modification of the payment terms of the Loan Certificates made without the prior written consent of Lessee, or (C) the acceleration of any Loan Certificate due to the occurrence of an "Event of Default" (as defined in the Trust Indenture) which does not constitute an Event of Default hereunder.

(v) All adjustments to Basic Rent under this Section 3(c) shall be consistent with the requirements of Sections 4.02(5), 4.07(1) and (2) and Section 4.08(1) of Rev. Proc. 75-28 (provided that the requirements of Section 4.08(1) shall apply on a prospective basis), as modified and in effect on the Delivery Date, and shall not cause the Lease to be a "disqualified leaseback or long-term

agreement" within the meaning of Section 467 of the Code as then in effect and any final, temporary or proposed regulations thereunder or any administrative or judicial interpretation thereof in effect on the date of such adjustment (a "Section 467 Agreement") (it being understood that any such adjustment shall not be treated as causing the Lease to be a Section 467 Agreement to the extent the Lease would have been a Section 467 Agreement if no such adjustment to Basic Rent had occurred).

(d) Supplemental Rent. Lessee shall pay (or cause to be paid) promptly to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent constituting Stipulated Loss Value, Termination Value, EBO Price and Special Termination Values as the same shall become due and owing and all other amounts of Supplemental Rent within five Business Days after demand or on such date, or within such other relevant period, as may be provided in any Operative Document, and in the event of any failure on the part of Lessee to pay any Supplemental Rent when due, Lessor shall have all rights, powers and remedies provided for herein or in any other Operative Document or by law or equity or otherwise in the case of nonpayment of Basic Rent. Lessee shall also pay on behalf of Lessor as Supplemental Rent an amount equal to any amount payable by Lessor as Premium as and when any such Premium shall be due and payable; provided, however, that Lessee shall have no obligation to pay on behalf of Lessor any Premium payable under Section 6.01 or 6.02 of the Trust Indenture due to the occurrence of an "Event of Default" (as defined in the Trust Indenture) which does not constitute an Event of Default hereunder. Lessee also will pay to Lessor, or on behalf of Lessor to whomsoever shall be entitled thereto, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Past Due Rate with respect to any part of any installment of Basic Rent not paid prior to 11:00 a.m., New York City time, on the date when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid prior to 11:00 a.m., New York City time, on the date when due for the period until the same shall be paid.

(e) Payments in General. All payments of Rent other than Excluded Payments payable to Lessor shall be made directly by Lessee by wire transfer of immediately available funds prior to 11:00 a.m., New York time, on the date of payment in Dollars, to Lessor at its office at 225 Franklin Street, Boston, Massachusetts 02110, Attention: _____ (or such other office of Lessor in the continental United States or such other account as Lessor shall direct in a notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due); provided, that so long as the Trust Indenture shall not

have been fully discharged, Lessor hereby directs and Lessee agrees, that all Basic Rent shall be paid directly to the Indenture Trustee at the times and in funds specified in this Section 3(e) at the offices of the Indenture Trustee at Two International Place, Boston, MA 02110, Attention: Corporate Trust Department (or such other office of Indenture Trustee in the continental United States or such other account as Indenture Trustee shall direct in a notice to Lessee at least 10 Business Days prior to the date such payment of Basic Rent is due). Excluded Payments shall be paid in Dollars in immediately available funds to the Person to whom payable at the address of such Person specified in Schedule I of the Participation Agreement.

Notwithstanding anything to the contrary contained herein, if any date on which a payment of Rent becomes due and payable is not a Business Day then such payment shall be made on the next succeeding Business Day and no interest shall accrue on the amount of such payment, if such payment is made on such next succeeding Business Day.

(f) [Intentionally Reserved for Potential Future Use].

(g) Prepayments of Certain Rent Payments. Lessor agrees to pay, on behalf of the Owner Participant, to the Indenture Trustee for the account of the Certificate Holders on the Commencement Date an amount equal to the Excess Amount. To the extent, if any, that there shall not have been received by the Indenture Trustee at the account of the Indenture Trustee referred to in Section 3(e) by 11:00 a.m., New York City time, on the Commencement Date from Lessor, an amount equal to the Excess Amount payable for such date, Lessee shall advance to Lessor, as Prepaid Rent, by paying to the Indenture Trustee on behalf of Lessor on the Commencement Date an amount equal to the Excess Amount not so paid (such amount being herein called "Prepaid Rent"); provided that Lessee will also pay to the Indenture Trustee, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Debt Rate on any Prepaid Rent not paid when due for any period for which the same shall be overdue. Lessor agrees to reimburse Lessee in the manner and subject to the conditions provided in the following sentence for (x) the Prepaid Rent so paid by Lessee determined as of the date such payment was made, plus (y) the Supplemental Rent so paid by Lessee pursuant to this Section 3(g), plus (z) accrued interest on the unreimbursed portion thereof at a rate per annum equal to the greater of the Base Rate plus 2% or the Debt Rate plus 2% from the date such amount is paid by Lessee to but not including the date of each such reimbursement (such amounts to be reimbursed being herein called the "Reimbursement Amount"). So

long as no Default or Event of Default has occurred and is continuing, Lessee may with written notice to the Owner Participant and Indenture Trustee offset (without duplication) against each succeeding payment (other than as limited by the proviso to this sentence) due from Lessee to Lessor in respect of Basic Rent, Stipulated Loss Value, Termination Value or any other amount due hereunder to Lessor, until Lessee has been fully reimbursed for the Reimbursement Amount; provided, however, that in the case of any payment due from Lessee which is distributable under the terms of the Trust Indenture, Lessee's right of offset shall be limited to amounts distributable to Lessor or the Owner Participant thereunder. No such offset or aggregate combined effect of separate offsets shall reduce the amount of any installment of Basic Rent to an amount insufficient, together with all other amounts payable simultaneously by Lessee, to pay in full the payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding.

SECTION 4. Lessor's Representations and Warranties. LESSOR LEASES AND LESSEE TAKES THE AIRCRAFT "AS-IS, WHERE-IS." LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN LESSOR, ANY PARTICIPANT, THE INDENTURE TRUSTEE, AND LESSEE (A) THE AIRFRAME AND EACH ENGINE IS OF SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO LESSEE, (B) LESSEE IS SATISFIED THAT THE AIRFRAME AND EACH ENGINE IS SUITABLE FOR ITS PURPOSES, (C) NEITHER LESSOR NOR OWNER PARTICIPANT IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, AND (D) NEITHER LESSOR, IN ITS INDIVIDUAL CAPACITY OR AS OWNER TRUSTEE, THE INDENTURE TRUSTEE NOR THE OWNER PARTICIPANT MAKES, HAS MADE OR SHALL BE DEEMED TO HAVE MADE, AND EACH WILL BE DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, CONDITION, DESIGN, OPERATION, VALUE, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, except as set forth in Sections 8(f)(vi) and 8(p)(ii) of the Participation Agreement as to Lessor Liens and except that State Street Bank and Trust Company, in its individual capacity, (i) represents and warrants that on the Delivery Date, Lessor shall have received whatever title to the Aircraft was conveyed to it by Lessee, (ii) represents and warrants that on the Delivery Date the Aircraft shall be free of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to it in its individual capacity, (iii) covenants that it will not, through its own actions or

inactions, in such capacity, interfere in Lessee's or any Sublessee's quiet enjoyment, use, operation or possession of the Aircraft unless this Lease shall have been declared in default pursuant to Section 15 hereof, (iv) agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it in its individual capacity on or with respect to the Airframe or any Engine or any portion of the Trust Estate and (v) represents and warrants that it is a Citizen of the United States and agrees that if at any time it shall cease to be a Citizen of the United States, it will promptly resign as Owner Trustee (if and so long as such citizenship is necessary under the Federal Aviation Act as in effect at such time or, if it is not necessary, if and so long as the Owner Trustee's citizenship would have any adverse effect on the Owner Participant, the Certificate Holders or Lessee), effective upon the appointment of a successor Owner Trustee in accordance with the provisions of the Trust Agreement. None of the provisions of this Section 4 or any other provision of this Agreement shall be deemed to amend, modify or otherwise affect the representations, warranties or other obligations (express or implied) of the Manufacturer, any subcontractor or supplier of the Manufacturer with respect to the Airframe, Engines, or any Parts, or to release the Manufacturer, or any such subcontractor or supplier from any such representation, warranty or obligation. Unless a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing, Lessor agrees to make available to Lessee such rights as Lessor may have under any warranty with respect to the Aircraft made by the Manufacturer or any of its subcontractors or suppliers and any other claims against the Manufacturer or any such subcontractor or supplier with respect to the Aircraft, all pursuant to and in accordance with the terms of the Owner Trustee's Purchase Agreement.

SECTION 5. Return of the Aircraft. (a) Condition Upon Return. Unless purchased by Lessee pursuant to Section 19(b) hereof, upon the termination of this Lease at the end of the Basic Term or any Renewal Term or pursuant to Section 9(b) or 15 hereof, Lessee will at its expense return the Aircraft to Lessor at Lessee's maintenance base located at San Francisco International Airport (or any principal maintenance base established by Lessee in the continental United States subsequent to the date hereof), provided that upon the request of the Lessor given to Lessee at least ten (10) days prior to the date of such return, Lessee shall return the Airframe to Lessor at a location on Lessee's route system in the continental United States selected by Lessor, provided that such location is served on a normal basis by Boeing Model 777-222 aircraft operated by Lessee, and Lessor shall reimburse Lessee on a net after-tax basis for Lessee's out-of-pocket Expenses (including for this purpose

salary costs for Lessee's personnel) resulting from Lessee's return of the Aircraft to such alternate return location to the extent such out-of-pocket Expenses exceed the out-of-pocket Expenses (including, for this purpose, salary costs for Lessee's personnel) Lessee would have incurred in returning the Aircraft to its principal maintenance base at San Francisco International Airport, provided, further, however, that if Lessor shall have made the request for storage pursuant to Section 5(d) hereof, Lessee shall at its expense return the Aircraft at the site of storage. At the time of such return, (A) Lessee will, at its own cost and expense, unless otherwise requested by Lessor to retain the existing registration of the Aircraft, cause the Aircraft, if it is not then so registered, to be registered under the laws of the United States with the FAA in the name of Lessor or its designee, provided that Lessee shall be relieved of its obligations under this sentence if such registration is prohibited by reason of the failure of Lessor, the Owner Participant or Lessor's designee to be eligible on such date to own an aircraft registered with the Federal Aviation Administration, and (B) subject to Section 5(e) hereof, the Airframe will be fully equipped with the Engines (or Acceptable Alternate Engines) installed thereon. Also, at the time of such return, Lessor shall have good title to such Airframe and Engines or Acceptable Alternate Engines, and such Airframe and Engines or Acceptable Alternate Engines (i) shall be certified (or, if not then registered under the Federal Aviation Act by reason of the proviso to clause (A) in the preceding sentence or because Lessor has so requested that the Aircraft not be so registered, shall hold a valid certificate of airworthiness issued by the country of registry and be eligible for certification by the FAA) as an airworthy aircraft by the Federal Aviation Administration, (ii) shall be free and clear of all Liens (other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) and rights of third parties under pooling, interchange, overhaul, repair or other similar agreements or arrangements, (iii) shall be in a regular passenger configuration, and in as good a condition as when delivered by Lessee to Lessor, ordinary wear and tear excepted and otherwise in the condition required to be maintained under the Lease and under Lessee's FAA-approved maintenance plan (notwithstanding any Sublease theretofore in effect) and shall be in compliance with all mandatory environmental, noise, air pollution and other standards prescribed by the federal government of the United States and applicable to the Aircraft including, without limitation, standards relating to corrosion and structural integrity and all other applicable manufacturer's mandatory service bulletins (except for standards, laws, regulations, directives and bulletins that permit compliance at a later time and would not, in the normal course of Lessee's maintenance plan, be complied with by the date of return without

discriminating on the basis of the status of the Aircraft as a leased aircraft), (iv) in the event that Lessee shall not then be using a continuous maintenance program with respect to the Airframe immediately prior to such return but instead shall have been using a block overhaul program with respect to the Airframe, then (A) such block overhaul program shall have been approved by the government of registry of the Aircraft and (B) the Airframe shall have remaining until the next scheduled block overhaul at least 25% of the allowable hours between block overhauls permitted under the block overhaul program then used by Lessee, (v) in the event that Lessee during the period of operation of the Aircraft immediately prior to such return shall not have been using an on-condition maintenance program with respect to the Engines (or Acceptable Alternate Engines), Lessee agrees that the average number of hours or cycles of operation (whichever shall be applicable under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines)) on such Engines (or Acceptable Alternate Engines) remaining until the next scheduled engine heavy maintenance shall be at least 25% of the hours or cycles (whichever shall be applicable) between engine heavy maintenance allowed under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines), (vi) shall have all Lessee's and any Sublessee's exterior marking removed or painted over with areas thereof refinished to match adjacent areas, and (vii) shall be in a state of cleanliness suitable under Lessee's normal service standards for operation in Lessee's revenue passenger service and in all such cases the Aircraft shall not have been discriminated against whether by reason of its leased status or otherwise in maintenance, use, operation or in any other manner whatsoever.

In addition, the following conditions shall be complied with at the time of the return of the Aircraft: (i) Lessee shall deliver to Lessor any "no cost" modification kits designated for the Aircraft that Lessee has in its possession and that have not been incorporated at the time of the return of the Aircraft, (ii) Lessor may purchase from Lessee at Lessee's cost any service bulletin kits purchased or manufactured by Lessee for the Aircraft (provided that Lessee shall not be obligated to sell to Lessor any service bulletin kit manufactured by Lessee to the extent Lessee, in its reasonable judgment, considers the same proprietary) and (iii) without limiting the obligations of the Lessee set forth in the preceding paragraph, in the event the FAA shall issue any directive which requires termination thereof prior to the return date, then such directive shall be terminated prior to the return date, and if Lessee shall have not been required to terminate such directive in the normal course of its operations without discriminating against the Aircraft by reason of its leased status or otherwise prior to the return of the

Aircraft but such directive must be terminated on or before six months following such return, then Lessee shall, at the sole cost and expense of Lessor, comply with such directive but only if (x) at least 540 days prior to the return of the Aircraft Lessee receives from Lessor a written request to comply with such directive at Lessor's sole cost and expense (determined on the basis of what a third party would charge for comparable services) and (y) after receipt by Lessee of such request, the Aircraft is subject to a maintenance check of the type at which such modification is made, in accordance with Lessee's general maintenance program, and Lessee has, or can obtain using commercial reasonable efforts taking into account the 540 day prior notice received by Lessee, the personnel, parts, facilities and other resources available to accomplish the modification and the modification can be made without materially disrupting the operations of Lessee's maintenance facility or Lessee's operations.

For purposes of this Section 5(a), any maintenance program used by Lessee for airframes (including the Airframe) substantially similar to the maintenance program described in the excerpts from ["United Air Lines 777 Maintenance Program"] furnished to Lessor and the Owner Participant prior to the Delivery Date (a copy of which was attached to the certificate of the Assistant Secretary of the Lessee delivered pursuant to Section 4(a)(vii)(6) of the Participation Agreement) shall be considered a continuous maintenance program (and not a block maintenance program) and any engine maintenance program used by Lessee for engines (including the Engines) substantially similar to the maintenance program described in "United Air Lines 777 Maintenance Program" shall be considered an on-condition maintenance program.

In the event that the provisions of the preceding paragraph are inapplicable and upon a return of the Aircraft pursuant to this Section 5, Lessee and Lessor cannot agree as to whether Lessee, during the period of operation of the Aircraft immediately prior to such return, shall have been using a continuous maintenance program or a block overhaul program with respect to the Airframe (including, without limitation, a dispute as to whether Lessee's program is substantially similar to the program described in the excerpts to the ["United Air Lines 777 Maintenance Program"] furnished to Lessor as set forth in the preceding paragraph), then Lessee and Lessor shall mutually appoint an independent third party, satisfactory to both Lessee and Lessor, who shall make such a determination, which determination shall be conclusive and final. Lessee will provide, on a confidential basis, such independent third party with the maintenance program and records applicable to the

Aircraft necessary to make such determination. The fee of such third party shall be paid equally by Lessor and Lessee.

If clause (iv) of the first paragraph of this Section 5(a) shall be applicable but the Airframe does not meet the conditions specified in said clause (iv), Lessee shall pay or cause to be paid to Lessor, concurrently with the return thereof, a Dollar amount computed by multiplying (i) the fair market cost of obtaining an airframe block overhaul of the type referred to in such clause (iv) at a location in the United States that has been approved by the FAA for such work by (ii) a fraction of which (x) the numerator shall be the excess of 25% of the hours of operation allowable between such block overhauls over the actual number of hours of operation remaining on the Airframe to the next such block overhaul and (y) the denominator shall be the number of hours of operation allowable between such block overhauls in accordance with such block overhaul program.

If clause (v) of the first paragraph of this Section 5(a) shall be applicable but the Engines (or Acceptable Alternate Engines) do not meet the conditions specified in said clause (v), Lessee shall pay or cause to be paid to Lessor, concurrently with the return thereof, a Dollar amount computed by multiplying (i) the fair market cost of obtaining the scheduled engine heavy maintenance under the maintenance program then used by Lessee for engines of the same model as the Engines (or Acceptable Alternate Engines) at a location in the United States that has been approved by the FAA for such work by (ii) a fraction which (x) the numerator shall be the excess of 25% of the hours or cycles (whichever is applicable) of operation of one Engine between engine heavy maintenance allowable under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines) over the actual average number of hours or cycles of operation of such Engines (or Acceptable Alternate Engines) remaining until the next such scheduled engine heavy maintenance and (y) the denominator shall be the number of hours or cycles allowable between such scheduled engine heavy maintenance.

During the last six months of the Term (unless Lessee shall have irrevocably elected to purchase the Aircraft or renew this Lease in accordance with the terms of this Lease), with reasonable notice, Lessee will cooperate, and cause any Sublessee to cooperate, at Lessor's sole cost, in all reasonable respects with the efforts of Lessor to sell or lease the Aircraft, including, without limitation, permitting prospective purchasers or lessees to inspect the Aircraft, any maintenance records relating to the Aircraft then required to be retained by the FAA or by the comparable government agency of the country in which the Aircraft is registered, all in accordance with Section 12 hereof, provided that any such cooperation shall not interfere

with the normal operation or maintenance of the Aircraft by, or the business of, Lessee or any Sublessee.

(b) Return of Other Engines. In the event that an Acceptable Alternate Engine shall be delivered with the returned Airframe as set forth in paragraph (a) of this Section 5, Lessee, concurrently with such delivery, will, at no cost to Lessor, furnish, or cause to be furnished, to Lessor a full warranty (as to title) bill of sale with respect to each such Acceptable Alternate Engine, in form and substance reasonably satisfactory to Lessor (together with an opinion of counsel (which may be Lessee's General Counsel) to the effect that such full warranty bill of sale has been duly authorized and delivered and is enforceable in accordance with its terms and that each such Acceptable Alternate Engine is free and clear of all Liens other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) and will, to the extent applicable, comply with the provisions of Section 9(d) as if Lessee had irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to the Engine in replacement for which such Acceptable Alternate Engine is being delivered and Lessor will provide a bill of sale, at Lessee's expense, evidencing the transfer, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) by Lessor to Lessee or its designee of all of Lessor's right, title and interest in and to any Engine not installed on the Airframe at the time of the return of the Airframe.

(c) Fuel and Manuals. Upon the return of the Airframe upon any termination of this Lease in accordance with paragraph (a) of this Section 5, (i) Lessee shall invoice Lessor, and Lessor shall pay to Lessee the amount of Lessee's cost for any fuel or oil contained in the fuel or oil tanks on the Airframe, and (ii) Lessee shall deliver or cause to be delivered to Lessor all logs, manuals and data and inspection, modification and overhaul records in the English language (or an English translation of the same), (A) required to be maintained with respect to the Airframe, the Engines or any part thereof in accordance with Section 7(a) hereof, (B) created since the Airframe's or Engine's or Acceptable Alternate Engine's (whichever is applicable) last heavy maintenance visit and (C) required to lawfully operate the Aircraft in the United States under a United States Certificate of Airworthiness without performing additional maintenance.

(d) Storage Upon Return. If, at any time at least 30 days prior to the end of the Basic Term or any Renewal Term or pursuant to Section 9(c) or Section 15, Lessee receives from

Lessor a written request for storage of the Aircraft upon its return hereunder, Lessee will provide Lessor, or cause Lessor to be provided, with storage facilities for the Aircraft (at Lessor's risk and at Lessor's cost for insurance, maintenance and Lessee's reasonable out-of-pocket expenses other than storage fees) for a period not exceeding forty-five (45) days (and upon prior written notice from Lessor to Lessee given at least 10 days prior to the end of such 45 day period, at Lessor's risk and at Lessor's cost for insurance, maintenance and Lessee's reasonable out-of-pocket expenses including storage fees, for an additional period not exceeding 45 days) commencing on the date of such termination, at a location in the forty-eight contiguous states of the United States selected by Lessee and used as a location for the storage of aircraft. Lessee shall, at Lessor's written request, maintain insurance (if available) for the Aircraft during such period and shall be reimbursed by Lessor for the premiums thereon.

(e) Purchase of Engine. In the event that Lessee shall have paid the Stipulated Loss Value for any Engine pursuant to Section 10(b) hereof and all other amounts due and owing under said Section 10(b), then, notwithstanding anything contained in this Section 5, Lessee shall, subject to the proviso below, be under no obligation to return any engine installed on the Airframe in replacement for such Engine to Lessor upon the termination of this Lease; provided, however, that in such event Lessor shall have the right upon termination of this Lease (unless Lessee shall have exercised any of its options to purchase the Aircraft pursuant to Section 19), at its sole option, to purchase from Lessee an engine or engines suitable for use on the Airframe and compatible with the other Engine (if any) or the other engine purchased under this Section 5(e) for such engine's then Fair Market Sales Value and any such engine shall be installed at no cost to Lessor on the Airframe on the return thereof.

(f) Severable Parts. At any time after Lessee has advised Lessor that it has determined not to renew this Lease or purchase the Aircraft, or the Aircraft is otherwise to be returned to Lessor, Lessee shall, at Lessor's request, advise Lessor of the nature and condition of all severable Parts owned by Lessee which have been used by Lessee during the prior six months and which Lessee has or intends to remove from the Aircraft as permitted by Section 8 hereof. Lessor may, at its option, upon 30 days written notice to Lessee, purchase any or all of such Parts from Lessee upon the expiration of the Term at their then fair market value.

(g) Special Redelivery Provision. Not less than 30 days prior to (A) the date of redelivery of the Aircraft by

Lessee to Lessor in accordance with this Section 5, (B) the date of redelivery to Lessor or a purchaser pursuant to Section 9(c) or Section 15 hereof, or (C) a purchase of the Aircraft by Lessee pursuant to Section 19(b), Lessor may provide Lessee with a proposal regarding the arranging of delivery of the Aircraft so as to enable Lessor to realize "foreign trade income" (as defined in Section 923(b) of the Code or any successor provision thereto) from the sale or re-lease of the Aircraft, and Lessee shall (i) arrange delivery at Lessor's cost (unless the delivery site is as provided in Section 5(a) hereof) either inside or outside the United States, as specified in Lessor's proposal, and (ii) otherwise comply with such proposal to the extent Lessee can do so without incurring any cost, expense or liability not indemnified against by Lessor in a manner in form and substance reasonably satisfactory to Lessee.

SECTION 6. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, title thereto or any interest therein or in this Lease, except (i) the respective rights of Lessor as owner of the Aircraft and Lessee as herein provided (including any Sublease permitted pursuant to Section 7(b)), the Lien of the Trust Indenture, and any other rights existing pursuant to the Operative Documents, (ii) Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), (iii) Liens for Taxes of Lessee (or any Sublessee) either not yet due or being contested in good faith by appropriate proceeding so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest thereon, (iv) materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of Lessee's or any Sublessee's business securing obligations that are not overdue for a period of more than 30 days or are being contested in good faith by appropriate proceedings so long as during such 30 day period there is not, or such proceedings do not involve, any material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein, (v) Liens arising out of any judgment or award against Lessee (or any Sublessee), unless there exists a material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein or unless the judgment secured shall not, within 45 days after the entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal or shall not have been discharged, vacated or reversed within 45 days after the expiration of such stay, and (vi) any other Lien with respect to which Lessee (or any Sublessee) shall have provided a bond or other security in an amount and under terms reasonably satisfactory to Lessor. Lessee will promptly, at its own expense, take (or cause to be taken) such actions as may be

necessary duly to discharge any such Lien not excepted above if the same shall arise at any time.

SECTION 7. Registration, Maintenance and Operation; Possession and Subleases; Insignia. (a) (1) Registration and Maintenance. Lessee, at its own cost and expense, shall (or shall cause any Sublessee to): (i) upon delivery of the Aircraft, cause the Aircraft to be duly registered in the name of Lessor, and, subject to subparagraph (3) of this Section 7(a), to remain duly registered in the name of Lessor under the Federal Aviation Act (except to the extent that such registration cannot be effected because of Lessor's or the Owner Participant's failure to comply with the citizenship requirements for registration of aircraft under such Act), provided that Lessor and the Owner Participant shall execute and deliver all such documents as Lessee (or any Sublessee) may reasonably request for the purpose of effecting and continuing such registration, and Lessee shall cause the Trust Indenture to be duly recorded and maintained of record as a first mortgage on the Aircraft; (ii) maintain, service, repair, and overhaul (or cause to be maintained, serviced, repaired, and overhauled) the Aircraft (and any engine which is not an Engine but which is installed on the Aircraft) (x) so as (p) at all times to keep the Aircraft in as good an operating condition as when delivered by Manufacturer to Lessee, ordinary wear and tear excepted, and (q) to keep the Aircraft in such condition as may be necessary to enable the airworthiness certification for the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage in accordance with applicable regulations) under (I) the Federal Aviation Act, except when all of Lessee's Boeing Model 777-222 aircraft (powered by engines of the same type as those with which the Airframe shall be equipped at the time of such grounding) registered in the United States have been grounded by the FAA unless such grounding was caused by the failure of Lessee to maintain, service, repair or overhaul the Aircraft in accordance with this Lease, or (II) the applicable laws of any other jurisdiction in which the Aircraft may then be registered from time to time, except when all of Lessee's Boeing Model 777-222 aircraft (powered by engines of the same type as those with which the Airframe shall be equipped at the time of such grounding) registered in such jurisdiction have been grounded by the aeronautical authority of such jurisdiction unless such grounding was caused by the failure of Lessee to maintain, service, repair or overhaul the Aircraft in accordance with this Lease and (y) in substantially the same manner as Lessee (or any Sublessee) maintains, services, repairs or overhauls similar aircraft operated by Lessee (or such Sublessee) in similar circumstances and without in any way discriminating against the Aircraft, whether by reason of its leased status or otherwise, including, without limitation, in regard to the

termination of airworthiness directives; or such other manner as shall have been approved in writing by the Owner Participant; (iii) maintain or cause to be maintained in the English language (or with appropriate English translation) all records, logs and other materials required to be maintained in respect of the Aircraft by the FAA or the applicable regulatory agency or body of any other jurisdiction in which the Aircraft may then be registered (which records, logs and other materials, as between Lessor and Lessee and all parties claiming through Lessee, shall be the property of Lessor but shall be maintained by Lessee during the Term of this Lease and shall become the property of Lessee upon Lessee's purchase of the Aircraft pursuant to the terms of this Lease or upon the occurrence of an Event of Loss and Lessee's compliance with Section 10); and (iv) promptly furnish or cause to be furnished to Lessor or the Owner Participant such information as may be reasonably required to enable Lessor or the Owner Participant to file any reports required to be filed by Lessor or the Owner Participant with any governmental authority because of Lessor's ownership of the Aircraft.

(2) Operation. Lessee will not (or permit any Sublessee to) maintain, use, service, repair, overhaul or operate the Aircraft in violation of any law or any rule, regulation, treaty, order or certificate of any government or governmental authority (domestic or foreign) having jurisdiction, or in violation of any airworthiness certificate, license or registration relating to the Aircraft issued by any such authority, except that, after Lessee shall have provided Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee with a certificate of its President, any Vice President, the Treasurer or any Assistant Treasurer stating all relevant facts pertaining thereto, Lessee or any Sublessee may contest in good faith the validity or application of any such law, rule, regulation, order, certificate, license, registration or violation in any reasonable manner which does not jeopardize the right, title and interest of the Lessor or the Owner Participant in and to the Airframe and/or the Engines or otherwise materially adversely affect Lessor, the Indenture Trustee or the Owner Participant but only so long as such proceedings do not involve any risk of criminal liability or any unindemnified material risk of civil liability to Lessor or the Owner Participant for which the Lessee is not then willing to indemnify Lessor or the Owner Participant in a manner reasonably satisfactory to such Person. If the indemnities or insurance specified in Section 11(f), or some combination thereof in amounts equal to amounts required by Section 11(f), have not been obtained, Lessee will not operate the Aircraft, or permit any Sublessee to operate the Aircraft, in or to any area excluded from coverage by any insurance required to be maintained by the

terms of Section 11, provided, however, that the failure of Lessee to comply with the provisions of this sentence shall not give rise to an Event of Default hereunder where such failure is attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other isolated extraordinary event beyond the control of Lessee and Lessee is taking all reasonable steps to remedy such failure as soon as is reasonably practicable.

(3) Reregistration. At any time after the Restricted Period, Lessor shall, at the request and sole expense of Lessee, cooperate with Lessee and take all actions required to change the country of registration of the Aircraft in compliance with and subject to the terms and conditions of Section 8(e) of the Participation Agreement.

(4) Operating Certificates. Lessor hereby authorizes Lessee, at Lessee's sole cost, expense and risk, to act as its agent for the purpose (but only for the purpose) of obtaining any required replacement operating certificates from the FAA; provided, however, that in the event that Lessee shall have received from Lessor written notice that an Event of Default shall have occurred and be continuing, this authority shall not apply for a period from the date of receipt of such notice to such time as such Event of Default shall have been cured by Lessee or waived by Lessor. This authority includes (without expanding in any way the nature of the limited authority granted pursuant to the first sentence of this Section 7(a)(4)), but is not limited to, obtaining registration certificates, airworthiness certificates, certificates of sanitary construction and ferry permits. In particular, this authority includes the ability to make use of Exemption No. 5318 issued by the FAA. This authority will allow duly authorized personnel of Lessee to sign any application forms required in the process of obtaining such operating certificates, and this authority will also allow such personnel, where necessary and appropriate, to sign certificates as the attorney-in-fact for Lessor. Lessee hereby agrees that it will promptly notify Lessor of any action that it has taken in accordance with this Section 7(a)(4) as agent for the Lessor. Nothing in this Section 7(a)(4) shall permit the Lessee to change the country of registry of the Aircraft except as provided in Section 7(a)(3) above.

(b) Possession and Subleases. Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or install or permit any Engine to be installed on any airframe other than the Airframe; provided that, so long as no Section 14(a), (b), (f) or (g) Default or, in the case of paragraph (viii) of this Section 7(b),

no Section 14(d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof) Default, or any Event of Default shall have occurred and be continuing at the time of such sublease, delivery, transfer or relinquishment of possession or installation, and so long as the action to be taken shall not deprive the Indenture Trustee of the Lien of the Trust Indenture on the Airframe or any Engine and Lessee and any Sublessee shall continue to comply with the provisions of Sections 7(a) and 11, Lessee may, without the prior written consent of Lessor:

(i) subject the Airframe and the Engines or engines then installed thereon to normal interchange agreements or any Engine to normal pooling or similar arrangements, in each case customary in the airline industry and entered into by Lessee (or any Sublessee) in the ordinary course of its business and, in the case of the Airframe, (x) with a U.S. Air Carrier not in bankruptcy or a Permitted Sublessee or (y) any other air carrier approved by Lessor; provided, that (A) no such agreement or arrangement contemplates or requires the transfer of title to the Airframe, and (B) if Lessor's title to any Engine shall be divested under any such agreement or arrangement, Lessee shall be deemed to have irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to such Engine on the Business Day next following the 44th day following such divestiture and Lessee shall (or shall cause any Sublessee to) comply with Section 9(d) hereof in respect thereof;

(ii) deliver possession of the Airframe or any Engine to the manufacturer thereof or to any other Person for testing, service, repair, maintenance or overhaul work on the Airframe or Engine or any Part of any thereof or for alterations or modifications in or additions to such Airframe or Engine to the extent required or permitted by the terms of Section 8(c) hereof;

(iii) install an Engine on an airframe owned by Lessee (or any Sublessee) which airframe is free and clear of all Liens, except: (A) Permitted Liens and those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety), (B) the rights of third parties under interchange agreements which would be permitted under clause (i) above, provided that Lessor's title to such Engine shall not be divested as a result thereof and (C) mortgage Liens or other security interests, provided, that (as regards this clause (C)), such

mortgage Liens or other security interests effectively provide that such Engine shall not become subject to the lien of such mortgage or security interest, notwithstanding the installation thereof on such airframe;

(iv) install an Engine on an airframe leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement, provided that (x) such airframe is free and clear of all Liens, except: (A) the rights of the parties to the lease or conditional sale or other security agreement covering such airframe, or their assignees, and (B) Liens of the type permitted by subparagraph (iii) of this paragraph (b) and (y) such lease, conditional sale or other security agreement effectively provides that such Engine shall not become subject to the lien of such lease, conditional sale or other security agreement, notwithstanding the installation thereof on such airframe;

(v) install an Engine on an airframe owned by Lessee (or any Sublessee), leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement under circumstances where neither subparagraph (iii) nor subparagraph (iv) of this paragraph (b) is applicable, provided that in the event of such installation, Lessee shall be deemed to have irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to such Engine on the Business Day next following the 44th day following such installation and Lessee shall (or shall cause any Sublessee to) comply with Section 9(d) hereof in respect thereof, Lessor not intending hereby to waive any right or interest it may have to or in such Engine under applicable law until compliance by Lessee with such Section 9(d);

(vi) transfer (or permit any Sublessee to transfer) possession of the Airframe or any Engine to the United States of America or any instrumentality or agency thereof pursuant to the Civil Reserve Air Fleet Program for a period, including all permissible renewal periods (so long as such renewal options have been irrevocably exercised by Lessee), that does not extend beyond the end of the Term so long as Lessee (or any Sublessee) shall promptly notify Lessor (x) upon transferring possession of the Airframe or any Engine to the United States of America or any agency or instrumentality thereof pursuant to the Civil Reserve Air Fleet Program and (y) of the name and the address of the Contracting Office Representative for the Military Airlift

Command of the United States Air Force to whom notice must be given pursuant to Section 15 hereof;

(vii) transfer possession of the Airframe or any Engine to the United States of America or any instrumentality or agency thereof pursuant to a contract, a copy of which shall be provided to Lessor provided that the term of such contract, including all permissible renewal periods (so long as such renewal options have been irrevocably exercised by Lessee), shall not continue beyond the end of the Term; or

(viii) So long as the Sublessee is not subject to a proceeding or final order under applicable bankruptcy, insolvency or reorganization laws on the date the Sublease is entered into, Lessee may, at any time, enter into a sublease with (1) a U.S. Air Carrier, (2) after the Restricted Period any Permitted Sublessee, provided that in the event such Permitted Sublessee is domiciled in a country listed on Exhibit F hereto and designated therein as a "Restricted Country" such Sublessee shall be deemed a Permitted Sublessee only if its country of domicile at the time of such subleasing imposes and enforces aircraft maintenance standards not materially less stringent than those of the FAA or the central aviation authority of any of Canada, France, Germany, Japan or the United Kingdom, or (3) after the Restricted Period any other Person approved in writing by the Owner Participant, which approval shall not be unreasonably withheld if in regard to this subclause (3) (x) the proposed sublessee's country of domicile imposes maintenance standards not materially less stringent than those of the FAA or the central aviation authority of any of Canada, France, Japan, Germany, or the United Kingdom and (y) Lessor, Owner Participant and the Indenture Trustee receive an opinion of counsel reasonably acceptable to Lessor, in its individual capacity, and Owner Participant that the terms of the sublease and other Operative Documents will be valid in the country where Sublessee is domiciled; that no Participant is required to register to do business in the Sublessee's country of domicile; that there is no tort liability for owners not in possession that is more extensive than under United States law or any state law (it being understood that if such opinion cannot be given in a form reasonably satisfactory to the Owner Participant such opinion will be waived if insurance reasonably satisfactory to the Owner Participant and the Lessor, in its individual capacity, is provided at Lessee's expense to cover such risk); that fair compensation in a currency freely convertible into Dollars is mandated if there is a requisition of use or title of the Aircraft by the country

in which the Sublessee is domiciled (it being understood that if such opinion cannot be given in a form reasonably satisfactory to the Owner Participant such opinion will be waived if insurance reasonably satisfactory to the Owner Participant, is provided at Lessee's expense to cover such risk); that there exist no possessory rights in favor of the Sublessee which upon Lessee's bankruptcy or other Default hereunder (assuming the Sublessee is not then bankrupt) would prevent the return of the Aircraft in accordance with the terms hereof or inhibit the Lessor's rights therein; and as to such other matters as Lessor, in its individual capacity, and the Owner Participant may reasonably request, provided, however, (A) that no sublease, including all permissible renewal periods, shall extend beyond the Basic Term or any Renewal Term then in effect, unless Lessee shall have irrevocably committed to purchase the Aircraft or renew the Lease in accordance with the terms thereof at the end of the Basic Term or Renewal Term, as the case may be, to a date beyond the latest permissible expiration date of such sublease, (B) that, on the date of such sublease, the United States and the country in which sublessee is domiciled and principally located maintain diplomatic relations, (C) that on or prior to entering into such sublease, Lessee shall provide to the Lessor, the Owner Participant and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee assurances reasonably satisfactory to Lessor, in its individual capacity, and Owner Participant to the effect that the provisions of Section 11 hereof have been complied with after giving effect to such sublease and (D) that, in the case of a sublease to a sublessee described in (3) above, if the country of domicile of the proposed sublessee at the time of such subleasing has not unqualifiedly ratified the Geneva Convention for International Recognition of Rights in Aircraft, the Lessee shall provide Lessor to the Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee an opinion of counsel, which counsel and opinion shall be reasonably satisfactory to the Owner Participant, to the effect that the country in which such sublessee has its principal office and domicile would give effect to (i) the title of Lessor in and to the Aircraft, (ii) the registry of the Aircraft in the name of Lessor (or Lessee or Sublessee, as "lessee" or "sublessee" as appropriate) and (iii) the priority and validity of the Lien of the Trust Indenture.

The rights of any Sublessee or other transferee (other than a transferee where the transfer is of an Engine which is deemed a termination under Section 9(d)) shall be subject and subordinate to, all the terms of the Lease (and any Sublease

shall expressly state that it is so subject and subordinate), including, without limitation, the covenants contained in Section 7(a) hereof, the inspection rights contained in Section 12 hereof and Lessor's (and, so long as the Trust Indenture is in effect, the Indenture Trustee's (as Lessor's assignee)) rights to repossess the Aircraft and to void any Sublease upon such repossession, and Lessee shall remain primarily liable for the performance of all of the terms of the Lease, and the terms of any such Sublease shall not permit any Sublessee to take any action not permitted to be taken by Lessee in the Lease with respect to the Aircraft. No pooling agreement, Sublease or other relinquishment of possession of the Airframe or any Engine shall in any way discharge or diminish any of Lessee's obligations to Lessor under this Lease or constitute a waiver of Lessor's rights or remedies hereunder. Lessor agrees, for the benefit of Lessee (and any Sublessee) and for the benefit of any mortgagee or other holder of a security interest in any engine owned by Lessee (or any Sublessee), any lessor of any engine other than an Engine leased to Lessee (or any Sublessee) and any conditional vendor of any engine other than an Engine purchased by Lessee (or any Sublessee) subject to a conditional sale agreement or any other security agreement, that no interest shall be created under the Lease in any engine so owned, leased or purchased and that neither Lessor nor its successors or assigns will acquire or claim, as against Lessee (or any Sublessee) or any such mortgagee, lessor or conditional vendor or other holder of a security interest or any successor or assignee of any thereof, any right, title or interest in such engine as the result of such engine being installed on the Airframe; provided, however, that such agreement of Lessor shall not be for the benefit of any lessor or secured party of an airframe leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement or for the benefit of any mortgagee or any other holder of a security interest in an airframe owned by Lessee (or any Sublessee), on which airframe Lessee (or any Sublessee) then proposes to install an Engine, unless such lessor, conditional vendor, other secured party or mortgagee has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement or mortgage) that neither it nor its successors or assigns will acquire, as against Lessor, any right title or interest in an Engine as a result of such Engine being installed on such airframe. Lessee shall provide the Owner Participant and the Indenture Trustee (A) written notice (which notice shall be given (i) no later than thirty (30) days prior to entering into any Sublease with a term of more than one (1) year or (ii) at any time prior to (to the extent that the giving of prior notice is reasonably possible) or promptly after entering into any Sublease with a term of one (1) year or less) of any

Sublease and (B) a copy of any Sublease which has a term of more than one (1) year.

Lessee shall assign any Sublease to Lessor as security for its obligations hereunder pursuant to an assignment instrument reasonably satisfactory to Lessor; provided, however, that any such assignment instrument shall provide that the assignment of the Sublease shall only be effective, without any further action, immediately upon the occurrence of a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default (and such effectiveness shall terminate upon the curing or waiver of the aforesaid Defaults or Events of Default). In addition, any Sublease entered into by Lessee shall provide that all payments due under such Sublease shall be paid by the Sublessee to Lessor during the continuance of a Section 14(a), 14(b), 14(f) or 14(g) Default or an Event of Default.

In the event that during the term of a Sublease the Aircraft shall have been maintained under a block-overhaul program, Lessee shall at its option either (i) cause the Aircraft to be returned to the Lessee by the Sublessee no later than three months prior to the end of the Term and Lessee shall upon such return incorporate the Aircraft into Lessee's continuous maintenance program for aircraft of the same make and model and in active commercial service or (ii) upon return of the Aircraft to Lessor pursuant to Section 5(a), Lessee shall comply with those return conditions set forth in such Section 5(a) applicable in the event Lessee had adopted a block-overhaul program.

Any Wet Lease or similar arrangement under which Lessee maintains operational control of the Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this section. Lessor acknowledges that any consolidation or merger of Lessee or conveyance, transfer or lease of all or substantially all of Lessee's assets permitted by the Operative Documents shall not be prohibited by this Section.

No Sublease permitted pursuant to this Section shall permit any further sub-subleasing of the Aircraft.

(c) Insignia. On or prior to the Delivery Date, or as soon thereafter as practicable, Lessee agrees to affix and maintain (or cause to be affixed and maintained) in the cockpit of the Airframe adjacent to the registration certificate therein and on each Engine a nameplate bearing the inscription:

Leased From

State Street Bank and Trust Company, not in its individual capacity but solely as Owner Trustee, Owner and Lessor

and, for so long as the Airframe and each Engine shall be subject to the Lien of the Trust Indenture, bearing the following additional inscription:

Mortgaged To

First Security Bank of Utah, National Association, as Indenture Trustee

(such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Lessor or successor Indenture Trustee, in each case as permitted under the Operative Documents).

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the Airframe or on any Engine as a designation that might be interpreted as a claim of ownership; provided, that nothing herein contained shall prohibit Lessee (or any Sublessee) from placing its customary colors and insignia on the Airframe or any Engine.

SECTION 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions.

(a) Replacement of Parts. Lessee, at its own cost and expense, will promptly replace or cause to be replaced all Parts which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in Section 8(c). All replacement Parts shall be owned by Lessee free and clear of all Liens (except Permitted Liens, pooling arrangements permitted by Section 8(b) hereof and replacement Parts temporarily installed on an emergency basis) and shall be in as good operating condition as, and shall have a value and utility substantially equal to, the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. All Parts at any time removed from the Airframe or any Engine shall remain the property of Lessor, no matter where located, until such time as such Parts shall be replaced by Parts which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Airframe or any

Engine, without further act (subject only to Permitted Liens and any pooling arrangement permitted by Section 8(b) hereof and except replacement Parts temporarily installed on an emergency basis), (i) title shall vest in and such replacement Part shall become the property of Lessor and shall become subject to this Lease and be deemed a Part for all purposes hereof to the same extent as the Parts originally incorporated or installed in or attached to the Airframe or such Engine and (ii) the replaced Part shall no longer be the property of Lessor and shall no longer be deemed a Part hereunder.

(b) Pooling of Parts. Any Part removed from the Airframe or any Engine as provided in Section 8(a) hereof may be subjected by Lessee (or any Sublessee) to a pooling arrangement of the type which is permitted by Section 7(b)(i) hereof; provided, that the Part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or Engine in accordance with Section 8(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or an Engine in accordance with such Sections may be owned by any third party subject to such a pooling arrangement, provided, that Lessee (or any Sublessee), at its expense, as promptly thereafter as practicable, and in any event within 90 days, either (i) causes such replacement Part to become the property of Lessor free and clear of all Liens other than Permitted Liens or (ii) replaces such replacement Part with a further replacement Part owned by Lessee (or any Sublessee) which shall become the property of Lessor, free and clear of all Liens other than Permitted Liens.

(c) Alterations, Modifications and Additions. Lessee, at its own expense, will make (or cause to be made) such alterations and modifications in and additions to the Airframe and Engines as may be required from time to time to be made during the Term so as to comply with any law, rule, regulation or order of any regulatory agency or body of any jurisdiction in which the Aircraft may then be registered; provided, however, that, after Lessee shall have provided Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee, with a certificate of its President, any Vice President, the Treasurer or any Assistant Treasurer stating all relevant facts pertaining thereto, Lessee or any Sublessee may, in good faith, and by appropriate proceedings contest the validity or application of any such law, rule, regulation or order in any reasonable manner which does not jeopardize the right, title and interest of the Lessor or the Owner Participant in and to the Airframe and/or the Engines, or otherwise materially adversely affect Lessor, the Owner Participant or the Indenture Trustee but only so long as such proceedings do not

involve any risk of criminal liability or any unindemnified material risk of civil liability to Lessor or the Owner Participant for which the Lessee is not then willing to indemnify Lessor or the Owner Participant in a manner reasonably satisfactory to such Person. In addition, Lessee (or any Sublessee), at its own expense, may from time to time make such alterations and modifications in and additions to the Airframe or any Engine as Lessee (or any Sublessee) may deem desirable in the proper conduct of its business, including removal of Parts which Lessee (or any Sublessee) deems to be obsolete or no longer suitable or appropriate for use on the Airframe or such Engine (such parts, "Obsolete Parts"); provided that no such alteration, modification, removal or addition impairs the condition or airworthiness of the Airframe or such Engine, or decreases the value or the utility (or, in regard to the Airframe, remaining useful life) of the Airframe or such Engine below the value or utility (or, in regard to the Airframe, remaining useful life) thereof immediately prior to such alteration, modification, removal or addition assuming the Airframe or such Engine was then in the condition required to be maintained by the terms of this Lease. In addition, the value (but not the utility, condition, airworthiness or, in the case of the Airframe, remaining economic useful life) of the Airframe or any Engine may be reduced by the value, if any, of Obsolete Parts which shall have been removed so long as the aggregate original cost of all Obsolete Parts which shall have been removed and not replaced shall not exceed \$900,000. All Parts incorporated or installed in or attached or added to the Airframe or an Engine as the result of such alteration, modification or addition (except those parts which Lessee has leased from others and which may be removed by Lessee pursuant to the next sentence) (the "Additional Parts") shall, without further act, become the property of, and title to such Parts shall vest in, Lessor. Notwithstanding the foregoing sentence, Lessee (or any Sublessee), subject to Lessor's rights under Section 5(f) hereof, may, at its own expense, at any time during the Term, so long as no Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) or an Event of Default shall have occurred and be continuing, remove or suffer to be removed any Additional Part, provided that such Additional Part (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Airframe or any Engine at the time of delivery thereof hereunder or any Part in replacement of or substitution for any such Part, (ii) is not required to be incorporated or installed in or attached or added to the Airframe or any Engine pursuant to the terms of Section 7 hereof or the first sentence of this paragraph (c) and (iii) can be removed from the Airframe or such Engine without impairing the condition or airworthiness or diminishing the value or utility (or, in

regard to the Airframe, remaining useful life) of the Airframe or such Engine which the Airframe or such Engine would have had at such time had such alteration, modification or addition not occurred. Upon the removal thereof as provided above, such Additional Part shall no longer be deemed the property of Lessor or part of the Airframe or Engine from which it was removed. Any Additional Part not removed as above provided prior to the return of the Airframe or Engine to Lessor hereunder shall remain the property of Lessor.

SECTION 9. Early Termination.

(a) [Intentionally reserved for potential future use].

(b) Termination for Obsolescence/Surplus. So long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) Default or any Event of Default shall have occurred and be continuing, Lessee shall have the right to terminate this Lease on the third Business Day prior to any Lease Period Date occurring on or after the Restricted Period if Lessee shall have made a good faith determination, which shall be evidenced by a certificate of any financial officer of Lessee, who is the Treasurer or more senior officer, that the Aircraft is surplus to Lessee's requirements or economically obsolete to Lessee.

Lessee shall give to Lessor and Indenture Trustee at least one hundred and eighty (180) days revocable (except as provided below) advance written notice of Lessee's intention to so terminate this Lease (any such notice, a "Termination Notice") specifying (i) the date on which Lessee intends to terminate this Lease in accordance with this Section 9(b) (such specified date, a "Termination Date") and (ii) that Lessee has determined that the Aircraft is surplus to its requirements or economically obsolete to Lessee. Lessee shall exercise this option by arranging for the sale of the Aircraft pursuant to Section 9(c), provided, however, that Lessee may not withdraw its notice if Lessor has elected to retain the Aircraft pursuant to Section 9(c) or if the highest bid obtained by Lessee pursuant to Section 9(c) is greater than the then applicable Termination Value; provided, further, that if no sale of the Aircraft shall have occurred on or prior to the Termination Date and if Lessor shall not have elected to retain the Aircraft, Lessee's Termination Notice shall be deemed withdrawn. The Termination Notice shall become irrevocable twenty-five (25) days prior to the Termination Date.

(c) Sale of the Aircraft. In the event that Lessee shall have proposed to terminate this Lease under Section 9(b), then during the period commencing with the date of the

Termination Notice until the proposed Termination Date Lessee, as non-exclusive agent for Lessor and at no expense to Lessor, shall use reasonable efforts to obtain bids in Dollars for the purchase of the Aircraft and, in the event it receives any bid, Lessee shall, within five Business Days after receipt thereof and at least ten Business Days prior to the proposed Termination Date, advise Lessor in writing of the amount and terms of such bid, and the name and address of the party or parties (who shall not be Lessee or any Affiliate of Lessee or any person with whom Lessee or any such Affiliate has an arrangement or understanding regarding the future use of the Aircraft by Lessee or any such Affiliate but who may be the Owner Participant, any Affiliate thereof or any person contacted by the Owner Participant) submitting such bid. After Lessee shall have advised Lessor of all bids received, the Owner Participant, any Affiliate thereof or any Person contacted by the Owner Participant may submit a further bid or bids to Lessee not later than five Business Days prior to the Termination Date proposed by Lessee (unless Lessee shall have revoked the Termination Notice specifying such proposed Termination Date). Subject to the next succeeding sentence, on or before the Termination Date, subject to the release of all mortgage and security interests with respect to the Aircraft under the Trust Indenture: (1) Lessee shall deliver the Aircraft, or cause the Aircraft to be delivered to the highest bidder as determined below, in the same manner and in the same condition and otherwise in accordance with all the terms of this Lease as if delivery were made to Lessor pursuant to Section 5, and Lessee shall duly transfer to Lessor title to any engine installed on the Airframe and not owned by Lessor, all in accordance with the terms of Section 5 (but subject to the provisions of Section 5(e) hereof), (2) Lessor shall comply with the terms of the Trust Indenture and shall, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), subject to prior or concurrent payment by Lessee of all amounts due under clause (3) of this sentence, sell the Aircraft for cash in Dollars to the entity, if any, which shall have submitted the highest bona fide bid (evaluated on a net cash basis) therefor, the total selling price realized at such sale to be retained by Lessor, and (3) Lessee shall simultaneously pay or cause to be paid to Lessor in the manner provided in Section 3(e), (A) if the proceeds of the sale of the Aircraft so sold, net of reasonable out-of-pocket costs and expenses incurred by Lessor and the Owner Participant in connection therewith, including, without limitation, applicable sales or transfer taxes and legal fees, are less than the Termination Value for the Aircraft computed as of the Redemption Date, the difference in Dollars, (B) all unpaid Basic Rent due on or prior to the applicable Redemption Date (other than Basic Rent payable in advance on the Redemption Date, if

any) and all unpaid Supplemental Rent with respect to the Aircraft due on or prior to such Redemption Date, and (C) Premium, if any, due on the Loan Certificates and upon receiving all such payments referred to in clauses (2) and (3) above Lessor simultaneously will transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest in and to any Engines constituting part of the Aircraft which were not sold with the Aircraft. Notwithstanding the preceding sentence, Lessor may, if Lessee has not already revoked the Termination Notice, elect to retain title to the Aircraft. If Lessor so elects, Lessor shall give to Lessee written notice of such election at least ten Business Days prior to the Termination Date accompanied by an irrevocable undertaking by the Owner Participant to make available to Lessor for payment to the Indenture Trustee on the Termination Date the amount required to pay in full the unpaid Original Amount of the Loan Certificates outstanding on the applicable Redemption Date together with all other amounts due on such Redemption Date thereunder less amounts to be paid by Lessee as a result of the payment thereof as set forth in the second following sentence. Upon receipt of notice of such an election by Lessor and the accompanying undertaking by the Owner Participant, Lessee shall cease its efforts to obtain bids as provided above and shall reject all bids theretofore or thereafter received. On the Termination Date, Lessor shall (subject to the payment by Lessee of all Rent due on or prior to the Redemption Date as set forth below) pay in full the unpaid Original Amount of the Loan Certificates outstanding on the Redemption Date, plus interest accrued to, or to accrue thereon to but excluding the applicable Redemption Date, together with all other amounts due thereunder less any amounts to be paid by Lessee as a result of the payment thereof and, provided that the Loan Certificates are paid as aforesaid, Lessee shall deliver the Airframe and Engines or engines to Lessor in accordance with Section 5 and shall pay all Basic Rent due on or prior to the Redemption Date (other than Basic Rent payable in advance on the Redemption Date, if any) and all unpaid Supplemental Rent due on or prior to such Redemption Date, and Premium, if any, on the Loan Certificates. If no sale shall have occurred on the Termination Date for any reason (including, without limitation, by reason of Lessee's revocation of its Termination Notice) or Lessor has not, after making its election referred to above, made the payment contemplated by the preceding sentence and thereby caused this Lease to terminate, this Lease shall continue in full force and effect as to the Aircraft, Lessee shall be entitled to keep any deposits or other advances received from the proposed purchaser(s) of the Aircraft (without in any way limiting any other rights or remedies against such proposed purchaser(s) available to Lessor or Lessee), Lessee

shall pay the reasonable out-of-pocket costs and expenses, including legal fees, incurred by the Owner Participant, Indenture Trustee and Lessor (unless such failure to terminate this Lease is a consequence of the failure of Lessor or the Owner Participant without due cause to make, or cause to be made, the payment referred to in the immediately preceding sentence), if any, in connection with preparation for such sale and Lessee may give one or more additional Termination Notices, provided no more than three such notices may be given during the Term and only one such notice may be given during any 365 day period (not counting, in either case, any Termination Notice for a Termination Date on which this Lease does not terminate as a consequence of the failure of Lessor or the Owner Participant without due cause to make or cause to be made the payment referred to in the immediately preceding sentence). In the event of any such sale or such retention of the Aircraft by Lessor and upon compliance by Lessee with the provisions of this paragraph, the obligation of Lessee to pay Basic Rent or any other amounts hereunder shall cease to accrue. Upon payment of all amounts that may then be due hereunder, this Lease shall terminate. Lessor may, but shall be under no duty to, solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with any such sale other than to transfer (in accordance with the foregoing provisions) to the purchaser named in the highest bid certified by Lessee to Lessor all of Lessor's right, title and interest in the Aircraft, against receipt of the payments provided herein.

(d) Termination as to Engines. Upon compliance with the terms of the Tax Indemnity Agreement, Lessee shall have the right at its option at any time during the Term, on at least 30 days' prior written notice, to terminate this Lease with respect to any Engine. In such event, and prior to the date of such termination, Lessee shall replace such Engine hereunder by complying with the terms of Section 10(b) to the same extent as if an Event of Loss had occurred with respect to such Engine (provided that Lessee shall have no right to pay Stipulated Loss Value with respect to such Engine), and Lessor shall transfer title to the replaced Engine as provided in Section 5(b). No termination of this Lease with respect to any Engine as contemplated by this Section 9(d) shall result in any reduction of Basic Rent.

SECTION 10. Loss, Destruction, Requisition, etc. (a) Event of Loss with Respect to the Aircraft. Upon the occurrence of an Event of Loss with respect to the Airframe or the Airframe and the Engines and/or engines then installed thereon, Lessee shall (1) forthwith (and in any event, within fifteen days after such occurrence) give Lessor written notice of such Event of Loss and (2) within 60 days after such occurrence,

give Lessor written notice of its election to perform one of the following options (it being understood that the failure to give such notice shall be deemed to be an election of the option set forth in clause (i) below):

(i) Not later than the earlier of (x) the Business Day next succeeding the 100th day following the occurrence of such Event of Loss or (y) the third Business Day following receipt by the loss payee of the insurance proceeds in respect to such Event of Loss (but not earlier than the first Business Day next succeeding the 65th day following the occurrence of such Event of Loss) (the applicable day being the "Loss Payment Date"), Lessee shall, to the extent not paid to Lessor or Indenture Trustee, as the case may be, as insurance proceeds, pay or cause to be paid to Lessor as specified in Section 3(e) hereof, (A) the Stipulated Loss Value of the Aircraft computed as of the Stipulated Loss Value Date occurring on or immediately following the date of such Event of Loss, plus (B) if such Stipulated Loss Value Date is a Lease Period Date, Basic Rent due on such Lease Period Date (excluding Basic Rent payable in advance on such Lease Period Date), plus (C) unpaid Supplemental Rent with respect to the Aircraft due on or prior to the date of payment, plus (D) interest on such Stipulated Loss Value at the Debt Rate from and including such Stipulated Loss Value Date to, but not including, the date of any advance payment in respect of Stipulated Loss Value as provided below, and thereafter on the unpaid balance of such Stipulated Loss Value from and including the date of such advance payment to, but excluding, the date such Stipulated Loss Value is paid in full; provided, however, that if a Lease Period Date shall occur after the Stipulated Loss Value Date with respect to which Stipulated Loss Value is determined but prior to the date of such payment of the sum of the amounts specified in clauses (A), (B), (C) and (D) above or if Basic Rent is payable in advance on the Stipulated Loss Value Date, Lessee shall pay on such Lease Period Date an amount equal to the Basic Rent that would have been due on such Lease Period Date if such Event of Loss had not occurred, which amount shall be credited as an advance against the amounts payable pursuant to clauses (A), (B), (C) and (D) above, or

(ii) Not later than the Business Day next succeeding the 100th day following the occurrence of such Event of Loss, Lessee shall, provided that no Section 14(a), (b), (f) or (g) Default or any Event of Default shall have occurred and be continuing, substitute an aircraft or an airframe or an airframe and one or more engines, as the case may be in accordance with the terms hereof, provided that if

Lessee shall have elected to make a substitution under this clause (ii) and shall fail for any reason to make such substitution in accordance with the terms hereof, Lessee shall make the payments required by clause (i) above as and when due thereunder.

At such time as Lessor shall have received the sum of the amounts specified in clauses (A), (B), (C) and (D) of subparagraph (i) above, together with all other amounts that then may be due hereunder (including, without limitation, all Basic Rent due on or before the date of such payment (other than Basic Rent payable in advance, if any, on such date)), under the Participation Agreement and under the Tax Indemnity Agreement, (1) the obligation of Lessee to pay the installments of Basic Rent, Supplemental Rent, Stipulated Loss Value, Termination Value or any other amount shall cease to accrue, (2) this Lease shall terminate, (3) Lessor will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all Lessor's right, title and interest in and to the Airframe and the Engines "as-is, where-is" and furnish to or at the direction of Lessee, at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee (or any Sublessee), evidencing such transfer, and (4) Lessee will be subrogated to all claims of Lessor if any against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at its own cost and expense in accordance with Section 11(e) hereof), but only to the extent the same relate to physical damage to or loss of the Airframe and any Engines which were subject to such Event of Loss.

In the event Lessee shall elect to substitute an aircraft (or an airframe or an airframe and one or more engines, as the case may be) Lessee shall (A) convey or cause to be conveyed to Lessor an aircraft (or an airframe or an airframe and an engine which, together with the Engines or Engine constituting a part of the Aircraft but not installed thereon at the time of such Event of Loss, constitute the Aircraft) free and clear of all Liens (other than Permitted Liens) and having at least the fair market value, utility and remaining useful life and being in as good an operating condition as, the Aircraft subject to such Event of Loss assuming that the Aircraft had been maintained in accordance with this Lease; provided that any aircraft or airframe so substituted hereunder shall be of the same make and model or improved model as those initially leased hereunder and any engine substituted hereunder shall be an Acceptable Alternate Engine and (B) prior to or at the time of any such substitution, Lessee (or any Sublessee), at its own expense, will (1) furnish

Lessor with a full warranty bill of sale and a FAA bill of sale, in form and substance reasonably satisfactory to the Owner Participant, evidencing such transfer of title, (2) cause a Lease Supplement and a Trust Supplement to be duly executed by Lessee and filed for recording pursuant to the Federal Aviation Act, or the applicable laws, rules and regulations of any other jurisdiction in which the Airframe may then be registered, and cause a financing statement or statements or other requisite documents of a similar nature (including precautionary filings) to be filed in such place or places as necessary in order to perfect the security interests therein created by or pursuant to the Trust Indenture (and, with regard to precautionary filings, this Lease), (3) furnish the Owner Participant with such evidence of Lessor's title to such replacement aircraft and of compliance with the insurance provisions of Section 11 with respect to such substituted property as Lessor, in its individual capacity, and the Owner Participant may reasonably request, (4) provide Owner Participant an opinion of outside tax counsel, which opinion and counsel shall be satisfactory to Owner Participant, to the effect that such substitution will not result in any adverse tax consequences (including under Section 861 of the Code as then in effect) to Lessor and/or the Owner Participant (it being understood that if such opinion cannot be given Lessee may indemnify Owner Participant for such adverse tax consequences in lieu of such opinion in a manner satisfactory in form and substance to the Owner Participant), (5) provide Lessor, Owner Participant and the Indenture Trustee an opinion of counsel, which counsel and opinion shall be reasonably acceptable to Lessor, in its individual capacity, and the Owner Participant, to the effect that Lessor and the Indenture Trustee (as assignee of all right, title and interest of Lessor under the Lease) shall be entitled to the benefits and protections of Section 1110 of the Bankruptcy Code with respect to the aircraft substituted hereunder, (6) provide an opinion of counsel to Lessor and the Indenture Trustee, which opinion and counsel shall be reasonably acceptable to the Lessor, in its individual capacity, and the Owner Participant, to the effect that title to such replacement aircraft has been duly conveyed to Lessor free and clear of all Liens except Permitted Liens and that such replacement aircraft is duly subjected to the Lien of the Trust Indenture and (7) provide Lessor, Owner Participant and Indenture Trustee all the documentation required (or, following the termination of the Trust Indenture, all the documentation that prior to such termination would have been required) to be provided by it pursuant to Section 5.01(b) of the Trust Indenture, and Lessor simultaneously will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's

right, title and interest, if any, in and to the Aircraft or the Airframe and one or more Engines, as the case may be, "as-is, where-is" with respect to which such Event of Loss occurred and furnish to or at the direction of Lessee, at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee, evidencing such transfer. Lessee will be subrogated to all claims of Lessor, if any, against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at their own cost and expense in accordance with Section 11(e) hereof) but only to the extent the same relate to physical damage to or loss of the Airframe and any Engine which were subject to such Event of Loss. For all purposes hereof, the property so substituted shall after such transfer be deemed part of the property leased hereunder and shall be deemed an "Aircraft," "Airframe" and "Engine," as the case may be, as defined herein. No Event of Loss with respect to the Airframe or the Airframe and the Engines or engines then installed thereon for which substitution has been elected pursuant to Section 10(a)(ii) hereof shall result in any reduction in Basic Rent.

(b) Event of Loss with Respect to an Engine. Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Lessee shall forthwith (and in any event, within fifteen days after such occurrence) give Lessor written notice thereof and shall, within forty-five (45) days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, as replacement for the Engine with respect to which such Event of Loss occurred, title to an Acceptable Alternate Engine free and clear of all Liens (other than Permitted Liens, which engine may upon its transfer to Lessor become subject to any and all Permitted Liens) and having a value and utility at least equal to, and being in as good an operating condition as and having been maintained in the same manner as, the Engine subject to such Event of Loss (assuming that such Engine had been maintained in accordance with this Lease); provided, however, upon written notice to Lessee given within 20 days after Lessor has received notice of such Event of Loss, the Lessor may require Lessee to pay with respect to the Engine subject to such Event of Loss within 45 days after the occurrence of such Event of Loss (provided that in no event shall such payment be required to be made prior to the Commencement Date) an amount equal to (A) Engine Cost multiplied by the percentage specified in Exhibit C hereto opposite the Stipulated Loss Value Date occurring on or immediately following the date of such Event of Loss, plus (B) interest on the amount determined pursuant to clause (A) above at the Debt Rate from and including such Stipulated Loss Value Date to, but excluding, the date such amount is paid in full; and provided, further, if Lessee pays

such Stipulated Loss Value and interest, then, subject to Section 5(e), Lessee shall only be obligated to return the Aircraft to Lessor with any Engine attached thereto with respect to which Lessee has not paid Stipulated Loss Value pursuant to this Section 10(b) at any time that Lessee is required to return the Aircraft to Lessor pursuant to the terms hereof; provided further, however, that, in lieu of paying such Stipulated Loss Value and interest, Lessee may replace the Engine in accordance with this Section 10(b) if Lessee provides to the Owner Participant either: (x) an opinion of outside tax counsel, which opinion and counsel shall be satisfactory to the Owner Participant, to the effect that such substitution will not result in any adverse tax consequences to the Owner Participant, or (y) an indemnity, satisfactory in form and substance to the Owner Participant, for any adverse tax consequences resulting from such substitution. Prior to or at the time of any such conveyance, Lessee, at its own expense, will (i) furnish Lessor with a warranty (as to title) bill of sale, in form and substance reasonably satisfactory to Lessor, with respect to such replacement engine, (ii) cause a Lease Supplement and Trust Supplement to be duly executed by Lessee and to be filed for recording pursuant to the Federal Aviation Act, or the applicable laws, rules and regulations of any other jurisdiction in which the Airframe may then be registered, and cause a financing statement or statements or other requisite documents of a similar nature (including precautionary filings) to be filed in such place or places as necessary in order to perfect the security interests therein created by or pursuant to the Trust Indenture (and, with regard to precautionary filings, this Lease), (iii) furnish Lessor with such evidence of Lessor's title to such Acceptable Alternate Engine and of compliance with the insurance provisions of Section 11 hereof with respect to such replacement engine as Lessor, in its individual capacity, or the Owner Participant may reasonably request, (iv) provide Lessor and the Indenture Trustee an opinion of Lessee's counsel which counsel and opinion shall be reasonably satisfactory to Lessor, in its individual capacity, or the Owner Participant to the effect that title to such Acceptable Alternate Engine has been duly conveyed to Lessor free and clear of all Liens except Permitted Liens and that such Acceptable Alternate Engine is duly subjected to the Lien of the Trust Indenture, and (v) provide Lessor, Owner Participant and Indenture Trustee all the documentation required (or, following the termination of the Trust Indenture, all the documentation that prior to such termination would have been required) to be provided by it pursuant to Section 5.01(b) of the Trust Indenture, and Lessor will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee without recourse or warranty (except as to absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) all

of Lessor's right, title and interest, if any, in and to (1) the Engine with respect to which such Event of Loss occurred and furnish to or at the direction of Lessee, and at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee, evidencing such transfer and (2) all claims, if any, against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at their own cost and expense in accordance with Section 11(e) hereof), for damage to or loss of the Engine subject to such Event of Loss, and such Engine shall thereupon cease to be an Engine leased hereunder. For all purposes hereof, each such replacement engine shall, after such conveyance, be deemed part of the property leased hereunder, and shall be deemed an "Engine." Except to the extent Lessor's Cost is reduced pursuant to the definition thereof, no Event of Loss with respect to an Engine under the circumstances contemplated by the terms of this paragraph (b) shall result in any reduction in Basic Rent.

(c) Application of Payments from Governmental Authorities for Requisition of Title, etc. Any payments (other than insurance proceeds the application of which is provided for in Section 11) received at any time by Lessor or by Lessee from any governmental authority or other Person with respect to an Event of Loss, other than a requisition for use by the United States Government or other government of registry of the Aircraft or any instrumentality or agency of any thereof not constituting an Event of Loss, will be applied as follows:

(i) if payments are received with respect to the Airframe (or the Airframe and any Engine or engines then installed thereon), (A) unless the same are replaced pursuant to the last paragraph of Section 10(a), after reimbursement of Lessor (as provided in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, so much of such payments remaining as shall not exceed the Stipulated Loss Value and the other amounts payable under Section 10(a) hereof required to be paid by Lessee pursuant to Section 10(a), shall be applied in reduction of Lessee's obligation to pay Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value and such other amounts, and following the foregoing application, the balance, if any, of such payments shall be distributed between Lessee and Lessor as their respective interests may appear; or (B) if such property is replaced pursuant to the last paragraph of Section 10(a), such payments shall be paid over to or retained by, Lessee; provided, that Lessee shall have fully performed or, concurrently therewith, will fully perform the

terms of the last paragraph of Section 10(a) with respect to the Event of Loss for which such payments are made; and

(ii) if such payments are received with respect to an Engine under circumstances contemplated by Section 10(b) hereof, (A) unless the same is replaced pursuant to the terms of Section 10(b), after reimbursement of Lessor (as provided for in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, so much of such payments remaining as shall not exceed the amounts payable under Section 10(b) hereof by Lessee, shall be applied in reduction of Lessee's obligation to pay the same, if not already paid by Lessee, or if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amounts and following the foregoing application, the balance, if any, shall be paid to Lessee; or (B) if such property is replaced pursuant to Section 10(b), such payments shall be paid over to, or retained by, Lessee, provided that Lessee shall have fully performed, or concurrently therewith will perform, the terms of Section 10(b) with respect to the Event of Loss for which such payments are made.

(d) Requisition for Use of the Aircraft by the United States Government or Government of Registry of the Aircraft. In the event of the requisition for use of the Airframe and the Engines or engines installed on the Airframe during the Term by the United States Government or any other government of registry of the Aircraft or any instrumentality or agency of any thereof, Lessee shall promptly notify Lessor of such requisition, and all of Lessee's obligations under this Lease Agreement with respect to the Aircraft shall continue to the same extent as if such requisition had not occurred (unless deemed prior to the end of the Term an Event of Loss in which case the foregoing provisions of this Section 10 shall be applicable). If Lessee shall fail to return the Aircraft (i) on or before the end of the Term, in the case of a requisition by the United States government or any agency or instrumentality thereof or (ii) within the earlier of the end of the Term or two years after such requisition in the case of a requisition for use by the government of registry of the Aircraft or any agency or instrumentality thereof (other than the United States government or any agency or instrumentality thereof), such failure shall constitute an Event of Loss which shall be deemed to have occurred in the case of clause (i) on the last day of the Term, and in the case of clause (ii), on the earlier of the last day of the Term or the expiration of such two-year period, provided, however, that Lessor may notify Lessee in writing on or before the twentieth day prior to the last day of the Term that, in the event Lessee shall fail by reason of such requisition to return the Airframe and such Engines or

engines on or before the end of the Term, such failure shall not be deemed an Event of Loss. Upon the giving of such notice and such failure to return by the end of the Term, Lessee shall be relieved of all of its obligations pursuant to the provisions of Section 5 (but not under any other Section), except that if any engine not owned by Lessor shall then be installed on the Airframe, Lessee will, at no cost to Lessor, furnish, or cause to be furnished, to Lessor a full warranty (as to title) bill of sale with respect to each such engine, in form and substance reasonably satisfactory to Lessor, in its individual capacity, and the Owner Participant (together with an opinion of counsel (which may be Lessee's General Counsel) to the effect that such full warranty bill of sale has been duly authorized and delivered and is enforceable in accordance with its terms and that such engines are free and clear of Liens other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), against receipt from Lessor, at Lessee's expense, of a bill of sale evidencing the transfer, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), by Lessor to Lessee or its designee of all of Lessor's right, title and interest in and to any Engine constituting part of the Aircraft but not then installed on the Airframe. All payments received by Lessor or Lessee from such government for the use of such Airframe and Engines or engines during the Term shall be paid over to, or retained by, Lessee (or, if directed by Lessee, any Sublessee); and all payments received by Lessor or Lessee from such government for the use of such Airframe and Engines or engines after the end of the Term shall be paid over to, or retained by, Lessor unless Lessee shall have exercised its purchase option hereunder, or there is a deemed Event of Loss hereunder, in which case such payments shall be made to Lessee.

(e) Requisition for Use of an Engine by the United States Government or the Government of Registry of the Aircraft. In the event of the requisition for use of an Engine during the Term by the United States Government or any other government of registry of the Aircraft or any agency or instrumentality of any thereof (other than in the circumstances contemplated by subsection (d)) which shall have continued for more than 180 days or, if earlier, until the end of the Term, Lessee shall replace (or cause any Sublessee to replace) such Engine hereunder and Lessor and Lessee (or Sublessee as the case may be) shall comply with the terms of Section 10(b) to the same extent as if an Event of Loss had occurred with respect to such Engine. Upon compliance with Section 10(b) hereof, any payments received by Lessor or Lessee from such government with respect to such requisition shall be paid over to, or retained by Lessee.

(f) Application of Payments During Existence of Events of Default.

Any amount referred to in this Section 10 which is payable to or retainable by Lessee (or any Sublessee) shall not be paid to or retained by Lessee (or any Sublessee) if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing, but shall be held by or paid over to Lessor as security for the obligations of Lessee (or such Sublessee) under this Lease and applied against Lessee's obligations hereunder as and when due. At such time as there shall not be continuing any such Default or Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with the preceding sentence.

SECTION 11. Insurance. (a) Public Liability and Property Damage

Insurance. (1) Except as provided in clause (2) of this Section 11(a), and subject to self-insurance to the extent permitted by Section 11(d) hereof, Lessee will carry or cause to be carried with respect to the Aircraft at its or any Sublessee's expense (i) comprehensive airline liability (including, without limitation, passenger, contractual, bodily injury, and property damage liability) insurance (exclusive of manufacturer's product liability insurance) and (ii) cargo liability insurance, (A) in an amount not less than the greater of (x) the amounts of comprehensive airline liability insurance from time to time applicable to aircraft owned or leased, and operated by Lessee of the same type as the Aircraft and (y) \$450,000,000 per occurrence, (B) of the type and covering the same risks as from time to time are applicable to aircraft owned or leased, and operated by Lessee of the same type as the Aircraft, and (C) which is maintained in effect with insurers of recognized reputation and responsibility; provided, however, that Lessee need not maintain cargo liability insurance, or may maintain such insurance in an amount less than \$450,000,000 per occurrence, as long as the amount of cargo liability insurance, if any, maintained with respect to the Aircraft is the same as the cargo liability insurance, if any, maintained for other Boeing Model 777-222 aircraft owned or leased, and operated by Lessee.

(2) During any period that the Airframe or an Engine, as the case may be, is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating property, in lieu of the insurance required by clause (1) above, and subject to the self-insurance to the extent permitted by Section 11(d) hereof, insurance by insurers of recognized reputation and responsibility otherwise conforming with the provisions of clause (1) except that (A) the amounts of coverage shall not be required to exceed the amounts of comprehensive airline liability insurance from time to time applicable to property owned or leased by Lessee of the same type as such non-

operating property and which is on the ground and not in operation; and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to property owned or leased by Lessee of the same type as such non-operating property and which is on the ground and not in operation.

(b) Insurance Against Loss or Damage to the Aircraft. (1) Except as provided in clause (2) of this Section 11(b), and subject to the provisions of Section 11(d) hereof permitting self-insurance, Lessee shall maintain or cause to be maintained in effect, at its or any Sublessee's expense, with insurers of recognized reputation and responsibility, all-risk aircraft hull insurance covering the Aircraft and fire and extended coverage and all-risk aircraft hull insurance covering Engines and Parts while temporarily removed from the Aircraft and not replaced by similar components (including, without limitation, aircraft war risk and governmental confiscation and expropriation (other than by the government of registry of the Aircraft) and hijacking insurance, if and to the extent the same is maintained by Lessee (or any Sublessee) with respect to other aircraft owned or leased, and operated by Lessee (or such Sublessee) on the same routes); provided, that such insurance shall at all times while the Aircraft is subject to this Lease be for an amount (taking into account self-insurance to the extent permitted by Section 11(d) hereof) not less than the Stipulated Loss Value for the Aircraft; and provided further, that subject to compliance with Section 11(d) hereof, such all-risk property damage insurance covering Engines and Parts while temporarily removed from the Airframe or an airframe of (in the case of Parts) an Engine need be obtained only to the extent available at reasonable cost (as reasonably determined by Lessee). In the case of a loss with respect to an engine (other than an Engine) installed on the Airframe in circumstances which do not constitute an Event of Loss with respect to the Airframe, Lessor shall promptly remit any payment made to it of any insurance proceeds in respect of such loss to Lessee or any other third party that is entitled to receive such proceeds.

Except during a period when a Section 14(a), (b), (f) or (g) Default or an Event of Default has occurred and is continuing, all losses will be adjusted by Lessee with the insurers giving due regard to Lessor's interest. As between Lessor and Lessee, it is agreed that all proceeds of insurance maintained in compliance with the preceding paragraph and received as the result of the occurrence of an Event of Loss will be applied as follows:

(x) if such payments are received with respect to the Airframe (or the Airframe and the Engines installed

thereon), (i) unless such property is replaced pursuant to the last paragraph of Section 10(a) hereof, so much of such payments remaining, after reimbursement of Lessor (as provided in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, as shall not exceed the Stipulated Loss Value and the other amounts payable under Section 10(a) hereof required to be paid by Lessee pursuant to Section 10(a) hereof shall be applied in reduction of Lessee's obligation to pay such Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, and the balance, if any, of such payments remaining thereafter will be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee); or (ii) if such property is replaced pursuant to the last paragraph of Section 10(a) hereof, such payments shall be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee), provided that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of the last paragraph of Section 10(a) hereof with respect to the Event of Loss for which such payments are made; and

(y) if such payments are received with respect to an Engine under the circumstances contemplated by Section 10(b) hereof, so much of such payments remaining after reimbursement of Lessor and the Owner Participant for reasonable costs and expenses shall be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee), provided that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of Section 10(b) hereof with respect to the Event of Loss for which such payments are made.

(2) During any period that the Aircraft is on the ground and not in operation, Lessee may carry or cause to be carried, in lieu of the insurance required by clause (1) above, and subject to the self-insurance to the extent permitted by Section 11(d) hereof, insurance otherwise conforming with the provisions of said clause (1) except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft owned or leased by Lessee of the same type as the Aircraft similarly on the ground and not in operation, provided that, subject to the self-insurance to the extent permitted by Section 11(d) hereof, Lessee shall maintain insurance against risk of loss or damage to the Aircraft in an amount at least equal to the Stipulated Loss Value of the

Aircraft during such period that the Aircraft is on the ground and not in operation.

(c) Reports, etc. Lessee will furnish, or cause to be furnished, to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee, on or before the Delivery Date, and each annual anniversary of the Delivery Date during the Term, a report, signed by Rollins Hudig Hall of Illinois, Inc. or any other independent firm of insurance brokers reasonably acceptable to Lessor which brokers may be in the regular employ of Lessee (the "Insurance Brokers"), describing in reasonable detail the hull and liability insurance (and property insurance for detached engines and parts) then carried and maintained with respect to the Aircraft and stating the opinion of such firm that (a) such insurance complies with the terms hereof and (b) that such insurance together with any self-insurance permitted hereby provides coverage that are in substantially similar forms, are of such types and have limits within the range of limits as are customarily carried by U.S. carriers; provided, however, that the opinion set forth in clause (b) shall not be required if the Insurance Broker then generally does not provide such an opinion or will provide such an opinion for material additional cost; and provided further that all information contained in the foregoing report shall not be made available by Lessor, the Indenture Trustee, the Pass Through Trustees or the Owner Participant to anyone except (A) to prospective and permitted transferees of Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's interest or their respective counsel, independent certified public accountants, independent insurance brokers or other agents, who agree to hold such information confidential, (B) to Lessor's, Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's counsel or independent certified public accountants, independent insurance brokers or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, or (D) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this Lease by Lessor or the Indenture Trustee; provided, however, that any and all disclosures permitted by clauses (C) or (D) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons to whom such disclosures are hereby permitted. Lessee will cause such Insurance Broker to agree to advise Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee in writing of any act or omission on the part of Lessee of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft

and to advise such Persons in writing at least 30 days (7 days in the case of war risk and allied perils coverage) prior to the cancellation or material adverse change of any insurance maintained pursuant to this Section 11, provided that if the notice period specified above is not reasonably obtainable, the Insurance Broker shall provide for as long a period of prior notice as shall then be reasonably obtainable. In addition, Lessee will also cause such Insurance Broker to deliver to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee, on or prior to the date of expiration of any insurance policy referenced in a previously delivered certificate of insurance, a new certificate of insurance, substantially in the same form as delivered by Lessee to such parties on the Delivery Date except for the changes in the report or the coverage consistent with the terms hereof. In the event that Lessee or any Sublessee shall fail to maintain or cause to be maintained insurance as herein provided, Lessor, the Indenture Trustee or, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee may at its sole option, but shall be under no duty to, provide such insurance and, in such event, Lessee shall, upon demand, reimburse Lessor, the Indenture Trustee or such Pass Through Trustee, as Supplemental Rent, for the cost thereof to Lessor, such Pass Through Trustee or the Indenture Trustee, as the case may be; provided, however, that no exercise by Lessor, a Pass Through Trustee or the Indenture Trustee, as the case may be, of said option shall affect the provisions of this Lease, including the provisions that failure by Lessee to maintain the prescribed insurance shall constitute an Event of Default.

(d) Self-Insurance. Lessee may self-insure the risks required to be insured against pursuant to this Section 11 under a program applicable to all aircraft (whether owned or leased) in Lessee's fleet, but in no case shall the aggregate amount of such self-insurance in regard to Sections 11(a) and 11(b) hereof exceed for any calendar year, with respect to all of the aircraft (whether owned or leased) in Lessee's fleet (including, without limitation, the Aircraft) the lesser of (A) 50% of the highest replacement value of any single aircraft in Lessee's fleet or (B) 1-1/2% of the average aggregate insurable value (during the preceding calendar year) of all aircraft (including, without limitation, the Aircraft) on which Lessee carries insurance. In addition to the foregoing right to self-insure, Lessee (and any Sublessee) may self-insure to the extent of any applicable mandatory minimum per aircraft (or, if applicable, per annum or other period) hull or liability insurance deductible imposed by the aircraft hull or liability insurer.

(e) Additional Insurance by Lessor and Lessee. Lessee (and any Sublessee) may at its own expense carry insurance with respect to its interest in the Aircraft in amounts in excess of that required to be maintained by this Section 11. The Owner Participant or Lessor may carry for its own account at its sole cost and expense insurance with respect to its interest in the Aircraft, provided that such insurance does not prevent Lessee (or any Sublessee) from carrying the insurance required or permitted by this Section 11 or adversely affect such insurance or materially increase the cost thereof.

(f) Indemnification by Government in Lieu of Insurance. Notwithstanding any provisions of this Section 11 requiring insurance, Lessor agrees to accept, in lieu of insurance against any risk with respect to the Aircraft, indemnification from, or insurance provided by, the United States Government or any agency or instrumentality thereof, the obligations of which are supported by the full faith and credit of the federal government of the United States, against such risk in an amount which, when added to the amount of insurance against such risk maintained by Lessee (or any Sublessee) shall be at least equal to the amount of insurance against such risk otherwise required by this Section 11 (taking into account self-insurance permitted by Section 11(d) hereof).

(g) Application of Payments During Existence of Default. Any amount referred to in this Section 11 which is payable to or retainable by Lessee (or any Sublessee) shall not be paid to or retained by Lessee (or any Sublessee) if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing, but shall be held by or paid over to Lessor as security for the obligations of Lessee under this Lease and, if such a Default or an Event of Default shall have occurred and be continuing, applied against Lessee's obligations hereunder as and when due. At such time as there shall not be continuing any such Default or Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with the preceding sentence.

(h) Terms of Insurance Policies. Any policies carried in accordance with Sections 11(a) and 11(b) hereof covering the Aircraft, and any policies taken out in substitution or replacement for any such policies, (A) shall name the Additional Insureds as additional insureds, or, if appropriate, loss payees, as their respective interests may appear (but without imposing on any such party liability to pay premiums with respect to such insurance), (B) may provide for self-insurance to the extent permitted in Section 11(d) hereof, (C) shall provide that if the insurers cancel such insurance for any reason whatever, or if the same is allowed to lapse for non-payment of premium or if any

material change is made in the insurance which adversely affects the interest of any Additional Insured, such lapse, cancellation or change shall not be effective as to any Additional Insured for thirty days (ten days in the case of lapse for nonpayment of premium and seven days in the case of war risk and allied perils coverage) after receipt by such Additional Insured of written notice by such insurers of such lapse, cancellation or change; provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable, (D) shall provide that in respect of the respective interests of each Additional Insured in such policies the insurance shall not be invalidated by any action or inaction of Lessee (or any Sublessee) or any other Person and shall insure the respective interests of the Additional Insureds, as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee (or any Sublessee) or by any other Person, (E) shall be primary without any right of contribution from any other insurance which is carried by any Additional Insured, (F) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured, (G) shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Additional Insured, and (H) shall provide that (i) in the event of a loss involving the Aircraft, Airframe, or an Engine for which proceeds are in excess of \$5,000,000 (\$2,500,000 if the Aircraft is under sublease), the proceeds in respect of such loss up to the amount of Stipulated Loss Value for the Aircraft shall be payable to Lessor (or, so long as the Trust Indenture shall be in effect, the Indenture Trustee), it being understood and agreed that in the case of any payment to Lessor (or the Indenture Trustee) otherwise than in respect of an Event of Loss, Lessor (or the Indenture Trustee) shall, upon receipt of evidence reasonably satisfactory to it that the damages giving rise to such payment shall have been repaired or that such payment shall then be required to pay for repairs then being made, pay the amount of such payment, and any interest or income earned thereon in accordance with Section 22 hereof, to Lessee or its order, and (ii) the entire amount of any such loss for which proceeds are \$5,000,000 (\$2,500,000 if the Aircraft is under sublease) or less or the amount of any proceeds of any such loss in excess of Stipulated Loss Value for the Aircraft shall be paid to Lessee or its order unless a Default or an Event of Default shall have occurred and be continuing and the insurers have been notified thereof by Lessor or the Indenture Trustee.

SECTION 12. Inspection. At reasonable times, and upon at least 10 days (or one day if a Section 14(a), 14(b), 14(d)

(solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing) prior written notice, the Owner Participant or the Indenture Trustee, or their respective authorized representatives, may inspect the Aircraft (provided, however, that such inspections by the Owner Participant and its authorized representatives or the Indenture Trustee and its authorized representative shall, in regard to each of the Owner Participant and the Indenture Trustee, be limited to one inspection of the Aircraft during any consecutive twelve-month period except during the continuance of a Default or an Event of Default when such inspection right shall not be so limited) and inspect and make copies of the books and records of Lessee and any Sublessee required to be maintained by the FAA or the regulatory agency or body of another jurisdiction in which the Aircraft is then registered relating to the maintenance of the Aircraft (at the Owner Participant's or the Indenture Trustee's risk and expense (unless a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing in which case such inspection shall be at Lessee's expense), as the case may be) and shall keep any information or copies obtained thereby confidential and shall not disclose the same to any Person, except (A) to Lessor and the Pass Through Trustees and to prospective and permitted transferees of Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's interest (and such prospective and permitted transferee's counsel, independent insurance advisors or other agents) who agree to hold such information confidential, (B) to Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's counsel, independent insurance advisors or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, (D) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this Lease by Lessor or the Indenture Trustee; provided, however, that any and all disclosures permitted by clauses (C) and (D) above shall be made only to the extent necessary to meet the specific requirements or needs of Persons for whom such disclosures are hereby permitted. Any such inspection of the Aircraft shall be subject to Lessee's safety and security rules applicable at the location of the Aircraft, shall be a visual, walk-around inspection of the interior and exterior of the Aircraft and shall not include opening any panels, bays or the like without the express consent of Lessee (except in connection with a heavy maintenance visit when a panel, bay or the like is scheduled or required to be open), which consent Lessee may in its sole discretion withhold; provided that no exercise of such inspection right shall interfere with the normal operation or maintenance of the Aircraft by, or the business of, Lessee (or any Sublessee).

Upon receipt by Lessee of a written request from the Owner Participant specifying that the Owner Participant desires to have an authorized representative observe the last scheduled heavy maintenance visit to be performed on the Aircraft (or substantially equivalent successor type of maintenance work) during the Term, Lessee shall cooperate with the Owner Participant to enable the Owner Participant's representative to observe such last scheduled heavy maintenance visit to be performed on the Aircraft during the Term, including reasonable advance notification to the Owner Participant of the time and place of such scheduled heavy maintenance visit; provided that the Owner Participant's authorized representative shall merely observe such scheduled heavy maintenance visit, shall not interfere with or extend in any manner the normal conduct or duration of the scheduled heavy maintenance visit, and shall not be entitled to direct any of the work performed in connection with such scheduled heavy maintenance visit. Neither the Owner Participant nor the Indenture Trustee shall have any duty to make any such inspection nor shall any of them incur any liability or obligations by reason of not making any such inspection.

SECTION 13. Assignment. Except as otherwise provided in the Operative Documents, Lessee will not, without the prior written consent of Lessor, assign any of its rights hereunder. Lessor agrees that it will not assign or convey its right, title and interest in and to this Lease or the Aircraft except as provided in the Operative Documents. Subject to the foregoing, the terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns.

SECTION 14. Events of Default. Each of the following events shall constitute an Event of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall continue so long as, but only as long as, it shall not have been remedied:

(a) Lessee shall not have made a payment of Basic Rent, Stipulated Loss Value, Termination Value, EBO Price, Special Termination Value or Premium within ten (10) days after the same shall have become due; or

(b) Lessee shall have failed to make a payment of Supplemental Rent (other than Supplemental Rent referred to in paragraph (a) of this Section 14) after the same shall have become due and such failure shall continue for fifteen (15) days after Lessee's receipt of written demand therefor by the party

entitled thereto (provided that any failure to pay any amount owed by Lessee under the Tax Indemnity Agreement or any failure of Lessee to pay to Lessor or the Owner Participant when due any Excluded Payments shall not constitute an Event of Default unless written notice is given by the Owner Participant to Lessee and the Indenture Trustee that such failure shall constitute an Event of Default); or

(c) Lessee shall fail to carry and maintain on or with respect to the Aircraft (or cause to be carried and maintained) insurance required to be maintained in accordance with the provisions of Section 11 hereof; or

(d) Lessee shall have failed to perform or observe (or caused to be performed and observed) any other covenant or agreement to be performed or observed by it under any Operative Document, and such failure shall continue unremedied for a period of thirty days after written notice thereof by Lessor or the Indenture Trustee; provided, however, that if Lessee shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of Lessee in attempting to cure such failure, such failure is not cured within said thirty day period but is curable with future due diligence, there shall exist no Event of Default under this Section 14 so long as Lessee is proceeding with due diligence to cure such failure and such failure is in fact cured within 180 days); or

(e) any representation or warranty made by Lessee herein or in the Participation Agreement or any document or certificate furnished by Lessee in connection herewith or therewith or pursuant hereto or thereto (except the representations and warranties set forth in Section 4 of the Tax Indemnity Agreement) shall prove to have been incorrect in any material respect at the time made and shall remain material at the time in question; provided, however, such incorrectness shall constitute a default hereunder only if such incorrectness shall continue uncured for a period of thirty (30) days after the receipt by Lessee of a written notice from Lessor or the Indenture Trustee advising Lessee of the existence of such incorrectness; or

(f) the commencement of an involuntary case or other proceeding in respect of Lessee in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States or seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Lessee or for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding

undismissed or unstayed for a period of ninety (90) consecutive days or an order for relief under Chapter 11 of the Bankruptcy Code with respect to Lessee as debtor or any other order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee, or for all or substantially all of its property, or sequestering of all or substantially all of the property of Lessee and any such order, judgment or decree or appointment or sequestration shall be final or shall remain in force undismissed, unstayed or unvacated for a period of ninety (90) days after the date of entry thereof; or

(g) the commencement by Lessee of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States, or the consent by Lessee to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Lessee or for all or substantially all of its property, or the making by Lessee of any assignment for the benefit of creditors or Lessee shall take any corporate action to authorize any of the foregoing; or

(h) Lessee shall not be a Certificated Air Carrier;

provided, however, that, notwithstanding anything to the contrary contained in this Section 14, any failure of Lessee to perform or observe any covenant, condition, agreement or any error in a representation or warranty shall not constitute an Event of Default if such failure or error is caused solely by reason of any event that constitutes an Event of Loss so long as Lessee is continuing to comply with all of the terms of Section 10 hereof.

SECTION 15. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as any such Event of Default shall not have been remedied, Lessor may, at its option, declare by written notice to Lessee this Lease Agreement to be in default; and at any time thereafter, so long as such Event of Default shall be continuing, Lessor may do one or more of the following with respect to all or any part of the Airframe and any or all of the Engines as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect; provided, however, that during any period the Aircraft is subject to the Civil Reserve Air Fleet Program in accordance with the provisions of Section 7(b) hereof and in the possession of the United States Government or an instrumentality or agency thereof, Lessor shall not, on account of any Event of

Default, be entitled to do any of the following in such manner as to limit Lessee's control under this Lease (or any Sublessee's control under any Sublease) of any Airframe or any Engines, unless at least 60 days' (or such lesser period as may then be applicable under the Military Airlift Command program of the United States Government) prior written notice of default hereunder shall have been given by Lessor by registered or certified mail to Lessee (and any Sublessee) with a copy addressed to the Contracting Office Representative for the Military Airlift Command of the United States Air Force under any contract with Lessee (or any Sublessee) relating to the Aircraft:

(a) upon the written demand of Lessor and at Lessee's expense, cause Lessee to return promptly, and Lessee shall return promptly, the Airframe or any Engine as Lessor may so demand to Lessor or its order in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Airframe or Engine were being returned at the end of the Term, or Lessor, at its option, may enter upon the premises where all or any part of the Airframe or any Engine is located and take immediate possession of and remove the same by summary proceedings or otherwise, (and, at Lessor's option, store the same at Lessee's premises until disposal thereof by Lessor), all without liability accruing to Lessor for or by reason of such entry or taking of possession or removing whether for the restoration of damage to property caused by such action or otherwise;

(b) sell the Aircraft, the Airframe or any Engine at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Aircraft as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee, except as hereinafter set forth in this Section 15;

(c) Lessor may hold, keep idle or lease to others the Aircraft, the Airframe or any Engine or any Part thereof, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect thereto, except that Lessee's obligation to pay Basic Rent with respect to the Aircraft on Lease Period Dates subsequent to the date upon which Lessee shall have been deprived of use of the Aircraft pursuant to this Section 15 shall be reduced by the net proceeds, if any, received by Lessor from leasing the Aircraft, the Airframe or any Engine to any Person other than Lessee;

(d) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b) or (c) above with respect to the Aircraft, Lessor, by written notice to Lessee specifying a payment date which shall be the Lease Period Date not earlier than ten days from the date of such notice, may demand that Lessee pay to Lessor, and Lessee shall pay Lessor, on the payment date so specified, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent for the Aircraft due for Lease Periods commencing on or after the Commencement Date or the Lease Period Date, as the case may be, specified as the payment date in such notice), any unpaid Basic Rent due on Lease Period Dates on or prior to the payment date so specified plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (with interest thereon at the Past Due Rate from such specified payment date until the date of actual payment of such amount): (i) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft, computed as of the Lease Period Date specified as the payment date in such notice over the aggregate fair market rental value (computed as hereafter in this Section 15 provided) of such Aircraft for the remainder of the Term, after discounting such aggregate fair market rental value to present value as of the Lease Period Date specified as the payment date in such notice at an annual rate equal to the Past Due Rate; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Aircraft, computed as of the Lease Period Date specified as the payment date in such notice, over the fair market sales value of such Aircraft (computed as hereafter in this Section provided) as of the Lease Period Date specified as the payment date in such notice;

(e) in the event Lessor pursuant to paragraph (b) above, shall have sold the Aircraft, Lessor, in lieu of exercising its rights under paragraph (d) above with respect to such Aircraft, may, if it shall so elect, demand that Lessee pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, any unpaid Basic Rent with respect to the Aircraft due on or prior to such date plus the amount of any deficiency between the net proceeds of such sale (after deduction of all reasonable costs of sale) and the Stipulated Loss Value of such Aircraft, computed as of the Stipulated Loss Value date on or immediately following the date of such sale, together with interest, if any, on the amount of such deficiency, at the Past Due Rate, from the date of such sale to the date of actual payment of such amount; and/or

(f) Lessor may rescind or terminate this Lease Agreement, and/or may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for breach hereof.

For the purposes of paragraph (c) above, the "fair market rental value" or the "fair market sales value" of the Aircraft shall be the rental value or sales value, as the case may be, which would be obtained in an arm's-length transaction between an informed and willing lessee or purchaser, as the case may be, under no compulsion to lease or purchase, as the case may be, and an informed and willing lessor or seller in possession, as the case may be, in each case based upon the actual condition and location of the Aircraft, which value shall be determined by mutual agreement or, in the absence of mutual written agreement, pursuant to an appraisal prepared and delivered by a nationally recognized firm of independent aircraft appraisers nominated by Lessor, and Lessor shall promptly notify Lessee of such nomination. Any appraisal obtained pursuant to this Section 15 shall take into account then prevailing market conditions for aircraft of the same type as the Aircraft. The cost of such appraisal or appointment shall be borne by Lessee.

In addition, Lessee shall be liable, except as otherwise provided above, without duplication of amounts payable hereunder, for any and all unpaid Rent due hereunder before, after or during the exercise of any of the foregoing remedies, for the payment of Premium, if any, and for all reasonable and actual legal fees and other costs and expenses incurred by Lessor, the Indenture Trustee, the Certificate Holders and the Owner Participant in connection with any default or the exercise of remedies hereunder including the return of the Airframe or any Engine in accordance with the terms of Section 5 or in placing such Airframe or Engine in the condition and airworthiness required by such Section.

At any sale of the Aircraft or any part thereof pursuant to this Section 15, Lessor, the Indenture Trustee, a Certificate Holder or the Owner Participant may bid for and purchase such property. Lessor agrees to give Lessee at least 10 days' written notice of the date fixed for any public sale of any Airframe or Engine or of the date on or after which will occur the execution of any contract providing for any private sale. Except as otherwise expressly provided above, no remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or

later exercise by Lessor of any or all of such other remedies. No waiver by Lessor of any Default or Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. To the extent permitted by applicable law, Lessee hereby waives any right now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease, or otherwise use the Aircraft or Parts thereof in mitigation of Lessor's damages as set forth in this Section 15 or which may otherwise limit or modify any of Lessor's rights and remedies in this Section 15.

SECTION 16. Lessee's Cooperation Concerning Certain Matters. (a) Forthwith upon the execution and delivery of each Lease Supplement and Trust Supplement from time to time required by the terms hereof and upon the execution and delivery of any amendment to this Lease or to the Trust Agreement or Trust Indenture, Lessee at its expense will cause such Lease Supplement, Trust Supplement (and, in the case of the initial Lease Supplement and Trust Supplement, this Lease, the Trust Agreement and the Trust Indenture as well) or amendment to be duly filed and recorded, and maintained of record, in accordance with the applicable laws of the government of registry of the Aircraft. In addition, Lessee at its expense will promptly and duly execute and deliver to Lessor such further documents and take such further action as Lessor may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and the Indenture Trustee hereunder, including, without limitation, if requested by Lessor, at the expense of Lessee, the execution and delivery of supplements or amendments hereto, each in recordable form, subjecting to this Lease and the Trust Indenture, any airframe or engine substituted for the Airframe or any Engine pursuant to the terms thereof and the recording or filing of counterparts thereof, in accordance with the laws of such jurisdictions as Lessor may from time to time reasonably request.

(b) Lessee will furnish to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, the Pass Through Trustees:

(i) Quarterly Statements - As soon as practicable after the end of the first, second, and third quarterly fiscal periods in each fiscal year of Lessee, and in any event within 60 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of Lessee as at the end of such quarter setting forth in

comparative form the amount for the end of the corresponding period of the preceding fiscal year,

(2) consolidated statements of income and retained earnings of Lessee for such quarterly period, setting forth in comparative form the amount for the corresponding period of the preceding fiscal year, and

(3) consolidated statements of cash flow of Lessee for the portion of the fiscal year ending with said quarter, setting forth in comparative form the amount for the corresponding period of the preceding fiscal year;

(ii) Annual Statements - As soon as practicable after the end of each fiscal year, and in any event within 120 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of Lessee as at the end of such year, and

(2) consolidated statements of income and retained earnings and of cash flow of Lessee for such year,

prepared in accordance with generally accepted accounting principles and setting forth in each case in comparative form the figures for the previous fiscal year and accompanied by an auditor's report of a firm of independent certified public accountants of recognized national standing (which report may be adverse, qualified or disclaim an opinion);

(iii) SEC Reports - Promptly upon their becoming available, one copy of each financial statement, report, or proxy statement sent by UAL Corporation to its shareholders generally, and of each regular or periodic report and any prospectus (in the form in which it becomes effective) filed by Lessee or UAL Corporation with the Securities and Exchange Commission or any successor agency; and

(iv) Notice of Default or Claimed Default -Immediately upon an officer of Lessee becoming aware of the existence of a Default or an Event of Default (or that Lessor has given notice or taken any other action with respect to an Event of Default or a claimed default under this Lease), a written notice specifying the nature of the Default, Event of Default, or claimed default and any such notice given or action taken by Lessor and what action Lessee is taking or proposes to take with respect thereto.

(c) Commencing in 1996, on or before April 30 of each year during the Term, Lessee will deliver to Lessor and the Indenture Trustee a certificate of Lessee, signed by the President, a Vice President, the Chief Financial Officer or the principal accounting officer of Lessee to the effect that the signer is familiar with or has reviewed the relevant terms of this Lease and the signer does not have knowledge of the existence, as of the date of such certificate, of any condition or event which constitutes a Default or an Event of Default.

SECTION 17. Notices. All notices required under the terms and provisions hereof shall be in writing (including telex, telecopier or similar writing) and shall be effective (a) if given by telecopier when transmitted and the appropriate confirmation received; provided, that any such notice is confirmed by certified mail, (b) if given by certified mail, three Business Days after being deposited in the mails, (c) if given by telex, upon receipt by the party transmitting the telex of such party's callback code at the end of such telex (receipt of confirmation in writing not being necessary to the effectiveness of any telex) and (d) if given by other means, when received or personally delivered, addressed:

(i) if to Lessee, at P. O. Box 66100, Chicago, Illinois 60666 (or, if given by overnight delivery service, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007) Attention: Vice President and Treasurer, telecopier number (708) 952-7117, or to such other address or telecopier number as Lessee shall from time to time designate in writing to Lessor;

(ii) if to Lessor, at 225 Franklin Street, Boston, Massachusetts 02110 (or, if given by overnight delivery service) Two International Place, Boston, Massachusetts 02110) Attention: _____, telecopier number (617) 664-5367 or to such other address or telecopier number as Lessor shall from time to time designate in writing to Lessee;

(iii) if to the Indenture Trustee, the Owner Participant or any Pass Through Trustee, addressed to the Indenture Trustee, the Owner Participant or such Pass Through Trustee at such address or telecopier number as the Indenture Trustee, the Owner Participant or such Pass Through Trustee shall have furnished by notice to Lessor and to Lessee, and, until an address is so furnished, addressed to the Indenture Trustee, the Owner Participant or such Pass Through Trustee at its address or telecopier number set forth in Schedule I to the Participation Agreement; and

(iv) If to a Certificate Holder which is not a Pass Through Trustee, addressed to such Certificate Holder at its address stated in the Loan Certificate Register maintained pursuant to the Trust Indenture.

A copy of each notice to Lessor shall be given by the sender thereof to the Owner Participant.

SECTION 18. Net Lease; No Set-Off, Counterclaim, Etc.

(a) This Lease is a net lease, and it is intended that the Lessee shall pay all costs and expenses of every character, whether seen or unforeseen, ordinary or extraordinary or structural or non-structural, in connection with the use, operation, maintenance, repair and reconstruction of the Airframe and each Engine by the Lessee, including the costs and expenses particularly set forth in this Lease. Except as set forth in this Section 18(a), the Rent which Lessee is obligated to pay shall be paid without the necessity of notice or demand and without set-off, counterclaim, abatement, suspension, deduction or defense. If at any time that Lessee is required (a) to make a payment of Termination Value or Fair Market Sales Value pursuant to Section 9 or Stipulated Loss Value pursuant to Section 10, or (b) to pay the purchase price of the Aircraft pursuant to Section 19(b), there shall exist a Lessor Lien with respect to the Aircraft (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) relating to the Owner Participant (or Lessee shall have previously incurred a charge to discharge such a Lessor Lien), then Lessee shall be entitled to deduct from the portion required to be paid to the Owner Participant of such payment of Termination Value or Fair Market Sales Value, or such payment of the purchase price, or any combination thereof, as the case may be, an amount sufficient to so reimburse Lessee or to reimburse Lessee for the cost of discharging such Lessor Lien, as the case may be. Notwithstanding anything contained in this Section 18(a) to the contrary, any payments of Fair Market Sales Value, Termination Value, Stipulated Loss Value, Special Termination Value or EBO Price made to the Indenture Trustee shall be in an amount which, together with any other amounts payable hereunder, is at least sufficient to pay in full, as of the date of payment thereof, the amount of principal of, and any accrued and unpaid interest on, the outstanding Loan Certificates, together with Premium, if any, thereon and amounts due the Certificate Holders under the Trust Indenture, if any, and, to such extent, shall not be subject to set-off hereunder.

(b) Except as otherwise expressly provided, this Lease shall not terminate nor shall the Lessee have any right to terminate this Lease or be entitled to abatement, suspension,

deferment or reduction of any Rent which the Lessee is obligated to pay hereunder, nor shall the obligations hereunder of the Lessee be affected, by reason of (A) any damage to or the destruction or loss of all or any portion of the Airframe or any Engine from whatever cause, (B) the loss or theft of any portion of the Airframe or any Engine, (C) the taking of the Airframe or any Engine or any portion thereof by condemnation, confiscation, requisition or otherwise, (D) the prohibition, limitation or restriction of the Lessee's use of all or any part of the Airframe or any Engine, or the interference with such use by any Person, (E) the inadequacy or incorrectness of the description of any portion of the Airframe or any Engine or the failure of this Lease to demise to the Lessee the Airframe or any Engine or any portion thereof, (F) the Lessee's acquisition or ownership of all or any part of the Airframe or any Engine otherwise than pursuant to an express provision of this Lease, (G) any defect in compliance with specifications, condition, merchantability, design, airworthiness, quality, durability, operation or fitness for use for any purpose of the Airframe or any Engine or any portion thereof, (H) any defect in the title to, or registration of or the existence of any Liens or rights of others whatsoever with respect to, the Airframe or any Engine or any portion thereof, (I) any insolvency, bankruptcy, reorganization or similar proceedings by or against any Sublessee or any Person (J) any breach, default or misrepresentation by the Lessor, any Participant or the Indenture Trustee under this Lease or any other Operative Document or any of the documents referred to herein or therein or (K) any invalidity or unenforceability, in whole or in part, of this Lease or any other Operative Document or any of the documents referred to herein or therein, or any other infirmity herein or therein, or any lack of power or authority of any party to this Lease or any other Operative Document or any such documents to enter into the same, or (L) any other circumstance, happening or act whatsoever, whether or not unforeseen or similar to any of the foregoing, it being the intention of the parties hereto that the obligations of the Lessee shall be absolute and unconditional and shall be separate and independent covenants and agreements and shall continue unaffected unless and until this Lease shall have terminated in accordance with its terms upon payment by Lessee of all sums payable by Lessee hereunder and performance by Lessee of all obligations required to be performed by Lessee hereunder.

The Lessee covenants that it will remain obligated under this Lease in accordance with its terms and will take no action to terminate, rescind or avoid this lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting the Lessor or the Owner Participant or any assignee of the Lessor the Owner Participant or any other action

with respect to this Lease which may be taken in any such proceeding by any trustee or receiver of the Lessor or the Owner Participant or of any assignee of the Lessor or the Owner Participant or by any court or any of the foregoing actions which may be taken by or against any of the Lessor's predecessors in interest in the Airframe or any Engine.

If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees, without limitation of the other rights and remedies of Lessor hereunder, to pay to Lessor an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part.

Except as expressly provided herein, the Lessee waives all rights now or hereafter conferred by law (x) to quit, terminate, rescind or surrender this Lease or the Airframe or any Engine or any part thereof, or (y) to any abatement, suspension, deferment, return or reduction of the Rent.

SECTION 19. Renewal Options; Purchase Options; Valuation. (a)
Renewal Options.

(1) Fixed Renewal Terms. Not less than 180 days nor more than 365 days before the end of the Basic Term or any Fixed Renewal Term, Lessee may, so long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof), (f) or (g) Default or any Event of Default has occurred and is continuing, deliver to Lessor an irrevocable written notice (which at the option of Lessee made at any time prior to 90 days prior to the end of the Basic Term or such Fixed Renewal Term may be deemed a notice to exercise the applicable purchase option in Section 19(b)) electing to renew this Lease for a term or terms having a duration and at a Basic Rent as determined below (each such term being herein referred to as a "Fixed Renewal Term"). At least 180 days, before the end of the Basic Term Lessee shall, as a condition to its exercise of any option set forth in this Section 19(a)(1), notify Lessor of its demand for an appraisal pursuant to the appraisal procedures of Section 19(c) hereof. The appraiser(s) so appointed shall determine the total useful life, the remaining useful life and the future residual value of the Aircraft on the expiration date for a Fixed Renewal Term as may be set by reason of the maximum period therefor in accordance with the constraints set forth in the following two sentences. The duration of each Fixed Renewal Term shall be a period specified by

Lessee before the end of the Basic Term (or the preceding Fixed Renewal Term, as the case may be) which is not less than one year and not more than three years (in integral multiples of six months). Notwithstanding the foregoing, the aggregate term of all Fixed Renewal Terms shall not exceed the lesser of (a) three years and (b) the longest period of time (i) which would cause the Term, after giving effect to all such Fixed Renewal Terms, to be equal to at least 80% of the then estimated useful life of the Aircraft as determined by the appraiser(s) and (ii) at the expiration of which the residual value of the Aircraft, as estimated by the appraiser(s), would be at least equal to 20% of Lessor's Cost (without taking into account inflation or deflation during the Term). The annual Basic Rent payable during each Fixed Renewal Term shall be equal to one-half of the average annual Basic Rent payments for the Aircraft over the Basic Term.

(2) Fair Market Renewal Term. So long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof), (f) or (g) Default or any Event of Default has occurred and is continuing, Lessee shall have the right to renew this Lease for additional periods of at least one year commencing at the end of the Basic Term, any Fixed Renewal Term or any prior Fair Market Renewal Term for a Basic Rent equal to the Fair Market Rental Value of the Aircraft for such period (each such renewal term, a "Fair Market Renewal Term"); provided, however, each Fair Market Renewal Term shall be an integral multiple of six months. Notwithstanding the foregoing, the aggregate term for all Fair Market Renewal Terms shall not exceed three years. Each such option to renew shall be exercised upon delivery by Lessee to Lessor of irrevocable written notice of Lessee's intent to renew the Lease at least 180 days (but not more than 365 days) prior to the commencement of such Fair Market Renewal Term (which at the option of the Lessee made at any time prior to 90 days prior to the anticipated commencement of such Fair Market Renewal Term may be deemed a notice to exercise the applicable purchase option in Section 19(b)).

(3) Waiver. If no written notice is delivered by Lessee to Lessor pursuant to Section 19(a)(1) or (2) on or before the day specified therefore, Lessee shall be deemed to have waived any right to renew this Lease.

(4) Conditions Precedent, Payment of Basic Rent. At the end of the Basic Term or any Renewal Term, if Lessee has elected to renew this Lease as aforesaid, and provided

that there shall not then have occurred and be continuing a Default or an Event of Default and that all necessary governmental authorizations and approvals shall have been received and that Basic Rent for the Renewal Term has already been determined as above provided, (i) this Lease shall continue in full force and effect during the Renewal Term, and (ii) Basic Rent for such Renewal Term shall be payable in semi-annual installments in advance or arrears as was the basis of the Basic Rent being paid immediately prior to such Renewal Term, each such installment being due and payable on each Lease Period Date occurring during the Renewal Term.

(5) Termination Value; Stipulated Loss Value. The amounts which are payable during any Renewal Term in respect of Termination Value as used in Section 15 and Stipulated Loss Value with respect to the Aircraft shall be determined on the basis of the Fair Market Sales Value of the Aircraft as of the commencement of such Renewal Term, amortized on a straight-line basis over such Renewal Term to the projected Fair Market Sales Value of the Aircraft as of the expiration of such Renewal Term, as such Fair Market Sales Value in each case is determined prior to the commencement of such Renewal Term. In determining Fair Market Sales Value for purposes of calculating Stipulated Loss Value and Termination Value for any Renewal Term effect shall be given to the encumbrance on the Aircraft of any Fixed Renewal Term available or in force.

(b) Purchase Options. Lessee shall have the option, so long as no Section 14(a), (b), (f) or (g) Default or any Event of Default exists on the date notice of exercise may be given, (i) with respect to subsections (1) and (2) below, upon not more than 365 days and not less than 90 days irrevocable prior written notice to Lessor and (ii) with respect to subsections (3) and (4) below, upon not more than 365 days and not less than 180 days irrevocable prior written notice to Lessor (which at the option of the Lessee made at any time prior to 90 days prior to the relevant purchase date may be deemed a notice of the applicable renewal option pursuant to Section 19(a)(1) or 19(a)(2) as the Lessee may designate) (each a "Purchase Option Date"), to terminate this Lease and to purchase the Aircraft:

(1) on any Special Purchase Option Date for a purchase price equal to the greater of (x) the Fair Market Sales Value of the Aircraft on such date or (y) the amount determined by multiplying Lessor's Cost by the Special Termination Value Percentage with respect to such Date (with respect to any such Date, the "Special Termination Value");

(2) on the EBO Date for a purchase price equal to the amount determined by multiplying Lessor's Cost by the EBO Percentage payable on the EBO Date or as otherwise provided in, and subject to the conditions set forth in, Exhibit H hereto (the "EBO Price");

(3) on the last Business Day of the Basic Term for a purchase price equal to the Fair Market Sales Value of the Aircraft on such date; and

(4) on the last Business Day of any Renewal Term for a purchase price equal to the Fair Market Sales Value of the Aircraft on such date.

Notwithstanding the foregoing but subject to the provisions of Section 8(r) of the Participation Agreement, the purchase price on any Purchase Option Date shall be sufficient, together with all other amounts payable simultaneously by Lessee, to pay in full the payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding. Upon payment to Lessor in immediately available funds of the full amount of the purchase price (less the principal amount of the Loan Certificates assumed by the Lessee in accordance with Section 8(r) of the Participation Agreement) plus all Basic Rent due on or prior to such purchase date (unless denominated "advance" rental), all Supplemental Rent due on or prior to such purchase date (including amounts equal to Premium, if any) and payment of any other amounts then due hereunder (including all reasonable costs or expenses of Lessor (including any applicable sales or transfer taxes) and the Owner Participant in connection with such purchase), Lessor will transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest in and to the Aircraft.

(c) Valuation. At any time not earlier than 365 days prior to the date on which Lessee may purchase an Aircraft pursuant to Section 19(b) hereof or renew this Lease pursuant to Section 19(a) hereof, Lessee may deliver to Lessor a revocable notice of its intent to exercise its renewal option or purchase option. For all purposes of this Section 19, including the appraisal referred to in this Section 19(c), in determining Fair Market Rental Value or Fair Market Sales Value, the Aircraft shall be valued (i) as if in the condition and otherwise in compliance with the terms of Section 5 (but subject to Section 5(e)) upon a return of the Aircraft in the United States and as if it had been maintained at all times as required in accordance with Section 7(a)(1) and (2) and Section 8, (ii) on the basis of

the value which would obtain in an arm's-length transaction between an informed and willing buyer or user or lessee (other than a lessee or an Affiliate of a lessee currently in possession or a used equipment scrap dealer) under no compulsion to buy or lease and an informed and willing seller or lessor unaffiliated with such buyer-user or lessee and under no compulsion to sell or lease, and (iii) in the case of such valuation for determining Fair Market Rental Value, assuming such lessee would have substantially the same obligations during the Fair Market Renewal Term as provided hereunder including without limitation the obligations of Lessee to carry and maintain the insurance required by Section 11 hereof. Upon receipt of such notice Lessor and Lessee shall confer in good faith with a view to reaching agreement on the Fair Market Rental Value or Fair Market Sales Value of the Aircraft. If the parties have not so agreed by 240 days prior to the end of the Basic Term or the Renewal Term in question, then the question shall be determined by an appraisal mutually agreed to by two recognized independent aircraft appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee within five Business Days after Lessor or Lessee shall have received written notice from the other party of a demand that such an appraisal be made, which notice shall specify the appraiser chosen by the party giving the notice or, if such appraisers cannot agree on the amount of such appraisal within five Business Days after the end of such five-day period, each shall render its own appraisal and shall by mutual consent choose another appraiser within five Business Days after the end of such five-day period. If, within such five-day period, such two appraisers fail to appoint a third appraiser, then either Lessor or Lessee, on behalf of both, may apply to the American Arbitration Association (or any successor organization thereto) in Chicago, Illinois for the appointment of such third appraiser. The decision of the third appraiser so appointed shall be given within ten Business Days after the appointment of such third appraiser. As soon as the third appraiser has delivered his appraisal, that appraisal shall be compared with the appraisals given by the other two appraisers. If the determination of one appraiser is more disparate from the average of all three determinations than each of the other two determinations, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto; otherwise the average of all three determinations shall be final and binding upon the parties thereto. Lessee and Lessor shall equally bear all expenses relating to such appraisal procedure (other than an appraisal procedure related to Lessee's purchase option under Section 19(b)(1), the costs of which Lessee shall in all events bear), provided, that if such transaction is not consummated (other than as the result of the fault of Lessor) Lessee shall bear all expenses relating to such appraisal procedure.

SECTION 20. Security for Lessor's Obligation to Certificate Holders.

In order to secure the indebtedness evidenced by the Loan Certificates, Lessor has agreed in the Trust Indenture, among other things, to assign to the Indenture Trustee this Lease and to mortgage the Aircraft in favor of the Indenture Trustee, subject to the reservations and conditions therein set forth. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee as indenture trustee under the Trust Indenture on the signature page thereof. Lessee hereby accepts and consents to the assignment of all Lessor's right, title and interest in and to this Lease pursuant to the terms of the Trust Indenture. Lessee agrees to pay directly to the Indenture Trustee (or, after receipt by Lessee of notice from the Indenture Trustee of the discharge of the Trust Indenture, to Lessor), all amounts of Rent (other than Excluded Payments) due or to become due hereunder and assigned to the Indenture Trustee and Lessee agrees that the Indenture Trustee's right to such payments hereunder shall be absolute and unconditional and shall not be affected by any circumstance. Notwithstanding the foregoing assignment of this Lease, the obligations of Lessor to Lessee to perform the terms and conditions of this Lease shall remain in full force and effect. Lessee further acknowledges that the Trust Indenture provides that so long as the Loan Certificates are outstanding Lessor may not consent to any amendment, modification or waiver to this Lease without the prior consent of the Indenture Trustee (except as provided in Section 11.06 of the Trust Indenture) and Lessee agrees to provide to the Indenture Trustee a copy of all notices, consents, certificates or other information provided hereunder to Lessor.

SECTION 21. Lessor's Right to Perform for Lessee. If Lessee fails to

make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, then (but in each case, except in the case of failure to pay Rent or in the case of failure to maintain insurance as required hereunder, no earlier than five Business Days after notice as to the occurrence of such failure, whether or not it shall yet constitute an Event of Default hereunder) Lessor may itself make such payment or perform or comply with such agreement but shall not be obligated hereunder to do so, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Past

Due Rate, shall be deemed Supplemental Rent, payable by Lessee upon demand.

SECTION 22. Investment of Security Funds; Liability of Lessor Limited. (a) Investment of Security Funds. Any moneys held by Lessor as security hereunder for future payments to Lessee shall, until paid to Lessee, be invested by Lessor or, if the Trust Indenture shall not have been discharged, by the Indenture Trustee, as the case may be, as Lessee (or in the event a Default under Section 14(a), (b), (f) or (g) or an Event of Default has occurred and is continuing, Lessor) may from time to time direct in writing (and in absence of a written direction by Lessee, there shall be no obligation to invest such moneys) in (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-1 or its equivalent by Moody's Investors Service, Inc. or at least A-1 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$200,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors Service, Inc. or Standard & Poor's Corporation; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$200,000,000 with any of the obligations described in clause (i) through (iv) as collateral. There shall be promptly remitted to Lessee or its order (but no more frequently than monthly) any gain (including interest received) realized as a result of any such investment (net of any fees, taxes, commissions and other expenses, if any, incurred in connection with such investment) unless a Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) Default or an Event of Default shall have occurred and be continuing. If a Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) or an Event of Default shall have occurred and be continuing, Lessor or if the Trust Indenture shall not have been discharged, the Indenture Trustee as assignee of Lessor, shall hold any such gain as security for the obligations of Lessee under this Lease and apply it against such obligations as and when due, and once all such Defaults and Events of Default have

been remedied any gain not so applied shall be remitted to Lessee. Lessee shall be responsible for any net loss realized as a result of any such investment and shall reimburse Lessor (or the Indenture Trustee, as the case may be) therefor on demand.

(b) Liability of Lessor Limited. It is expressly agreed and understood that all representations, warranties and undertakings of Lessor hereunder shall be binding upon Lessor only in its capacity as trustee under the Trust Agreement, and the institution acting as Lessor shall not be liable in its individual capacity for any breach thereof except for its gross negligence or willful misconduct or for breach of its covenants, representations and warranties contained herein, to the extent covenanted or made in its individual capacity.

SECTION 23. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by Lessor, Lessee and any assignee of Lessor's rights hereunder. This Lease shall constitute an agreement of lease, and nothing contained herein shall be construed as conveying to Lessee any right, title or interest in the Aircraft except as a lessee only. The section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. THIS LEASE HAS BEEN DELIVERED IN THE STATE OF ILLINOIS AND SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 24. Successor Trustee. Lessee agrees that in the case of the appointment of any successor Owner Trustee pursuant to the terms of the Trust Agreement, such successor Owner Trustee shall, upon written notice by such successor Owner Trustee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Aircraft for all purposes hereof without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such

appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor Owner Trustees pursuant to the Trust Agreement, but such right may be executed repeatedly as long as this Lease shall be in effect.

SECTION 25. Bankruptcy. Lessee hereby acknowledges that Lessor and the Indenture Trustee are entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft and that this Lease is a "lease" within the meaning of said Section 1110, including that it is to be treated as a lease for federal tax purposes. Lessee agrees not to take any position in connection with any bankruptcy proceedings involving it that is inconsistent with a lessor's rights under Section 1110 of the Bankruptcy Code or any comparable or successor provision affording protection to lessors of aircraft.

* * *

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease to be duly executed as of the day and year first above written.

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, except as expressly provided in Section 4 hereof, but solely as Owner Trustee,
Lessor

By _____
Vice President

UNITED AIR LINES, INC.,
Lessee

By _____
Vice President and Treasurer

Receipt of this original counterpart of the foregoing Lease is hereby acknowledged on this ____ day of May, 1995./1/

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION
Indenture Trustee

By _____
Authorized Officer

/1/This language contained in the original counterpart only.

EXHIBIT A

LEASE SUPPLEMENT NO. 1 (1995 777 B)

LEASE SUPPLEMENT No. 1 (1995 777 B), dated May __, 1995, between STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement (1995 777 B), dated as of May 1, 1995, between such Owner Trustee and the Owner Participant referred to therein (such Owner Trustee, in its capacity as such Owner Trustee being herein called "Lessor"), and UNITED AIR LINES, INC. ("Lessee").

Lessor and Lessee have heretofore entered into that certain Lease Agreement (1995 777 B), dated as of May 1, 1995, relating to one Boeing 777-222 aircraft (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease provides for the execution and delivery from time to time of Lease Supplements for the purpose of leasing the Airframe and Engines under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease is attached hereto, and made a part hereof, and this Lease Supplement together with such attachment, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document./2/

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease, attached and made a part of Lease Supplement No. 1 (1995 777 B) dated May __, 1995, has been recorded by the Federal Aviation Administration on _____, 1995, as one document and assigned Conveyance No. _____./3/

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under the Lease and Lessee hereby accepts and leases from Lessor under the Lease the following described Boeing Model 777-222 aircraft (the "Aircraft"), which Aircraft as of the date hereof consists of the following components:

/2/This language for Lease Supplement No. 1.

/3/This language for other Lease Supplements.

(i) Airframe: U.S. Registration No. N766UA and manufacturer's serial no. 26917; and

(ii) Engines: two (2) Pratt & Whitney Model PW4084 engines bearing, respectively, manufacturer's serial nos. _____ and _____ (each of which engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower).

2. The Delivery Date of the Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof. Except as otherwise provided in the Lease, the Term for the Aircraft shall commence on the Delivery Date and end on the Lease Expiry Date.

3. Lessee hereby confirms its agreement to pay Lessor Basic Rent for the Aircraft throughout the Term therefor in accordance with Section 3 of the Lease.

4. Lessee hereby confirms to Lessor that Lessee has accepted the Aircraft for all purposes hereof and of the Lease as being airworthy, in good working order and repair and without defect or inherent vice in title, condition, design, operation or fitness for use; provided, however, that nothing contained herein or in the Lease shall in any way diminish or otherwise affect any right Lessee or Lessor may have with respect to the Aircraft against The Boeing Company, or any subcontractor or supplier of The Boeing Company, under the Purchase Agreement or otherwise.

5. All of the terms and provisions of the Lease are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

6. This Lease Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

* * *

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY, not in its
individual capacity, but solely as Owner
Trustee,
Lessor

By: _____
Title: _____

UNITED AIR LINES, INC.,
Lessee

By: _____
Vice President and Treasurer

Receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged on this ____ day of May, 1995./4/

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
Indenture Trustee

By _____
Authorized Officer

- - - - -
/4/This language contained in the original counterpart only.

EXHIBIT B

BASIC RENT AND EXCESS AMOUNT SCHEDULE

DATE	ARREARS RENT AS A PERCENTAGE OF LESSOR'S COST	ADVANCE RENT AS A PERCENTAGE OF LESSOR'S COST	EXCESS AMOUNT AS A PERCENTAGE OF LESSOR'S COST
-----	-----	-----	-----

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT B TO THE LEASE AGREEMENT IS INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE FEDERAL AVIATION ADMINISTRATION.

EXHIBIT C

STIPULATED LOSS VALUE SCHEDULE

DATE -----	STIPULATED LOSS VALUE (as a percentage of Lessor's Cost) -----
---------------	--

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT C TO THE LEASE AGREEMENT IS INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE FEDERAL AVIATION ADMINISTRATION.

EXHIBIT D

TERMINATION VALUE SCHEDULE

DATE -----	TERMINATION VALUE (as a percentage of Lessor's Cost) -----
---------------	--

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT D TO THE LEASE AGREEMENT IS INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE FEDERAL AVIATION ADMINISTRATION.

EXHIBIT E

RENT RECALCULATION AND
INDEMNIFICATION VERIFICATION

Any recalculation of Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage pursuant to the Lease and any calculation of any payment to the Owner Participant or Lessee under the Tax Indemnity Agreement or Section 7(b) of the Participation Agreement shall be determined by the Owner Participant, computed on the basis of the same methodology and assumptions used by the Owner Participant in determining the Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage as of the Delivery Date except as such assumptions have been modified pursuant to Section 3 of the Lease; provided, however, Lessee may request (A) Capstar Partners, Inc., or any other financial advisor to Lessee to verify such calculations but without any requirement that the Owner Participant disclose to such advisor such methodology and assumptions and (B) if Lessee believes that such calculations by the Owner Participant are in error then a nationally recognized firm of accountants selected by the Owner Participant and reasonably acceptable to Lessee (which may be the Owner Participant's independent public accountants) shall be permitted to verify such calculations and the Owner Participant will make available to such firm (subject to the execution by such firm of a confidentiality agreement reasonably acceptable to the Owner Participant) such methodology and assumptions and any changes made therein pursuant to Section 3 of the Lease and any other information reasonably necessary for such verification requested by such firm. In the event of a verification under clause (B) of this Exhibit E the determination by such firm of accountants shall be final. Lessee will pay the reasonable costs and expenses of the verification under clause (B) of this Exhibit E; provided, however, if as a result of such verification process the Basic Rent is adjusted and such adjustment causes the Net Present Value of Rents to decline by 10 or more basis points or there is a material error in the computation of the Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages or EBO Percentage in the Owner Participant's original statement in the Owner Participant's favor, or indemnity payment is reduced by \$10,000 or more, the Owner Participant shall pay the reasonable costs and expenses of such verification process. Such recalculated Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage shall be set forth in an amendment to the Lease.

EXHIBIT F

SCHEDULE OF COUNTRIES AUTHORIZED
FOR DOMICILE OF PERMITTED SUBLESSEES

Australia	Luxembourg
Austria	*Malaysia
Belgium	Netherlands
*Brazil	New Zealand
Canada	Norway
Denmark	*Portugal
Finland	Singapore
France	*South Korea
Germany	*Spain
*Greece	Sweden
*Iceland	Switzerland
Ireland	*Thailand
Italy	United Kingdom
Japan	*Venezuela

* Designates "Restricted Country".

EXHIBIT G

SCHEDULE OF COUNTRIES AUTHORIZED
FOR AIRCRAFT REGISTRATION

Australia	Luxembourg
Austria	*Malaysia
Belgium	Netherlands
*Brazil	New Zealand
Canada	Norway
Denmark	*Portugal
Finland	Singapore
France	*South Korea
Germany	*Spain
*Greece	Sweden
*Iceland	Switzerland
Ireland	*Thailand
Italy	United Kingdom
Japan	*Venezuela

* Designates "Restricted Country".

EXHIBIT H

LESSOR'S COST, ENGINE COST, COMMENCEMENT DATE,
LEASE EXPIRY DATE, STIPULATED LOSS VALUE DATE,
EBO DATE, EBO PERCENTAGE, SPECIAL PURCHASE
OPTION DATES AND SPECIAL TERMINATION VALUE PERCENTAGES
(EBO Percentage, EBO Installment Percentages and
Special Termination Value Percentages expressed
as a percentage of Lessor's Cost)

Lessor's Cost: \$ _____

Engine Cost: \$ _____

Commencement Date: October 19, 1995

Lease Expiry Date: October 19, 2019

Stipulated Loss Value Date: the 19th day of each calendar month
during the Interim Term, the Basic Term
and any Renewal Term

EBO Date: _____, 2012

EBO Percentage: _____%/1/

/1/ Alternatively, Lessee may elect to purchase the Aircraft in accordance
with Section 19(b)(2) of the Lease by paying the installment amounts on the
dates given below:

EBO Installment Dates	EBO Installment Percentages (expressed as a percentage of Lessor's Cost)
-----	-----
_____, 2012	%
_____, 2012	%
_____, 2012	%
_____, 2012	%

In the event that Lessee shall so elect and, so long as no payment or bankruptcy
Default, or Event of Default, shall be continuing, Lessee shall as of the EBO
Date purchase the Aircraft and receive title to the Aircraft and shall be
deemed, as of the EBO Date, to mortgage in favor of Lessor all of its right,
title and interest, on and after such date, in the Aircraft to secure the loan
and punctual payment of all EBO installment amounts payable under this Exhibit
H. On the EBO Date, Lessee shall execute and deliver such instruments, in due
form for filing or recording, as may be reasonably requested by the Owner
Participant, to grant, confirm and perfect the mortgage and security interest
deemed to be created by this Exhibit H and to confirm Lessee's obligations to
make the installment payments payable under this Exhibit H.

Special Purchase

Option Dates:

Special Termination

Value Percentages:

_____%
_____%
_____%

EXHIBIT H

LESSOR'S COST, ENGINE COST, COMMENCEMENT DATE,
LEASE EXPIRY DATE, STIPULATED LOSS VALUE DATE,
EBO DATE, EBO PERCENTAGE, SPECIAL PURCHASE
OPTION DATES AND SPECIAL TERMINATION VALUE PERCENTAGES
(EBO Percentage, EBO Installment Percentages and
Special Termination Value Percentages expressed
as a percentage of Lessor's Cost)

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT H TO THE LEASE AGREEMENT IS
INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE
FEDERAL AVIATION ADMINISTRATION.

SECOND AMENDED AND RESTATED LEASE AGREEMENT
(1993 747 A)

Dated as of May 1, 1995

Between

STATE STREET BANK AND TRUST COMPANY,
Not in its Individual Capacity,
except as expressly
provided herein, but solely as
Owner Trustee,
Lessor

and

UNITED AIR LINES, INC.,
Lessee

United Air Lines, Inc.
1993 747 A Equipment Trust
One Boeing 747-422 Aircraft

As set forth in Section 20 hereof, Lessor has assigned to the Indenture Trustee (as defined herein) certain of its right, title and interest in and to this Second Amended and Restated Lease Agreement. To the extent, if any, that this Second Amended and Restated Lease Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original executed counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee on the signature page thereof.

TABLE OF CONTENTS

	PAGE
SECTION 1. Definitions.....	2
SECTION 2. Acceptance and Lease.....	20
SECTION 3. Term and Rent.....	20
(a) Interim Term and Basic Term.....	20
(b) Basic Rent.....	20
(c) Adjustments to Basic Rent, Excess Amount, Stipulated Loss Values, Termination Values, Special Termination Value Percentages and the EBO Percentage.....	20
(d) Supplemental Rent.....	23
(e) Payments in General.....	23
(f) [Intentionally Reserved for Potential Future Use].....	24
(g) [Intentionally Reserved for Potential Future Use].....	24
SECTION 4. Lessor's Representations and Warranties.....	24
SECTION 5. Return of the Aircraft.....	25
(a) Condition Upon Return.....	25
(b) Return of Other Engines.....	30
(c) Fuel and Manuals.....	30
(d) Storage Upon Return.....	31
(e) Purchase of Engine.....	31
(f) Severable Parts.....	31
(g) Special Redelivery Provision.....	32
SECTION 6. Liens.....	32
SECTION 7. Registration, Maintenance and Operation; Possession and Subleases; Insignia.....	33
(a) (1) Registration and Maintenance.....	33
(2) Operation.....	34
(3) Reregistration.....	35
(4) Operating Certificates.....	35
(b) Possession and Subleases.....	36
(c) Insignia.....	42
SECTION 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions.....	42
(a) Replacement of Parts.....	42
(b) Pooling of Parts.....	43
(c) Alterations, Modifications and Additions.....	43
SECTION 9. Early Termination.....	45
(a) [Intentionally reserved for potential future use].....	45
(b) Termination for Obsolescence/Surplus.....	45
(c) Sale of the Aircraft.....	46

(d) Termination as to Engines.....	48
SECTION 10. Loss, Destruction, Requisition, etc.....	49
(a) Event of Loss with Respect to the Aircraft.....	49
(b) Event of Loss with Respect to an Engine.....	52
(c) Application of Payments from Governmental Authorities for Requisition of Title, etc.....	54
(d) Requisition for Use of the Aircraft by the United States Government or Government of Registry of the Aircraft.....	56
(e) Requisition for Use of an Engine by the United States Government or the Government of Registry of the Aircraft.....	57
(f) Application of Payments During Existence of Events of Default.....	57
SECTION 11. Insurance.....	57
(a) Public Liability and Property Damage Insurance.....	57
(b) Insurance Against Loss or Damage to the Aircraft.....	58
(c) Reports, etc.....	60
(d) Self-Insurance.....	62
(e) Additional Insurance by Lessor and Lessee.....	62
(f) Indemnification by Government in Lieu of Insurance.....	62
(g) Application of Payments During Existence of Default.....	63
(h) Terms of Insurance Policies.....	63
SECTION 12. Inspection.....	64
SECTION 13. Assignment.....	66
SECTION 14. Events of Default.....	66
SECTION 15. Remedies.....	68
SECTION 16. Lessee's Cooperation Concerning Certain Matters.....	72
SECTION 17. Notices.....	74
SECTION 18. Net Lease; No Set-Off, Counterclaim, Etc.	75
SECTION 19. Renewal Options; Purchase Options; Valuation.....	77
(a) Renewal Options.....	77
(1) Fixed Renewal Terms.....	77
(2) Fair Market Renewal Term.....	78
(3) Waiver.....	78
(4) Conditions Precedent, Payment of Basic Rent.....	78
(5) Termination Value; Stipulated Loss Value.....	79
(b) Purchase Options.....	79
(c) Valuation.....	80

SECTION 20. Security for Lessor's Obligation to Certificate Holders.....	82
SECTION 21. Lessor's Right to Perform for Lessee.....	82
SECTION 22. Investment of Security Funds; Liability of Lessor Limited.....	83
(a) Investment of Security Funds.....	83
(b) Liability of Lessor Limited.....	84
SECTION 23. Miscellaneous.....	84
SECTION 24. Successor Trustee.....	84
SECTION 25. Bankruptcy.....	85

EXHIBITS

EXHIBIT A Form of Lease Supplement

EXHIBIT B Basic Rent and Excess Amount Schedule

EXHIBIT C Stipulated Loss Value Schedule

EXHIBIT D Termination Value Schedule

EXHIBIT E Rent Recalculation and Indemnification Verification

EXHIBIT F Schedule of Countries Authorized for Domicile of Permitted Sublessees

EXHIBIT G Schedule of Countries Authorized for Aircraft Registration

EXHIBIT H Lessor's Cost, Engine Cost, Commencement Date, Lease Expiry Date,
Stipulated Loss Value Date, EBO Date, EBO Percentage, Special Purchase
Option Dates and Special Termination Value Percentages

SECOND AMENDED AND RESTATED LEASE AGREEMENT (1993 747 A)

This SECOND AMENDED AND RESTATED LEASE AGREEMENT (1993 747 A), dated as of May 1, 1995, between STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company, not in its individual capacity, except as expressly provided herein, but solely as Owner Trustee under the Trust Agreement (as defined in Section 1 hereof) (in such capacity, "Lessor") as successor to Wilmington Trust Company ("Original Lessor"), and UNITED AIR LINES, INC., a corporation organized and existing pursuant to the laws of the State of Delaware ("Lessee").

WITNESSETH:

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meaning provided thereto in Section 1 of this Lease;

WHEREAS, the Original Lease (as defined below) was amended and restated pursuant to that certain First Amended and Restated Lease Agreement (1993 747 A) dated as of April 1, 1993 (the "Original Restated Lease") between the Original Lessor and Lessee and the Original Restated Lease has been amended by (i) that certain First Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated April 19, 1994 ("First Amendment") between the Original Lessor and Lessee, (ii) that certain Second Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated as of July 1, 1994 ("Second Amendment") between the Original Lessor and Lessee, and (iii) that certain Third Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated July 22, 1994 ("Third Amendment") between the Original Lessor and Lessee (the Original Restated Lease as amended by the First Amendment, the Second Amendment and the Third Amendment being herein referred to as the "Restated Lease");

WHEREAS, the Original Restated Lease amended and restated that certain Lease Agreement (1993 747 A) dated as of April 1, 1993 (the "Original Lease") between Lessee and Original Lessor (as supplemented by Lease Supplement No. 1 (1993 747 A) dated April 20, 1993 ("Lease Supplement No. 1") between Original Lessor and Lessee);

WHEREAS, pursuant to the Original Lease, Lessee has leased from Lessor the Aircraft, being one (1) Boeing 747-422 aircraft which consists of the following components: (i) Airframe: U.S. Registration No. N189UA, manufacturer's serial no. 26878 and (ii) Engines: four (4) Pratt & Whitney model PW4056 aircraft engines bearing, respectively, manufacturer's serial numbers P727301, P727302, P727303 and P727304;

WHEREAS, a counterpart of the Original Lease, to which was attached and made a part thereof a counterpart of Lease Supplement No. 1, was recorded by the Federal Aviation Administration on April 21, 1993 and assigned Conveyance No. FF08936;

WHEREAS, a counterpart of the Original Restated Lease was recorded by the Federal Aviation Administration on May 6, 1993 and assigned Conveyance No. VV003011; and

WHEREAS, a counterpart of the First Amendment was recorded by the Federal Aviation Administration on June 15, 1994 and assigned Conveyance No. HK002085;

WHEREAS, a counterpart of the Second Amendment was recorded by the Federal Aviation Administration on August 10, 1994 and assigned Conveyance No. FF006618;

WHEREAS, a counterpart of the Third Amendment was recorded by the Federal Aviation Administration on August 10, 1994 and assigned Conveyance No. FF06619; and

WHEREAS, in connection with the refinancing of the interim debt with permanent debt as contemplated by Section 20 of the Original Participation Agreement, Lessor and Lessee desire to amend and restate the Restated Lease in its entirety and Lessor and Lessee desire and intend that the terms, provisions and agreements herein set forth shall have the same force and effect as though originally executed and delivered in the place of the Restated Lease.

SECTION 1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acceptable Alternate Engine" means a Pratt & Whitney Model PW4056 engine or an engine of the same or another manufacturer of equivalent or greater value and utility, and suitable for installation and use on the Airframe; provided that such engine shall be of the same make, model and manufacturer as the other three engine types installed on the Airframe and shall be an engine of a type then being utilized by Lessee on other Boeing 747-422 aircraft operated by Lessee and shall have been maintained, serviced, repaired and overhauled in substantially the same manner as Lessee maintains, services, repairs and overhauls similar engines utilized by Lessee and without in any way discriminating against such engine.

"Actual Knowledge" means, (i) as it applies to the Owner Trustee or Indenture Trustee, as the case may be, actual knowledge of a responsible officer in the Trust Office, and (ii) as it applies to the Owner Participant, actual knowledge of a Vice President or more senior officer of the Owner Participant or other officer of the Owner Participant in each case having responsibility for the transactions contemplated by the Operative Documents; provided that each of the Owner Trustee, the Indenture Trustee and the Owner Participant shall be deemed to have "Actual Knowledge" of any matter as to which it has been given notice by any of Lessee, the Owner Participant, any Certificate Holder, the Owner Trustee or the Indenture Trustee, such notice having been given pursuant to and in accordance with Section 13(a) of the Participation Agreement.

"Additional Insured" means Lessor, in its individual capacity and as owner of the Aircraft, the Indenture Trustee, the Owner Participant, Lessee in its capacity as sublessor under any Sublease, and, so long as the Pass Through Trustees are Certificate Holders, each Pass Through Trustee and each of their respective Affiliates, successors and permitted assigns; and the respective directors, officers and employees of each of the foregoing.

"Affiliate" means a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under a common control with, another Person, (ii) which beneficially owns or holds 10% or more (by number of votes) of any class of voting securities of such other Person or (iii) 10% or more (by number of votes) of the voting securities (or in the case of a Person which is not a corporation, 10% or more of the equity interest) of which is beneficially owned or held by such other Person or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Aircraft" means the Airframe together with the four Engines whether or not such Engines are installed on the Airframe or any other airframe.

"Airframe" means: (i) The Boeing Company Model 747-422 aircraft (excluding Engines or engines from time to time installed thereon) specified by United States Registration Number and Manufacturer's serial number in the Lease Supplement; (ii) any and all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in Lessor in

accordance herewith; and (iii) any replacement airframe which may from time to time be substituted pursuant to Section 10(a)(ii) hereof.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time.

"Base Rate" means the rate of interest announced from time to time by The First National Bank of Chicago at its principal office in Chicago, Illinois as its "corporate base rate" (or its equivalent successor rate if the corporate base rate is no longer used).

"Basic Rent" means, for the Basic Term, the rent payable for the Aircraft pursuant to Section 3(b) hereof, as adjusted as provided in Section 3(c) and, for a Renewal Term, Basic Rent determined pursuant to Section 19.

"Basic Term" means the term for which the Aircraft is leased hereunder pursuant to Section 3(a) hereof beginning on the Commencement Date and ending on the Lease Expiry Date or such earlier date as this Lease may be terminated in accordance with the terms hereof.

"Business Day" means any day other than a Saturday or Sunday or a day on which commercial banks are required or authorized to close in the City of Chicago, Illinois; New York City, New York; the city and state in which the principal place of business of the Owner Trustee is located; and, so long as any Loan Certificate is outstanding, the city and state in which the Indenture Trustee has its principal place of business and the city and state in which the Indenture Trustee receives and disburses funds.

"Certificate Holder" has the meaning assigned to the term "Holder" in the Trust Indenture.

"Certificated Air Carrier" means a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code, for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of 11 U.S.C. Section 1110 or any analogous successor provision of the Bankruptcy Code.

"Citizen of the United States" has the meaning given such term in Section 40102(a)(15) of Title 49 of the United States Code.

"Civil Reserve Air Fleet Program" means the Civil Reserve Air Fleet Program administered by the United States Government pursuant to Executive Order No. 11490, as amended, or any substantially similar program.

"Code" means the Internal Revenue Code of 1986, as amended through the Delivery Date.

"Commencement Date" means the date specified as such in Exhibit H hereto.

"Commitments" means the respective commitments of the Original Loan Participant or of the Owner Participant to finance the Owner Trustee's payment of Lessor's Cost for the Aircraft and "Commitment" means any one of the Commitments.

"Consent and Agreement" means the Consent and Agreement (1993 747 A), dated April 20, 1993, executed by the Manufacturer, as the same may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof.

"Debt Rate" means the weighted average interest rate borne by the Loan Certificates then outstanding.

"Default" means any event which with the giving of notice or the lapse of time or both would become an Event of Default.

"Delivery Date" means April 20, 1993.

"Dollars" and "\$" mean the lawful currency of the United States of America.

"EBO Date" means the date specified as such in Exhibit H hereto.

"EBO Percentage" means the percentage specified as such in Exhibit H hereto.

"EBO Price" has the meaning set forth in Section 19(b)(2) hereof.

"Engine" means (i) each of the four Pratt & Whitney Model PW4056 engines listed by manufacturer's serial numbers in the initial Lease Supplement and installed on the Airframe at the time of the Manufacturer's delivery to Lessee of such Airframe, and whether or not from time to time thereafter installed on such Airframe or any other airframe; (ii) any Acceptable Alternate Engine which may from time to time be substituted for

any of such four engines pursuant to the terms hereof; and (iii) in either case, any and all Parts which are from time to time incorporated or installed in or attached to any such engine and any and all parts removed therefrom so long as title thereto remains vested in Lessor in accordance herewith. The term "Engines" means, as of any date of determination, all Engines then leased hereunder.

"Engine Cost" means the amount specified as Engine Cost in Exhibit H hereto.

"Event of Default" has the meaning specified in Section 14 hereof.

"Event of Loss" with respect to the Aircraft, Airframe or any Engine means any of the following events with respect to such property: (i) the loss of such property or of the use thereof due to the destruction of or damage to such property which renders repair uneconomic or which renders such property permanently unfit for normal use by Lessee for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, or a constructive or compromised total loss; (iii) the theft or disappearance of such property, or the confiscation, condemnation, or seizure of, or requisition of title to, or use of, such property by any governmental or purported governmental authority (other than a requisition for use by the United States Government or any government of registry of the Aircraft or any agency or instrumentality thereof), which in the case of any event referred to in this clause (iii) shall have resulted in the loss of title or possession of such property by Lessee for a period in excess of 90 consecutive days or, if earlier, until the end of the Term; (iv) as a result of any law, rule, regulation, order or other action by the FAA or other governmental body of the government of registry of the Aircraft having jurisdiction, use of such property in the normal course of the business of air transportation shall have been prohibited for a period in excess of 180 consecutive days, unless (A) such grounding is applicable to all Boeing 747-422 aircraft registered in such country, (B) Lessee, prior to the expiration of such 180 day period, shall have undertaken and shall be diligently carrying forward, in a manner that does not discriminate against the Aircraft, all steps which are necessary or desirable to permit the normal use of such property by Lessee, and (C) Lessee, within one year from the time of grounding shall have conformed at least one such aircraft in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same in such jurisdiction, provided that no such grounding shall extend beyond

the expiration of the Term; (v) the requisition for use by the United States Government or any government of registry of the Aircraft or any instrumentality or agency thereof, which shall have occurred during the Basic Term (or the Interim Term or any Renewal Term) and shall have, in the case of any government of registry of the Aircraft (other than the United States Government or any agency or instrumentality thereof) or any agency or instrumentality thereof, continued for more than two years (or if earlier, until the end of the Term), and in the case of the United States Government or any agency or instrumentality thereof shall have continued for a period that extends beyond the Term and Lessor shall not have furnished the written notice specified in Section 10(d) hereof; (vi) the operation of or location of the Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to the Aircraft required by the terms of Section 11, unless in the case of a requisition by the government of the United States or any agency or instrumentality thereof, Lessee shall have obtained an indemnity in lieu thereof from such government; and (vii) any divestiture of title to an Engine treated as an Event of Loss pursuant to Section 7(b) hereof. An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe.

"Excess Amount" for the Commencement Date means the amount determined by multiplying Lessor's Cost by the percentage specified in Exhibit B hereto opposite the Commencement Date (as such Exhibit B may be adjusted from time to time as provided in Section 3(c) hereof).

"Excluded Payments" has the meaning set forth in the Trust Indenture.

"Expenses" means any and all liabilities, obligations, losses, damages, penalties, claims (including, but not limited to, negligence, strict or absolute liability, liability in tort and liabilities arising out of violation of laws or regulatory requirements of any kind), actions, suits, costs, expenses and disbursements (including reasonable legal fees and expenses and, to the extent not required to be paid by the Owner Trustee pursuant to Section 16 of the Participation Agreement, Transaction Expenses, and all costs and expenses relating to amendments, supplements, waivers and consents to and under the Operative Documents, any amounts that would be included in Premium, but excluding internal costs and expenses such as salaries, and overhead of whatsoever kind and nature).

"Fair Market Rental Value" means the fair market rental value determined as provided in Section 19(c) hereof.

"Fair Market Sales Value" means the fair market sales value determined as provided in Sections 19(a) and 19(c) hereof.

"Federal Aviation Act" means the sections of Title 49 of the United States Code relating to aviation, as amended.

"Federal Aviation Administration" and "FAA" mean the United States Federal Aviation Administration and any successor agency or agencies thereto.

"Indemnitees" means the Owner Participant, the Owner Trustee, in its individual capacity and as trustee under the Trust Agreement, the Trust Estate, the Trust Indenture Estate, the Indenture Trustee, in its individual capacity and as trustee under the Trust Indenture, each Pass Through Trustee (so long as the Pass Through Trustees are Certificate Holders), and each of their respective Affiliates, successors, permitted assigns, directors, officers, employees, servants and agents.

"Indenture Trustee" has the meaning set forth in the Trust Indenture.

"Indenture Trustee Documents" means the Participation Agreement, the Trust Indenture, each Pass Through Trust Agreement, each Pass Through Trust Supplement, each Loan Certificate and each Pass Through Certificate and any other document executed by the Indenture Trustee or the Pass Through Trustee in connection with the transactions contemplated by the Operative Documents.

"Interim Term" means the period commencing on the Delivery Date and ending on and including the day immediately preceding the Commencement Date, unless earlier terminated in accordance with the provisions hereof.

"Lease Agreement", "this Lease Agreement", "this Lease", "this Agreement", "herein", "hereof", "hereunder", "hereby", or other like words mean this Second Amended and Restated Lease Agreement as originally executed or as modified, amended or supplemented in accordance with the applicable provisions hereof and the terms of the Trust Indenture, including, without limitation, supplementation hereof by any Lease Supplement entered into in accordance with the applicable provisions hereof and the terms of the Trust Indenture.

"Lease Expiry Date" means the date specified as such in Exhibit H.

"Lease Period" means each of the consecutive semi-annual periods throughout the Basic Term and any Renewal Term ending on a Lease Period Date, the first such period commencing on and including the Commencement Date.

"Lease Period Date" means April 19, 1994 and each succeeding semi-annual anniversary thereof to and including the last such date in the Term.

"Lease Supplement" means Lease Supplement No. 1 and each other Lease Supplement, substantially in the form of Exhibit A hereto, to be entered into between Lessor and Lessee on the Delivery Date for the purpose of leasing the Aircraft under and pursuant to the terms of this Lease Agreement, and any subsequent Lease Supplement entered into in accordance with the terms hereof and the terms of the Trust Indenture.

"Lessee Documents" means the Participation Agreement, the Lease, any Lease Supplement, the Purchase Agreement, the Owner Trustee's Purchase Agreement, the Owner Trustee's FAA Bill of Sale, the Owner Trustee's Bill of Sale, the Tax Indemnity Agreement, each Pass Through Trust Agreement, each Pass Through Trust Agreement Supplement and any other document executed by Lessee in connection with the transactions contemplated by the Operative Documents.

"Lessor Liens" means any Lien on, or disposition of title to, the Aircraft or the Trust Estate arising as a result of (i) claims against Lessor, State Street Bank and Trust Company, in its individual capacity, or the Owner Participant not related to the transactions contemplated by the Operative Documents, (ii) any act or omission of the Owner Participant, Lessor, or State Street Bank and Trust Company, in its individual capacity, which is not related to the transactions contemplated by the Operative Documents or is in violation of any of the terms of the Operative Documents, (iii) claims against the Owner Participant, Lessor, or State Street Bank and Trust Company, in its individual capacity, with respect to Taxes or Expenses against which Lessee is not required to indemnify the Owner Participant, Lessor or State Street Bank and Trust Company, in its individual capacity or (iv) claims against Lessor or the Owner Participant arising out of any transfer by Lessor or the Owner Participant of all or any portion of the respective interests of Lessor or the Owner Participant in the Aircraft, the Trust Estate or the Operative Documents (other than a transfer of possession of the Aircraft by Lessor pursuant to this Agreement, a transfer pursuant to the Trust Indenture

(other than a transfer pursuant to Article 8 of the Trust Indenture not attributable to a Lease Event of Default) or a transfer pursuant to Section 7, 8, 9, 10 or 19 hereof, pursuant to Section 17 of the Participation Agreement or pursuant to the exercise of the remedies set forth in Section 15 hereof); provided, however, that any Lien which is attributable solely to State Street Bank and Trust Company or the Owner Participant and would otherwise constitute a Lessor Lien hereunder shall not constitute a Lessor Lien hereunder so long as (1) the existence of such Lien poses no material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein, (2) the existence of such Lien does not interfere in any way with the use or operation of the Aircraft by Lessee (or any Sublessee), (3) the existence of such Lien does not affect the priority or perfection of, or otherwise jeopardize, the Lien of the Trust Indenture, (4) State Street Bank and Trust Company or the Owner Participant, as the case may be, is diligently contesting such Lien by appropriate proceeding and (5) the existence of such Lien does not result in actual interruption in the payment of Rent assigned to the Indenture Trustee for the benefit of the Certificate Holders.

"Lessor's Cost" for the Aircraft means the amount specified as Lessor's Cost in Exhibit H hereto; provided, however, Lessor's Cost shall be reduced by Engine Cost for each Engine for which Lessee has paid Stipulated Loss Value pursuant to the terms of Section 10(b) hereof and has otherwise paid all other amounts due and payable under said Section 10(b).

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease or security interest.

"Loan Certificate" has the meaning assigned to the term "Certificate" in the Trust Indenture.

"Loss Payment Date" has the meaning set forth in Section 10(a) hereof.

"Manufacturer" means The Boeing Company, a Delaware corporation, and its subsidiaries, successors and assigns.

"Manufacturer Documents" means the Purchase Agreement, the Consent and Agreement and any other document executed by the Manufacturer in connection with the transactions contemplated by the Operative Documents.

"Net Economic Return" means the Owner Participant's net after-tax book yield, aggregate after-tax cash flow and, with respect to any adjustments required to maintain the Owner

Participant's Net Economic Return, periodic FASB 13 earnings plus or minus 5% for any annual period, utilizing the multiple investment sinking fund method of analysis, computed on the basis of the same methodology and assumptions as were utilized by the Owner Participant in determining Basic Rent, Stipulated Loss Value percentages, Special Termination Value Percentages, EBO Percentage and Termination Value percentages as of the Delivery Date, as such assumptions may be revised from time to time for events which have been the basis for adjustments to Rent pursuant to Section 3(c) hereof, provided that under no circumstances shall there be a reduction in Owner Participant's [1993] FASB 13 earnings.

"Net Present Value of Rents" means the net present value, as of the Delivery Date, of Basic Rent set forth in Exhibit B hereto, discounted at a rate per Lease Period equal to (a) 11% per annum divided by (b) the number of Lease Periods per year.

"Operative Documents" means the Lease (including any Lease Supplement); the Participation Agreement; the Tax Indemnity Agreement; the Trust Agreement; any Trust Supplement; the Purchase Agreement; the Owner Trustee's Bill of Sale; the Owner Trustee's FAA Bill of Sale; the Owner Trustee's Purchase Agreement; an acceptance certificate covering the Aircraft in the form agreed to by the Participants and Lessee (the "Acceptance Certificate"); the Trust Indenture; the Loan Certificates outstanding at the time of reference; the Redemption and Refinancing Agreement; and the Consent and Agreement.

"Original Amount", with respect to a Loan Certificate, means at any time prior to the Commencement Date, the Original Issue Price (as defined in the Trust Indenture) of such Loan Certificate, or, at any time on or after the Commencement Date, the stated original principal amount of such Loan Certificate, and with respect to all Loan Certificates means, at any time prior to the Commencement Date, the aggregate Original Issue Prices for such Loan Certificates or, at any time on or after the Commencement Date, the aggregate stated original principal amounts of such Loan Certificates.

"Original Participation Agreement" means that certain Participation Agreement (1993 747 A) dated as of April 1, 1993 among Lessee, the Owner Participant, Wilmington Trust Company, not in its individual capacity except as expressly provided therein (the "Original Owner Trustee"), State Street Bank and Trust Company of Connecticut, National Association, as Indenture Trustee (the "Original Indenture Trustee") and The Chase Manhattan Bank, N.A., as an Original Loan Participant, as amended

by (i) that certain First Amendment to Participation Agreement (1993 747 A) dated as of December 1, 1993 among Lessee, the Owner Participant, the Original Owner Trustee, the Original Indenture Trustee and The Chase Manhattan Bank, N.A., Berliner Handels Und Frankfurter Bank and NBD Bank, N.A., as Original Loan Participants (collectively, the "Original Loan Participants"), as further amended by and (ii) that certain Second Amendment to Participation Agreement (1993 747 A) dated as of July 1, 1994 among Lessee, the Owner Participant, the Original Owner Trustee, the Original Indenture Trustee and The Mitsubishi Trust and Banking Corporation, New York Branch (the "Successor Original Loan Participant").

"Owner Participant" means the Person executing the Participation Agreement as the Owner Participant and any Person to which such Person transfers all or any portion of its right, title and interest in and to the Trust Agreement, the Trust Estate and the Participation Agreement, to the extent permitted thereby.

"Owner Participant Documents" means the Participation Agreement, the Trust Agreement, the Tax Indemnity Agreement and any other document executed by the Owner Participant in connection with the transactions contemplated by the Operative Documents.

"Owner Trustee" means the Person executing the Participation Agreement as Owner Trustee and any Person appointed as successor Owner Trustee in each case not in its individual capacity but solely as Owner Trustee under the Trust Agreement, except as otherwise expressly stated.

"Owner Trustee Documents" means the Participation Agreement, the Trust Agreement, this Lease, any Lease Supplement, the Owner Trustee's Purchase Agreement, the Trust Indenture, any Trust Supplement, the Loan Certificates and any other document executed by the Owner Trustee in connection with the transactions contemplated by the Operative Documents.

"Owner Trustee's Bill of Sale" means a bill of sale for the Aircraft, dated the Delivery Date, executed by Lessee in favor of Lessor in form and substance satisfactory to Lessor.

"Owner Trustee's FAA Bill of Sale" means a bill of sale for the Aircraft on AC Form 8050-2 or such other form as may be approved by the FAA on the Delivery Date executed by Lessee in favor of Lessor in form and substance satisfactory to Lessor.

"Owner Trustee's Purchase Agreement" means the Owner Trustee's Purchase Agreement and Assignment (1993 747 A), dated as of April 1, 1993, between Lessee and the Owner Trustee, as the same may be amended, modified or supplemented from time to time in accordance with the applicable provisions thereof and the terms of the Trust Indenture.

"Participants" means and includes the Pass Through Trustees and the Owner Participant.

"Participation Agreement" means that certain First Amended and Restated Participation Agreement (1993 747 A), dated as of the date hereof, among Lessee, the Indenture Trustee, the Owner Participant, the Pass Through Trustees and the Owner Trustee, as such Participation Agreement may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (i) complete Engines or engines and (ii) any appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature which Lessee is entitled to use pursuant to a lease, license or similar arrangement with a third party (other than Lessor hereunder), in each case not necessary to the operation or navigation of the Aircraft or to maintain its airworthiness certification), which are from time to time incorporated or installed in or attached to an Airframe or any Engine or which have been removed therefrom, but where title to which remains vested in Lessor in accordance with Section 8 hereof.

"Pass Through Certificates" has the meaning set forth in the Trust Indenture.

"Pass Through Trust Agreements" means the Pass Through Trust Agreement dated as of February 1, 1992, as amended and restated as of May 1, 1995, in each case between the Lessee and State Street Bank and Trust Company of Connecticut, National Association, as supplemented by each of the two Pass Through Trust Supplements, in each case between the Lessee and the Pass Through Trustee, and as the same may be further modified, amended or supplemented pursuant to the applicable provisions thereof and the Participation Agreement.

"Pass Through Trustee" shall mean First Security Bank of Utah, National Association, a national banking association, in its capacity as Trustee under each Pass Through Trust Agreement,

and each other Person which may from time to time be acting as successor trustee under any such Pass Through Trust Agreement.

"Pass Through Trust Supplement" means each of the two separate Trust Supplements Nos. 1995-A1 and 1995-A2, in each case dated as of May __, 1995 between Lessee and the Pass Through Trustee.

"Past Due Rate" means (i) with respect to the portion of any payment of Rent that may be required by the Trust Indenture to be paid by the Indenture Trustee to any Certificate Holder, the "Past Due Rate" as defined in the Trust Indenture and (ii) with respect to the remaining portion of any payment of Rent (and the entire amount of any payment of Rent after the satisfaction and discharge of the Trust Indenture), a fluctuating rate per annum equal to 2% over the Debt Rate.

"Permitted Lien" means any Lien referred to in clauses (i) through (vi) of Section 6 hereof.

"Permitted Sublessee" means any air carrier domiciled in a country listed in Exhibit F hereto as in effect from time to time.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Premium" has the meaning assigned to the term in Section 6.01(b) of the Trust Indenture.

"Prepaid Rent" has the meaning set forth in Section 3(g) hereof.

"Purchase Agreement" means the agreement between Lessee and the Manufacturer relating to the purchase by Lessee of the Aircraft, as originally executed or as modified, amended or supplemented in accordance with the terms thereof, but only insofar as the foregoing relates to the Aircraft.

"Purchase Option Date" has the meaning set forth in Section 19 hereof.

"Redemption and Refinancing Agreement" means that certain Redemption and Refinancing Agreement (1993 747 A) dated as of May 1, 1995 by and among Lessee, the Owner Participant, The Mitsubishi Trust and Banking Corporation, New York Branch, the Owner Trustee, the Indenture Trustee and each Pass Through

Trustee, as the same may be modified, amended or supplemented from time to time in accordance with the applicable provisions thereof.

"Redemption Date" has the meaning set forth in the Trust Indenture.

"Reimbursement Amount" has the meaning set forth in Section 3(g) hereof.

"Renewal Term" means the Fair Market Renewal Term or a Fixed Renewal Term as those terms are defined in Section 19 hereof.

"Rent" means Basic Rent and Supplemental Rent, collectively.

"Replacement Airframe" means any airframe substituted for an airframe in accordance with Sections 10(a) of the Lease.

"Replacement Engine" means any engine substituted for an Engine in accordance with Sections 9(d), 10(a) or 10(b) of the Lease.

"Restricted Country" has the meaning set forth on Exhibits F and G hereto.

"Restricted Period" means the period ending on the last open day of the calendar year in which there occurs the seventh anniversary of the Delivery Date.

"Special Purchase Option Dates" means each of the dates specified as such on Exhibit H hereto.

"Special Termination Value", with respect to any Special Purchase Option Date, has the meaning set forth in Section 19(b)(1) hereof.

"Special Termination Value Percentage" means, with respect to any Special Purchase Option Date, the percentage set forth opposite such Date on Exhibit H hereto.

"Stipulated Loss Value" with respect to the Aircraft as of any date through and including the last day of the Basic Term, means the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage specified in Exhibit C hereto opposite the Stipulated Loss Value Date with respect to which the amount of Stipulated Loss Value is determined (as such Exhibit C may be adjusted from time to time as provided in Section 3(c) hereof and

in Section 8 of the Tax Indemnity Agreement). "Stipulated Loss Value" with respect to the Aircraft, as of any date during any Renewal Term, shall be the amount determined as provided in Section 19 hereof. To the extent that an event giving rise to an obligation to pay any Stipulated Loss Value occurs (with respect to the Airframe or either Engine), and the actual date on which the loss of tax benefits resulting from such event occurs shall be earlier or later than the date assumed in calculating the United States Federal income tax consequences reflected in the applicable Stipulated Loss Value, such Stipulated Loss Value shall be appropriately adjusted upwards or downwards to reflect the actual date of such loss of tax benefits, but shall be otherwise based on the original assumptions used in determining such Stipulated Loss Value.

"Stipulated Loss Value Date" has the meaning specified therefore in Exhibit H hereto.

"Sublease" means any sublease permitted by the terms of Section 7(b)(viii) hereof.

"Sublessee" means any Person for so long, but only so long, as such Person is in possession of the Airframe and or any Engine pursuant to the terms of a Sublease which is then in effect pursuant to Section 7(b)(viii) hereof.

"Subsidiary" means, with respect to any Person that is a corporation, any other corporation a majority of the voting securities of which are owned by such person, whether directly or indirectly.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Basic Rent) which Lessee assumes or agrees to pay to Lessor or others hereunder or under any of the other Operative Documents, including payments of Stipulated Loss Value and Termination Value and amounts calculated by reference thereto, an amount equal to the Premium, if any, payable in accordance with Section 3(d) hereof and indemnity payments. The parties acknowledge that Supplemental Rent is a general category and, accordingly, agree that any provision of any Operative Document which calls for the payment of Supplemental Rent and also calls for the payment of specific items which are includable in Supplemental Rent is not to be interpreted as requiring any double payment.

"Tax Indemnity Agreement" means that certain Tax Indemnity Agreement (1993 747 A), dated as of April 1, 1993, as amended and restated as of May 1, 1995, between the Owner Participant and Lessee, as originally executed or as modified,

amended or supplemented pursuant to the applicable provisions thereof.

"Taxes" means any and all fees (including, without limitation, license, documentation and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value added, property (tangible and intangible), excise and stamp taxes), licenses, levies, imposts, duties, recording charges or fees, charges, assessments, or withholdings of any nature whatsoever, together with any assessments, penalties, fines, additions to tax and interest thereon (each, individually, a "Tax").

"Term" means the Interim Term, Basic Term and, if actually entered into, any Renewal Term.

"Termination Date" has the meaning set forth in Section 9(b) hereof.

"Termination Value" with respect to the Aircraft as of any date through and including the last day of the Basic Term means the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage specified in Exhibit D hereto opposite the Termination Date with respect to which the amount of Termination Value is determined (as such Exhibit D may be adjusted from time to time as provided in Section 3(c) hereof and in Section 8 of the Tax Indemnity Agreement). To the extent that an event giving rise to an obligation to pay any Termination Value occurs, and the actual date on which the loss of tax benefits resulting from such event occurs shall be earlier or later than the date assumed in calculating the United States Federal income tax consequences reflected in the applicable Termination Value, such Termination Value shall be appropriately adjusted upwards or downwards to reflect the actual date of such loss of tax benefits, but shall be otherwise based on the original assumptions used in determining such Termination Value.

"Transaction Expenses" means (A) with respect to the closing on the Delivery Date (i) the reasonable and actual fees, expenses and disbursements of (1) Day, Berry & Howard, special counsel for the Original Indenture Trustee, (2) Richards, Layton & Finger, counsel for the Original Owner Trustee, (3) Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, (4) White & Case, special counsel for the Original Loan Participant, (5) Vedder, Price, Kaufman & Kammholz, special counsel for Lessee, and (6) Dewey Ballantine, special counsel for the Owner Participant, (ii) all fees, taxes and other charges payable in connection with the recording or filing of instruments and financing statements, (iii) the initial fee and reasonable

and actual disbursements of the Original Owner Trustee under the Trust Agreement, (iv) the initial fee and reasonable and actual disbursements of the Indenture Trustee under the Trust Indenture, (v) the fee of Aeroeconomics, Inc. (or of such other appraiser as shall be selected by the Owner Participant) with respect to the appraisal of the Aircraft required on or before the Delivery Date pursuant to Section 4(a) of the Participation Agreement, (vi) the fees, commissions and expenses of Capstar Partners, Inc., (vii) the reasonable out-of-pocket expenses of the Original Loan Participant, (viii) the reasonable out-of-pocket expenses of the Owner Participant relating to the transactions contemplated by the Participation Agreement including, without limitation, the expenses related to the organization of the foreign sales corporation, up to an aggregate of \$25,000 (but excluding from Transaction Expenses airfare charges incurred for travel on an airline other than United Air Lines, unless such travel is necessitated by the foreign sales corporation structure to the extent that United Air Lines does not offer regularly scheduled flights directly from New York to such foreign location where negotiations with respect to the transactions will be conducted for purposes of the foreign sales corporation nature of the transactions) plus airfare charges incurred for travel on United Air Lines, and (ix) the initial fees, if any, of the Original Loan Participant and the Successor Original Loan Participant, and (B) with respect to the subsequent placement of the permanent debt pursuant to the Redemption and Refinancing Agreement (i) the reasonable and actual fees, expenses and disbursements of (1) Ray, Quinney & Nebeker, special counsel for the Indenture Trustee and the Pass Through Trustee, (2) Bingham, Dana & Gould, counsel for the Owner Trustee, (3) Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, (4) Shearman & Sterling, special counsel for the Underwriters (to the extent not payable by the Underwriters), (5) Vedder, Price, Kaufman & Kammholz, special counsel for Lessee, and (6) Dewey Ballantine, special counsel for the Owner Participant, (ii) all fees, taxes and other charges payable in connection with the recording or filing of instruments and financing statements, (iii) the initial fee and reasonable and actual disbursements of the Owner Trustee under the Trust Agreement, (iv) the initial fee and reasonable and actual disbursements of the Indenture Trustee under the Trust Indenture, (v) the fees, commissions and expenses of Capstar Partners, Inc., (vi) the reasonable out-of-pocket expenses of the Owner Participant relating to the transactions contemplated by the Redemption and Refinancing Agreement, (vii) the placement or underwriting fees, commissions and expenses, if any, in placing the permanent debt pursuant to the Redemption and Refinancing Agreement and all costs and expenses associated with the public offering pursuant thereto and the actual expenses of each Pass

Through Trustee under its respective Pass Through Trust Agreement and (viii) printing and distribution costs.

"Trust Agreement" means that certain First Amended and Restated Trust Agreement (1993 747 A), dated as of the date hereof, between the Owner Participant and State Street Bank and Trust Company, in its individual capacity, as originally executed or as modified, amended or supplemented in accordance with the applicable provisions thereof and the terms of the Trust Indenture, including, without limitation, any Trust Supplement entered into pursuant to the applicable provisions thereof.

"Trust Estate" has the meaning set forth in the Trust Agreement.

"Trust Indenture" means that certain Second Amended and Restated Trust Indenture and Mortgage (1993 747 A), dated as of the date hereof, between Lessor and the Indenture Trustee, as originally executed or as modified, amended or supplemented in accordance with the provisions thereof and the terms of the Participation Agreement, including, without limitation, any Trust Supplement entered into pursuant to the applicable provisions thereof.

"Trust Indenture Estate" has the meaning assigned to the term "Indenture Estate" in the Trust Indenture.

"Trust Office" has the meaning set forth in the Trust Indenture.

"Trust Supplement" means a supplement to the Trust Agreement and the Trust Indenture, substantially in the form of Exhibit A to the Trust Agreement.

"U.S. Air Carrier" means any United States air carrier as to which there is in force a certificate issued pursuant to Section 401 of the Federal Aviation Act, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the regulations under such Act, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

"Underwriters" has the meaning specified therefor in Section _____ of the Participation Agreement.

"Wet Lease" means any arrangement whereby Lessee agrees to furnish the Airframe and Engines or engines installed thereon to a third party pursuant to which such Airframe and Engines or

engines (i) shall be operated solely by regular employees of Lessee possessing all current certificates and licenses that would be required under the Federal Aviation Act (or if the Aircraft is not registered in the United States, all certificates and licenses required by the laws of the jurisdiction of registry) for the performance by such employees of similar functions within the United States of America (or such jurisdiction of registry) (it is understood that cabin attendants need not be employees of Lessee) and (ii) shall be maintained by Lessee in accordance with its normal maintenance practices.

SECTION 2. Acceptance and Lease. Lessor hereby agrees to accept from the Lessee the transfer of title to and simultaneously to lease to Lessee hereunder, and Lessee hereby agrees to lease on the Delivery Date from Lessor hereunder, the Aircraft as evidenced by the execution by Lessor and Lessee of a Lease Supplement leasing the Aircraft hereunder. Lessee agrees that Lessor will authorize one or more employees of Lessee, designated by Lessee in writing, as the authorized representative or representatives of Lessor to accept delivery of the Aircraft. Lessee hereby agrees that in the event delivery of the Aircraft shall be accepted by an employee or employees of Lessee pursuant to such authorization by Lessor, such acceptance of delivery by such employee or employees on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of the Aircraft for all purposes of this Lease.

SECTION 3. Term and Rent. (a) Interim Term and Basic Term. The Interim Term shall commence on the Delivery Date and end on and include the day immediately preceding the Commencement Date unless earlier terminated pursuant to the provisions hereof. The Basic Term shall commence on the Commencement Date and end on the Lease Expiry Date or such earlier date as this Lease may be terminated in accordance with the provisions hereof.

(b) Basic Rent. Lessee shall pay Basic Rent in Dollars with respect to each Lease Period during the Basic Term on each Lease Period Date during the Basic Term, in the respective amounts for each Lease Period Date determined in accordance with Exhibit B hereto.

(c) Adjustments to Basic Rent, Excess Amount, Stipulated Loss Values, Termination Values, Special Termination Value Percentages and the EBO Percentage.

(i) In the event that (A) Transaction Expenses paid by Lessor are determined to be other than ___% of Lessor's Cost, (B) there shall be an optional redemption or a refinancing or a refunding of the Loan Certificates in

accordance with Section 17 of the Participation Agreement, (C) [Intentionally Omitted], or (D) there is an optimization in accordance with Section 18 of the Participation Agreement; then in each case the Basic Rent and Excess Amount set forth in Exhibit B, the Stipulated Loss Value percentages set forth in Exhibit C, the Termination Value percentages set forth in Exhibit D, and the EBO Percentage and the Special Termination Value Percentages set forth in Exhibit H shall be adjusted (upwards or downwards as the case may be) using the same methods and assumptions (as modified on account of the occurrence of any of the events referred to in clauses (A)-(D)) used to calculate the Basic Rent and Excess Amount, the Stipulated Loss Value percentages, the Termination Value percentages and the EBO Percentage and the Special Termination Value Percentages set forth in Exhibits B, C, D and H, respectively, in each case in compliance with clauses (iv) and (v) of this paragraph (c) and in order to: (1) maintain the Owner Participant's Net Economic Return and (2) minimize the Net Present Value of Rents to Lessee to the extent possible consistent with clause (1) hereof; provided, however, in no event will the EBO Price be adjusted below the greatest of (i) the Termination Value for the Aircraft as of the EBO Date, (ii) ___% of Lessor's Cost (i.e., the fair market value of the Aircraft as of the EBO Date as the same was determined on the Delivery Date) and (iii) ___% multiplied by the present value as of the EBO Date of (x) the remaining Basic Rent plus (y) ___% of Lessor's Cost (i.e., the fair market value of the Aircraft as of the end of the Term as the same was determined on the Delivery Date) (if the computation described in this clause (iii) was done on the Delivery Date with all the Exhibits hereto on the Delivery Date, such present value would equal the EBO Percentage a the same was determined on the Delivery Date) (the present value calculation described in this clause (iii) shall utilize a semi-annual discount rate that on a compound basis is equal to 13.5% per annum).

(ii) [Intentionally reserved for potential future use.]

(iii) Any recalculation of Basic Rent and Excess Amount, Stipulated Loss Value percentages, Termination Value percentages, EBO Percentage and Special Termination Value Percentages pursuant to this Section 3(c) (or pursuant to the definition of Stipulated Loss Value or Termination Value) shall be determined by the Owner Participant and shall be subject to the verification procedures set forth in Exhibit E hereto. Such recalculated Basic Rent and Excess

Amount, Stipulated Loss Value percentages, Termination Value percentages, EBO Percentage and Special Termination Value Percentages shall be set forth in an amendment hereto.

(iv) Anything contained in the Participation Agreement or this Lease to the contrary notwithstanding, each installment of Basic Rent payable hereunder, whether or not adjusted in accordance with this Section 3(c), together with the amount of Excess Amount and Supplemental Rent, if any, in respect of the date on which such installment is payable, and each payment of Termination Value, Stipulated Loss Value, EBO Price and Special Termination Value whether or not adjusted in accordance with this Section 3(c) or Section 8 of the Tax Indemnity Agreement, and all other amounts (excluding Excluded Payments payable simultaneously by Lessee pursuant to this Lease), in each case, on the date on which such payment is due, shall be in an amount at least sufficient to pay in full, and shall be available to be applied by Lessor in payment on account of, any payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding. It is agreed that no installment of Basic Rent or payment of Excess Amount, Termination Value, Stipulated Loss Value, Special Termination Value or EBO Price, shall be increased or adjusted by reason of (A) any attachment or diversion of Rent on account of (x) Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) or (y) any other Lien on or against the Trust Estate, any part thereof or the Operative Documents arising as a result of claims against the Indenture Trustee or a Certificate Holder, not related to the transactions contemplated by the Operative Documents, (B) any modification of the payment terms of the Loan Certificates made without the prior written consent of Lessee, or (C) the acceleration of any Loan Certificate due to the occurrence of an "Event of Default" (as defined in the Trust Indenture) which does not constitute an Event of Default hereunder.

(v) All adjustments to Basic Rent under this Section 3(c) shall be consistent with the requirements of Sections 4.02(5), 4.07(1) and (2) and Section 4.08(1) of Rev. Proc. 75-28 (provided that the requirements of Section 4.08(1) shall apply on a prospective basis), as modified and in effect on the Delivery Date, and shall not cause the Lease to be a "disqualified leaseback or long-term agreement" within the meaning of Section 467 of the Code as then in effect and any final, temporary or proposed

regulations thereunder or any administrative or judicial interpretation thereof in effect on the date of such adjustment (a "Section 467 Agreement") (it being understood that any such adjustment shall not be treated as causing the Lease to be a Section 467 Agreement to the extent the Lease would have been a Section 467 Agreement if no such adjustment to Basic Rent had occurred).

(d) Supplemental Rent. Lessee shall pay (or cause to be paid) promptly to Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent constituting Stipulated Loss Value, Termination Value, EBO Price and Special Termination Values as the same shall become due and owing and all other amounts of Supplemental Rent within five Business Days after demand or on such date, or within such other relevant period, as may be provided in any Operative Document, and in the event of any failure on the part of Lessee to pay any Supplemental Rent when due, Lessor shall have all rights, powers and remedies provided for herein or in any other Operative Document or by law or equity or otherwise in the case of nonpayment of Basic Rent. Lessee shall also pay on behalf of Lessor as Supplemental Rent an amount equal to any amount payable by Lessor as Premium as and when any such Premium shall be due and payable; provided, however, that Lessee shall have no obligation to pay on behalf of Lessor any Premium payable under Section 6.01 or 6.02 of the Trust Indenture due to the occurrence of an "Event of Default" (as defined in the Trust Indenture) which does not constitute an Event of Default hereunder. Lessee also will pay to Lessor, or on behalf of Lessor to whomsoever shall be entitled thereto, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Past Due Rate with respect to any part of any installment of Basic Rent not paid prior to 11:00 a.m., New York City time, on the date when due for any period for which the same shall be overdue and on any payment of Supplemental Rent not paid prior to 11:00 a.m., New York City time, on the date when due for the period until the same shall be paid.

(e) Payments in General. All payments of Rent other than Excluded Payments payable to Lessor shall be made directly by Lessee by wire transfer of immediately available funds prior to 11:00 a.m., New York time, on the date of payment in Dollars, to Lessor at its office at 225 Franklin Street, Boston, Massachusetts 02110, Attention: _____ (or such other office of Lessor in the continental United States or such other account as Lessor shall direct in a notice to Lessee at least 10 Business Days prior to the date such payment of Rent is due); provided, that so long as the Trust Indenture shall not have been fully discharged, Lessor hereby directs and Lessee

agrees, that all Basic Rent shall be paid directly to the Indenture Trustee at the times and in funds specified in this Section 3(e) at the offices of the Indenture Trustee at Two International Place, Boston, MA 02110, Attention: Corporate Trust Department (or such other office of Indenture Trustee in the continental United States or such other account as Indenture Trustee shall direct in a notice to Lessee at least 10 Business Days prior to the date such payment of Basic Rent is due). Excluded Payments shall be paid in Dollars in immediately available funds to the Person to whom payable at the address of such Person specified in Schedule I of the Participation Agreement.

Notwithstanding anything to the contrary contained herein, if any date on which a payment of Rent becomes due and payable is not a Business Day then such payment shall be made on the next succeeding Business Day and no interest shall accrue on the amount of such payment, if such payment is made on such next succeeding Business Day.

(f) [Intentionally Reserved for Potential Future Use].

(g) [Intentionally Reserved for Potential Future Use].

SECTION 4. Lessor's Representations and Warranties. LESSOR LEASES AND LESSEE TAKES THE AIRCRAFT "AS-IS, WHERE-IS." LESSEE ACKNOWLEDGES AND AGREES THAT AS BETWEEN LESSOR, ANY PARTICIPANT, THE INDENTURE TRUSTEE, AND LESSEE (A) THE AIRFRAME AND EACH ENGINE IS OF SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO LESSEE, (B) LESSEE IS SATISFIED THAT THE AIRFRAME AND EACH ENGINE IS SUITABLE FOR ITS PURPOSES, (C) NEITHER LESSOR NOR OWNER PARTICIPANT IS A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND, AND (D) NEITHER LESSOR, IN ITS INDIVIDUAL CAPACITY OR AS OWNER TRUSTEE, THE INDENTURE TRUSTEE NOR THE OWNER PARTICIPANT MAKES, HAS MADE OR SHALL BE DEEMED TO HAVE MADE, AND EACH WILL BE DEEMED TO HAVE EXPRESSLY DISCLAIMED, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, CONDITION, DESIGN, OPERATION, VALUE, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK OR COPYRIGHT, AS TO THE ABSENCE OF OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, except as set forth in Sections 8(f)(vi) and 8(p)(ii) of the Participation Agreement as to Lessor Liens and except that State Street Bank and Trust Company, in its individual capacity, (i) represents and warrants that on the Delivery Date, Lessor shall have received

whatever title to the Aircraft was conveyed to it by Lessee, (ii) represents and warrants that on the Delivery Date the Aircraft shall be free of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to it in its individual capacity, (iii) covenants that it will not, through its own actions or inactions, in such capacity, interfere in Lessee's or any Sublessee's quiet enjoyment, use, operation or possession of the Aircraft unless this Lease shall have been declared in default pursuant to Section 15 hereof, (iv) agrees that it will not directly or indirectly create, incur, assume or suffer to exist any Lessor Lien attributable to it in its individual capacity on or with respect to the Airframe or any Engine or any portion of the Trust Estate and (v) represents and warrants that it is a Citizen of the United States and agrees that if at any time it shall cease to be a Citizen of the United States, it will promptly resign as Owner Trustee (if and so long as such citizenship is necessary under the Federal Aviation Act as in effect at such time or, if it is not necessary, if and so long as the Owner Trustee's citizenship would have any adverse effect on the Owner Participant, the Certificate Holders or Lessee), effective upon the appointment of a successor Owner Trustee in accordance with the provisions of the Trust Agreement. None of the provisions of this Section 4 or any other provision of this Agreement shall be deemed to amend, modify or otherwise affect the representations, warranties or other obligations (express or implied) of the Manufacturer, any subcontractor or supplier of the Manufacturer with respect to the Airframe, Engines, or any Parts, or to release the Manufacturer, or any such subcontractor or supplier from any such representation, warranty or obligation. Unless a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing, Lessor agrees to make available to Lessee such rights as Lessor may have under any warranty with respect to the Aircraft made by the Manufacturer or any of its subcontractors or suppliers and any other claims against the Manufacturer or any such subcontractor or supplier with respect to the Aircraft, all pursuant to and in accordance with the terms of the Owner Trustee's Purchase Agreement.

SECTION 5. Return of the Aircraft. (a) Condition Upon Return. Unless purchased by Lessee pursuant to Section 19(b) hereof, upon the termination of this Lease at the end of the Basic Term or any Renewal Term or pursuant to Section 9(b) or 15 hereof, Lessee will at its expense return the Aircraft to Lessor at Lessee's maintenance base located at San Francisco International Airport (or any principal maintenance base established by Lessee in the continental United States subsequent to the date hereof), provided that upon the request of the Lessor

given to Lessee at least ten (10) days prior to the date of such return, Lessee shall return the Airframe to Lessor at a location on Lessee's route system in the continental United States selected by Lessor, provided that such location is served on a normal basis by Boeing Model 747-422 aircraft operated by Lessee, and Lessor shall reimburse Lessee on a net after-tax basis for Lessee's out-of-pocket Expenses (including for this purpose salary costs for Lessee's personnel) resulting from Lessee's return of the Aircraft to such alternate return location to the extent such out-of-pocket Expenses exceed the out-of-pocket Expenses (including, for this purpose, salary costs for Lessee's personnel) Lessee would have incurred in returning the Aircraft to its principal maintenance base at San Francisco International Airport, provided, further, however, that if Lessor shall have made the request for storage pursuant to Section 5(d) hereof, Lessee shall at its expense return the Aircraft at the site of storage. At the time of such return, (A) Lessee will, at its own cost and expense, unless otherwise requested by Lessor to retain the existing registration of the Aircraft, cause the Aircraft, if it is not then so registered, to be registered under the laws of the United States with the FAA in the name of Lessor or its designee, provided that Lessee shall be relieved of its obligations under this sentence if such registration is prohibited by reason of the failure of Lessor, the Owner Participant or Lessor's designee to be eligible on such date to own an aircraft registered with the Federal Aviation Administration, and (B) subject to Section 5(e) hereof, the Airframe will be fully equipped with the Engines (or Acceptable Alternate Engines) installed thereon. Also, at the time of such return, Lessor shall have good title to such Airframe and Engines or Acceptable Alternate Engines, and such Airframe and Engines or Acceptable Alternate Engines (i) shall be certified (or, if not then registered under the Federal Aviation Act by reason of the proviso to clause (A) in the preceding sentence or because Lessor has so requested that the Aircraft not be so registered, shall hold a valid certificate of airworthiness issued by the country of registry and be eligible for certification by the FAA) as an airworthy aircraft by the Federal Aviation Administration, (ii) shall be free and clear of all Liens (other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) and rights of third parties under pooling, interchange, overhaul, repair or other similar agreements or arrangements, (iii) shall be in a regular passenger configuration, and in as good a condition as when delivered by Lessee to Lessor, ordinary wear and tear excepted and otherwise in the condition required to be maintained under the Lease and under Lessee's FAA-approved maintenance plan (notwithstanding any Sublease theretofore in effect) and shall be in compliance with all mandatory environmental, noise, air

pollution and other standards prescribed by the federal government of the United States and applicable to the Aircraft including, without limitation, standards relating to corrosion and structural integrity and all other applicable manufacturer's mandatory service bulletins (except for standards, laws, regulations, directives and bulletins that permit compliance at a later time and would not, in the normal course of Lessee's maintenance plan, be complied with by the date of return without discriminating on the basis of the status of the Aircraft as a leased aircraft), (iv) in the event that Lessee shall not then be using a continuous maintenance program with respect to the Airframe immediately prior to such return but instead shall have been using a block overhaul program with respect to the Airframe, then (A) such block overhaul program shall have been approved by the government of registry of the Aircraft and (B) the Airframe shall have remaining until the next scheduled block overhaul at least 25% of the allowable hours between block overhauls permitted under the block overhaul program then used by Lessee, (v) in the event that Lessee during the period of operation of the Aircraft immediately prior to such return shall not have been using an on-condition maintenance program with respect to the Engines (or Acceptable Alternate Engines), Lessee agrees that the average number of hours or cycles of operation (whichever shall be applicable under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines)) on such Engines (or Acceptable Alternate Engines) remaining until the next scheduled engine heavy maintenance shall be at least 25% of the hours or cycles (whichever shall be applicable) between engine heavy maintenance allowed under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines), (vi) shall have all Lessee's and any Sublessee's exterior marking removed or painted over with areas thereof refinished to match adjacent areas, and (vii) shall be in a state of cleanliness suitable under Lessee's normal service standards for operation in Lessee's revenue passenger service and in all such cases the Aircraft shall not have been discriminated against whether by reason of its leased status or otherwise in maintenance, use, operation or in any other manner whatsoever.

In addition, the following conditions shall be complied with at the time of the return of the Aircraft: (i) Lessee shall deliver to Lessor any "no cost" modification kits designated for the Aircraft that Lessee has in its possession and that have not been incorporated at the time of the return of the Aircraft, (ii) Lessor may purchase from Lessee at Lessee's cost any service bulletin kits purchased or manufactured by Lessee for the Aircraft (provided that Lessee shall not be obligated to sell to Lessor any service bulletin kit manufactured by Lessee to the

extent Lessee, in its reasonable judgment, considers the same proprietary) and (iii) without limiting the obligations of the Lessee set forth in the preceding paragraph, in the event the FAA shall issue any directive which requires termination thereof prior to the return date, then such directive shall be terminated prior to the return date, and if Lessee shall have not been required to terminate such directive in the normal course of its operations without discriminating against the Aircraft by reason of its leased status or otherwise prior to the return of the Aircraft but such directive must be terminated on or before six months following such return, then Lessee shall, at the sole cost and expense of Lessor, comply with such directive but only if (x) at least 540 days prior to the return of the Aircraft Lessee receives from Lessor a written request to comply with such directive at Lessor's sole cost and expense (determined on the basis of what a third party would charge for comparable services) and (y) after receipt by Lessee of such request, the Aircraft is subject to a maintenance check of the type at which such modification is made, in accordance with Lessee's general maintenance program, and Lessee has, or can obtain using commercial reasonable efforts taking into account the 540 day prior notice received by Lessee, the personnel, parts, facilities and other resources available to accomplish the modification and the modification can be made without materially disrupting the operations of Lessee's maintenance facility or Lessee's operations.

For purposes of this Section 5(a), any maintenance program used by Lessee for airframes (including the Airframe) substantially similar to the maintenance program described in the excerpts from "United Air Lines 747 Maintenance Program" furnished to Lessor and the Owner Participant prior to the Delivery Date (a copy of which was attached to the certificate of the Assistant Secretary of the Lessee delivered pursuant to Section 4(a)(vii)(6) of the Original Participation Agreement) shall be considered a continuous maintenance program (and not a block maintenance program) and any engine maintenance program used by Lessee for engines (including the Engines) substantially similar to the maintenance program described in ["United Air Lines 747 Maintenance Program"] shall be considered an on-condition maintenance program.

In the event that the provisions of the preceding paragraph are inapplicable and upon a return of the Aircraft pursuant to this Section 5, Lessee and Lessor cannot agree as to whether Lessee, during the period of operation of the Aircraft immediately prior to such return, shall have been using a continuous maintenance program or a block overhaul program with respect to the Airframe (including, without limitation, a dispute

as to whether Lessee's program is substantially similar to the program described in the excerpts to the "United Air Lines 747 Maintenance Program" furnished to Lessor as set forth in the preceding paragraph), then Lessee and Lessor shall mutually appoint an independent third party, satisfactory to both Lessee and Lessor, who shall make such a determination, which determination shall be conclusive and final. Lessee will provide, on a confidential basis, such independent third party with the maintenance program and records applicable to the Aircraft necessary to make such determination. The fee of such third party shall be paid equally by Lessor and Lessee.

If clause (iv) of the first paragraph of this Section 5(a) shall be applicable but the Airframe does not meet the conditions specified in said clause (iv), Lessee shall pay or cause to be paid to Lessor, concurrently with the return thereof, a Dollar amount computed by multiplying (i) the fair market cost of obtaining an airframe block overhaul of the type referred to in such clause (iv) at a location in the United States that has been approved by the FAA for such work by (ii) a fraction of which (x) the numerator shall be the excess of 25% of the hours of operation allowable between such block overhauls over the actual number of hours of operation remaining on the Airframe to the next such block overhaul and (y) the denominator shall be the number of hours of operation allowable between such block overhauls in accordance with such block overhaul program.

If clause (v) of the first paragraph of this Section 5(a) shall be applicable but the Engines (or Acceptable Alternate Engines) do not meet the conditions specified in said clause (v), Lessee shall pay or cause to be paid to Lessor, concurrently with the return thereof, a Dollar amount computed by multiplying (i) the fair market cost of obtaining the scheduled engine heavy maintenance under the maintenance program then used by Lessee for engines of the same model as the Engines (or Acceptable Alternate Engines) at a location in the United States that has been approved by the FAA for such work by (ii) a fraction which (x) the numerator shall be the excess of 25% of the hours or cycles (whichever is applicable) of operation of one Engine between engine heavy maintenance allowable under the maintenance program then in use with respect to such Engines (or Acceptable Alternate Engines) over the actual average number of hours or cycles of operation of such Engines (or Acceptable Alternate Engines) remaining until the next such scheduled engine heavy maintenance and (y) the denominator shall be the number of hours or cycles allowable between such scheduled engine heavy maintenance.

During the last six months of the Term (unless Lessee shall have irrevocably elected to purchase the Aircraft or renew

this Lease in accordance with the terms of this Lease), with reasonable notice, Lessee will cooperate, and cause any Sublessee to cooperate, at Lessor's sole cost, in all reasonable respects with the efforts of Lessor to sell or lease the Aircraft, including, without limitation, permitting prospective purchasers or lessees to inspect the Aircraft, any maintenance records relating to the Aircraft then required to be retained by the FAA or by the comparable government agency of the country in which the Aircraft is registered, all in accordance with Section 12 hereof, provided that any such cooperation shall not interfere with the normal operation or maintenance of the Aircraft by, or the business of, Lessee or any Sublessee.

(b) Return of Other Engines. In the event that an Acceptable Alternate Engine shall be delivered with the returned Airframe as set forth in paragraph (a) of this Section 5, Lessee, concurrently with such delivery, will, at no cost to Lessor, furnish, or cause to be furnished, to Lessor a full warranty (as to title) bill of sale with respect to each such Acceptable Alternate Engine, in form and substance reasonably satisfactory to Lessor (together with an opinion of counsel (which may be Lessee's General Counsel) to the effect that such full warranty bill of sale has been duly authorized and delivered and is enforceable in accordance with its terms and that each such Acceptable Alternate Engine is free and clear of all Liens other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) and will, to the extent applicable, comply with the provisions of Section 9(d) as if Lessee had irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to the Engine in replacement for which such Acceptable Alternate Engine is being delivered and Lessor will provide a bill of sale, at Lessee's expense, evidencing the transfer, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) by Lessor to Lessee or its designee of all of Lessor's right, title and interest in and to any Engine not installed on the Airframe at the time of the return of the Airframe.

(c) Fuel and Manuals. Upon the return of the Airframe upon any termination of this Lease in accordance with paragraph (a) of this Section 5, (i) Lessee shall invoice Lessor, and Lessor shall pay to Lessee the amount of Lessee's cost for any fuel or oil contained in the fuel or oil tanks on the Airframe, and (ii) Lessee shall deliver or cause to be delivered to Lessor all logs, manuals and data and inspection, modification and overhaul records in the English language (or an English translation of the same), (A) required to be maintained with

respect to the Airframe, the Engines or any part thereof in accordance with Section 7(a) hereof, (B) created since the Airframe's or Engine's or Acceptable Alternate Engine's (whichever is applicable) last heavy maintenance visit and (C) required to lawfully operate the Aircraft in the United States under a United States Certificate of Airworthiness without performing additional maintenance.

(d) Storage Upon Return. If, at any time at least 30 days prior to the end of the Basic Term or any Renewal Term or pursuant to Section 9(c) or Section 15, Lessee receives from Lessor a written request for storage of the Aircraft upon its return hereunder, Lessee will provide Lessor, or cause Lessor to be provided, with storage facilities for the Aircraft (at Lessor's risk and at Lessor's cost for insurance, maintenance and Lessee's reasonable out-of-pocket expenses other than storage fees) for a period not exceeding forty-five (45) days (and upon prior written notice from Lessor to Lessee given at least 10 days prior to the end of such 45 day period, at Lessor's risk and at Lessor's cost for insurance, maintenance and Lessee's reasonable out-of-pocket expenses including storage fees, for an additional period not exceeding 45 days) commencing on the date of such termination, at a location in the forty-eight contiguous states of the United States selected by Lessee and used as a location for the storage of aircraft. Lessee shall, at Lessor's written request, maintain insurance (if available) for the Aircraft during such period and shall be reimbursed by Lessor for the premiums thereon.

(e) Purchase of Engine. In the event that Lessee shall have paid the Stipulated Loss Value for any Engine pursuant to Section 10(b) hereof and all other amounts due and owing under said Section 10(b), then, notwithstanding anything contained in this Section 5, Lessee shall, subject to the proviso below, be under no obligation to return any engine installed on the Airframe in replacement for such Engine to Lessor upon the termination of this Lease; provided, however, that in such event Lessor shall have the right upon termination of this Lease (unless Lessee shall have exercised any of its options to purchase the Aircraft pursuant to Section 19), at its sole option, to purchase from Lessee an engine or engines suitable for use on the Airframe and compatible with the other Engine (if any) or the other engine purchased under this Section 5(e) for such engine's then Fair Market Sales Value and any such engine shall be installed at no cost to Lessor on the Airframe on the return thereof.

(f) Severable Parts. At any time after Lessee has advised Lessor that it has determined not to renew this Lease or

purchase the Aircraft, or the Aircraft is otherwise to be returned to Lessor, Lessee shall, at Lessor's request, advise Lessor of the nature and condition of all severable Parts owned by Lessee which have been used by Lessee during the prior six months and which Lessee has or intends to remove from the Aircraft as permitted by Section 8 hereof. Lessor may, at its option, upon 30 days written notice to Lessee, purchase any or all of such Parts from Lessee upon the expiration of the Term at their then fair market value.

(g) Special Redelivery Provision. Not less than 30 days prior to (A) the date of redelivery of the Aircraft by Lessee to Lessor in accordance with this Section 5, (B) the date of redelivery to Lessor or a purchaser pursuant to Section 9(c) or Section 15 hereof, or (C) a purchase of the Aircraft by Lessee pursuant to Section 19(b), Lessor may provide Lessee with a proposal regarding the arranging of delivery of the Aircraft so as to enable Lessor to realize "foreign trade income" (as defined in Section 923(b) of the Code or any successor provision thereto) from the sale or re-lease of the Aircraft, and Lessee shall (i) arrange delivery at Lessor's cost (unless the delivery site is as provided in Section 5(a) hereof) either inside or outside the United States, as specified in Lessor's proposal, and (ii) otherwise comply with such proposal to the extent Lessee can do so without incurring any cost, expense or liability not indemnified against by Lessor in a manner in form and substance reasonably satisfactory to Lessee.

SECTION 6. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, title thereto or any interest therein or in this Lease, except (i) the respective rights of Lessor as owner of the Aircraft and Lessee as herein provided (including any Sublease permitted pursuant to Section 7(b)), the Lien of the Trust Indenture, and any other rights existing pursuant to the Operative Documents, (ii) Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), (iii) Liens for Taxes of Lessee (or any Sublessee) either not yet due or being contested in good faith by appropriate proceeding so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest thereon, (iv) materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of Lessee's or any Sublessee's business securing obligations that are not overdue for a period of more than 30 days or are being contested in good faith by appropriate proceedings so long as during such 30 day period there is not, or such proceedings do not involve, any material risk of the sale, forfeiture or loss of

the Airframe or any Engine or any interest therein, (v) Liens arising out of any judgment or award against Lessee (or any Sublessee), unless there exists a material risk of the sale, forfeiture or loss of the Airframe or any Engine or any interest therein or unless the judgment secured shall not, within 45 days after the entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal or shall not have been discharged, vacated or reversed within 45 days after the expiration of such stay, and (vi) any other Lien with respect to which Lessee (or any Sublessee) shall have provided a bond or other security in an amount and under terms reasonably satisfactory to Lessor. Lessee will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary duly to discharge any such Lien not excepted above if the same shall arise at any time.

SECTION 7. Registration, Maintenance and Operation; Possession and Subleases; Insignia. (a) (1) Registration and Maintenance. Lessee, at its own cost and expense, shall (or shall cause any Sublessee to): (i) upon delivery of the Aircraft, cause the Aircraft to be duly registered in the name of Lessor, and, subject to subparagraph (3) of this Section 7(a), to remain duly registered in the name of Lessor under the Federal Aviation Act (except to the extent that such registration cannot be effected because of Lessor's or the Owner Participant's failure to comply with the citizenship requirements for registration of aircraft under such Act), provided that Lessor and the Owner Participant shall execute and deliver all such documents as Lessee (or any Sublessee) may reasonably request for the purpose of effecting and continuing such registration, and Lessee shall cause the Trust Indenture to be duly recorded and maintained of record as a first mortgage on the Aircraft; (ii) maintain, service, repair, and overhaul (or cause to be maintained, serviced, repaired, and overhauled) the Aircraft (and any engine which is not an Engine but which is installed on the Aircraft) (x) so as (p) at all times to keep the Aircraft in as good an operating condition as when delivered by Manufacturer to Lessee, ordinary wear and tear excepted, and (q) to keep the Aircraft in such condition as may be necessary to enable the airworthiness certification for the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage in accordance with applicable regulations) under (I) the Federal Aviation Act, except when all of Lessee's Boeing Model 747-422 aircraft (powered by engines of the same type as those with which the Airframe shall be equipped at the time of such grounding) registered in the United States have been grounded by the FAA unless such grounding was caused by the failure of Lessee to maintain, service, repair or overhaul the Aircraft in accordance with this Lease, or (II) the applicable

laws of any other jurisdiction in which the Aircraft may then be registered from time to time, except when all of Lessee's Boeing Model 747-422 aircraft (powered by engines of the same type as those with which the Airframe shall be equipped at the time of such grounding) registered in such jurisdiction have been grounded by the aeronautical authority of such jurisdiction unless such grounding was caused by the failure of Lessee to maintain, service, repair or overhaul the Aircraft in accordance with this Lease and (y) in substantially the same manner as Lessee (or any Sublessee) maintains, services, repairs or overhauls similar aircraft operated by Lessee (or such Sublessee) in similar circumstances and without in any way discriminating against the Aircraft, whether by reason of its leased status or otherwise, including, without limitation, in regard to the termination of airworthiness directives; or such other manner as shall have been approved in writing by the Owner Participant; (iii) maintain or cause to be maintained in the English language (or with appropriate English translation) all records, logs and other materials required to be maintained in respect of the Aircraft by the FAA or the applicable regulatory agency or body of any other jurisdiction in which the Aircraft may then be registered (which records, logs and other materials, as between Lessor and Lessee and all parties claiming through Lessee, shall be the property of Lessor but shall be maintained by Lessee during the Term of this Lease and shall become the property of Lessee upon Lessee's purchase of the Aircraft pursuant to the terms of this Lease or upon the occurrence of an Event of Loss and Lessee's compliance with Section 10); and (iv) promptly furnish or cause to be furnished to Lessor or the Owner Participant such information as may be reasonably required to enable Lessor or the Owner Participant to file any reports required to be filed by Lessor or the Owner Participant with any governmental authority because of Lessor's ownership of the Aircraft.

(2) Operation. Lessee will not (or permit any Sublessee to) maintain, use, service, repair, overhaul or operate the Aircraft in violation of any law or any rule, regulation, treaty, order or certificate of any government or governmental authority (domestic or foreign) having jurisdiction, or in violation of any airworthiness certificate, license or registration relating to the Aircraft issued by any such authority, except that, after Lessee shall have provided Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee with a certificate of its President, any Vice President, the Treasurer or any Assistant Treasurer stating all relevant facts pertaining thereto, Lessee or any Sublessee may contest in good faith the validity or application of any such law, rule, regulation, order,

certificate, license, registration or violation in any reasonable manner which does not jeopardize the right, title and interest of the Lessor or the Owner Participant in and to the Airframe and/or the Engines or otherwise materially adversely affect Lessor, the Indenture Trustee or the Owner Participant but only so long as such proceedings do not involve any risk of criminal liability or any unindemnified material risk of civil liability to Lessor or the Owner Participant for which the Lessee is not then willing to indemnify Lessor or the Owner Participant in a manner reasonably satisfactory to such Person. If the indemnities or insurance specified in Section 11(f), or some combination thereof in amounts equal to amounts required by Section 11(f), have not been obtained, Lessee will not operate the Aircraft, or permit any Sublessee to operate the Aircraft, in or to any area excluded from coverage by any insurance required to be maintained by the terms of Section 11, provided, however, that the failure of Lessee to comply with the provisions of this sentence shall not give rise to an Event of Default hereunder where such failure is attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other isolated extraordinary event beyond the control of Lessee and Lessee is taking all reasonable steps to remedy such failure as soon as is reasonably practicable.

(3) Reregistration. At any time after the Restricted Period, Lessor shall, at the request and sole expense of Lessee, cooperate with Lessee and take all actions required to change the country of registration of the Aircraft in compliance with and subject to the terms and conditions of Section 8(e) of the Participation Agreement.

(4) Operating Certificates. Lessor hereby authorizes Lessee, at Lessee's sole cost, expense and risk, to act as its agent for the purpose (but only for the purpose) of obtaining any required replacement operating certificates from the FAA; provided, however, that in the event that Lessee shall have received from Lessor written notice that an Event of Default shall have occurred and be continuing, this authority shall not apply for a period from the date of receipt of such notice to such time as such Event of Default shall have been cured by Lessee or waived by Lessor. This authority includes (without expanding in any way the nature of the limited authority granted pursuant to the first sentence of this Section 7(a)(4)), but is not limited to, obtaining registration certificates, airworthiness certificates, certificates of sanitary construction and ferry permits. In particular, this authority includes the ability to make use of Exemption No. 5318 issued by the FAA. This authority will allow duly authorized personnel of Lessee to sign any application forms required in the process of obtaining

such operating certificates, and this authority will also allow such personnel, where necessary and appropriate, to sign certificates as the attorney-in-fact for Lessor. Lessee hereby agrees that it will promptly notify Lessor of any action that it has taken in accordance with this Section 7(a)(4) as agent for the Lessor. Nothing in this Section 7(a)(4) shall permit the Lessee to change the country of registry of the Aircraft except as provided in Section 7(a)(3) above.

(b) Possession and Subleases. Lessee will not, without the prior written consent of Lessor, sublease or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or install or permit any Engine to be installed on any airframe other than the Airframe; provided that, so long as no Section 14(a), (b), (f) or (g) Default or, in the case of paragraph (viii) of this Section 7(b), no Section 14(d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof) Default, or any Event of Default shall have occurred and be continuing at the time of such sublease, delivery, transfer or relinquishment of possession or installation, and so long as the action to be taken shall not deprive the Indenture Trustee of the Lien of the Trust Indenture on the Airframe or any Engine and Lessee and any Sublessee shall continue to comply with the provisions of Sections 7(a) and 11, Lessee may, without the prior written consent of Lessor:

(i) subject the Airframe and the Engines or engines then installed thereon to normal interchange agreements or any Engine to normal pooling or similar arrangements, in each case customary in the airline industry and entered into by Lessee (or any Sublessee) in the ordinary course of its business and, in the case of the Airframe, (x) with a U.S. Air Carrier not in bankruptcy or a Permitted Sublessee or (y) any other air carrier approved by Lessor; provided, that (A) no such agreement or arrangement contemplates or requires the transfer of title to the Airframe, and (B) if Lessor's title to any Engine shall be divested under any such agreement or arrangement, Lessee shall be deemed to have irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to such Engine on the Business Day next following the 44th day following such divestiture and Lessee shall (or shall cause any Sublessee to) comply with Section 9(d) hereof in respect thereof;

(ii) deliver possession of the Airframe or any Engine to the manufacturer thereof or to any other Person for testing, service, repair, maintenance or overhaul work

on the Airframe or Engine or any Part of any thereof or for alterations or modifications in or additions to such Airframe or Engine to the extent required or permitted by the terms of Section 8(c) hereof;

(iii) install an Engine on an airframe owned by Lessee (or any Sublessee) which airframe is free and clear of all Liens, except: (A) Permitted Liens and those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety), (B) the rights of third parties under interchange agreements which would be permitted under clause (i) above, provided that Lessor's title to such Engine shall not be divested as a result thereof and (C) mortgage Liens or other security interests, provided, that (as regards this clause (C)), such mortgage Liens or other security interests effectively provide that such Engine shall not become subject to the lien of such mortgage or security interest, notwithstanding the installation thereof on such airframe;

(iv) install an Engine on an airframe leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement, provided that (x) such airframe is free and clear of all Liens, except: (A) the rights of the parties to the lease or conditional sale or other security agreement covering such airframe, or their assignees, and (B) Liens of the type permitted by subparagraph (iii) of this paragraph (b) and (y) such lease, conditional sale or other security agreement effectively provides that such Engine shall not become subject to the lien of such lease, conditional sale or other security agreement, notwithstanding the installation thereof on such airframe;

(v) install an Engine on an airframe owned by Lessee (or any Sublessee), leased to Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement under circumstances where neither subparagraph (iii) nor subparagraph (iv) of this paragraph (b) is applicable, provided that in the event of such installation, Lessee shall be deemed to have irrevocably elected, in accordance with Section 9(d) hereof, to terminate the Lease with respect to such Engine on the Business Day next following the 44th day following such installation and Lessee shall (or shall cause any Sublessee to) comply with Section 9(d) hereof in respect thereof, Lessor not intending hereby to

waive any right or interest it may have to or in such Engine under applicable law until compliance by Lessee with such Section 9(d);

(vi) transfer (or permit any Sublessee to transfer) possession of the Airframe or any Engine to the United States of America or any instrumentality or agency thereof pursuant to the Civil Reserve Air Fleet Program for a period, including all permissible renewal periods (so long as such renewal options have been irrevocably exercised by Lessee), that does not extend beyond the end of the Term so long as Lessee (or any Sublessee) shall promptly notify Lessor (x) upon transferring possession of the Airframe or any Engine to the United States of America or any agency or instrumentality thereof pursuant to the Civil Reserve Air Fleet Program and (y) of the name and the address of the Contracting Office Representative for the Military Airlift Command of the United States Air Force to whom notice must be given pursuant to Section 15 hereof;

(vii) transfer possession of the Airframe or any Engine to the United States of America or any instrumentality or agency thereof pursuant to a contract, a copy of which shall be provided to Lessor provided that the term of such contract, including all permissible renewal periods (so long as such renewal options have been irrevocably exercised by Lessee), shall not continue beyond the end of the Term; or

(viii) So long as the Sublessee is not subject to a proceeding or final order under applicable bankruptcy, insolvency or reorganization laws on the date the Sublease is entered into, Lessee may, at any time, enter into a sublease with (1) a U.S. Air Carrier, (2) after the Restricted Period any Permitted Sublessee, provided that in the event such Permitted Sublessee is domiciled in a country listed on Exhibit F hereto and designated therein as a "Restricted Country" such Sublessee shall be deemed a Permitted Sublessee only if its country of domicile at the time of such subleasing imposes and enforces aircraft maintenance standards not materially less stringent than those of the FAA or the central aviation authority of any of Canada, France, Germany, Japan or the United Kingdom, or (3) after the Restricted Period any other Person approved in writing by the Owner Participant, which approval shall not be unreasonably withheld if in regard to this subclause (3) (x) the proposed sublessee's country of domicile imposes maintenance standards not materially less stringent than those of the FAA or the central aviation authority of any of

Canada, France, Japan, Germany, or the United Kingdom and (y) Lessor, Owner Participant and the Indenture Trustee receive an opinion of counsel reasonably acceptable to Lessor, in its individual capacity, and Owner Participant that the terms of the sublease and other Operative Documents will be valid in the country where Sublessee is domiciled; that no Participant is required to register to do business in the Sublessee's country of domicile; that there is no tort liability for owners not in possession that is more extensive than under United States law or any state law (it being understood that if such opinion cannot be given in a form reasonably satisfactory to the Owner Participant such opinion will be waived if insurance reasonably satisfactory to the Owner Participant and the Lessor, in its individual capacity, is provided at Lessee's expense to cover such risk); that fair compensation in a currency freely convertible into Dollars is mandated if there is a requisition of use or title of the Aircraft by the country in which the Sublessee is domiciled (it being understood that if such opinion cannot be given in a form reasonably satisfactory to the Owner Participant such opinion will be waived if insurance reasonably satisfactory to the Owner Participant, is provided at Lessee's expense to cover such risk); that there exist no possessory rights in favor of the Sublessee which upon Lessee's bankruptcy or other Default hereunder (assuming the Sublessee is not then bankrupt) would prevent the return of the Aircraft in accordance with the terms hereof or inhibit the Lessor's rights therein; and as to such other matters as Lessor, in its individual capacity, and the Owner Participant may reasonably request, provided, however, (A) that no sublease, including all permissible renewal periods, shall extend beyond the Basic Term or any Renewal Term then in effect, unless Lessee shall have irrevocably committed to purchase the Aircraft or renew the Lease in accordance with the terms thereof at the end of the Basic Term or Renewal Term, as the case may be, to a date beyond the latest permissible expiration date of such sublease, (B) that, on the date of such sublease, the United States and the country in which sublessee is domiciled and principally located maintain diplomatic relations, (C) that on or prior to entering into such sublease, Lessee shall provide to the Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee assurances reasonably satisfactory to Lessor, in its individual capacity, and Owner Participant to the effect that the provisions of Section 11 hereof have been complied with after giving effect to such sublease and (D) that, in the case of a sublease to a sublessee described in (3) above, if the country of domicile of the proposed sublessee

at the time of such subleasing has not unqualifiedly ratified the Geneva Convention for International Recognition of Rights in Aircraft, the Lessee shall provide Lessor to the Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee an opinion of counsel, which counsel and opinion shall be reasonably satisfactory to the Owner Participant, to the effect that the country in which such sublessee has its principal office and domicile would give effect to (i) the title of Lessor in and to the Aircraft, (ii) the registry of the Aircraft in the name of Lessor (or Lessee or Sublessee, as "lessee" or "sublessee" as appropriate) and (iii) the priority and validity of the Lien of the Trust Indenture.

The rights of any Sublessee or other transferee (other than a transferee where the transfer is of an Engine which is deemed a termination under Section 9(d)) shall be subject and subordinate to, all the terms of the Lease (and any Sublease shall expressly state that it is so subject and subordinate), including, without limitation, the covenants contained in Section 7(a) hereof, the inspection rights contained in Section 12 hereof and Lessor's (and, so long as the Trust Indenture is in effect, the Indenture Trustee's (as Lessor's assignee)) rights to repossess the Aircraft and to void any Sublease upon such repossession, and Lessee shall remain primarily liable for the performance of all of the terms of the Lease, and the terms of any such Sublease shall not permit any Sublessee to take any action not permitted to be taken by Lessee in the Lease with respect to the Aircraft. No pooling agreement, Sublease or other relinquishment of possession of the Airframe or any Engine shall in any way discharge or diminish any of Lessee's obligations to Lessor under this Lease or constitute a waiver of Lessor's rights or remedies hereunder. Lessor agrees, for the benefit of Lessee (and any Sublessee) and for the benefit of any mortgagee or other holder of a security interest in any engine owned by Lessee (or any Sublessee), any lessor of any engine other than an Engine leased to Lessee (or any Sublessee) and any conditional vendor of any engine other than an Engine purchased by Lessee (or any Sublessee) subject to a conditional sale agreement or any other security agreement, that no interest shall be created under the Lease in any engine so owned, leased or purchased and that neither Lessor nor its successors or assigns will acquire or claim, as against Lessee (or any Sublessee) or any such mortgagee, lessor or conditional vendor or other holder of a security interest or any successor or assignee of any thereof, any right, title or interest in such engine as the result of such engine being installed on the Airframe; provided, however, that such agreement of Lessor shall not be for the benefit of any lessor or secured party of an airframe leased to

Lessee (or any Sublessee) or purchased by Lessee (or any Sublessee) subject to a conditional sale or other security agreement or for the benefit of any mortgagee or any other holder of a security interest in an airframe owned by Lessee (or any Sublessee), on which airframe Lessee (or any Sublessee) then proposes to install an Engine, unless such lessor, conditional vendor, other secured party or mortgagee has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement or mortgage) that neither it nor its successors or assigns will acquire, as against Lessor, any right title or interest in an Engine as a result of such Engine being installed on such airframe. Lessee shall provide the Owner Participant and the Indenture Trustee (A) written notice (which notice shall be given (i) no later than thirty (30) days prior to entering into any Sublease with a term of more than one (1) year or (ii) at any time prior to (to the extent that the giving of prior notice is reasonably possible) or promptly after entering into any Sublease with a term of one (1) year or less) of any Sublease and (B) a copy of any Sublease which has a term of more than one (1) year.

Lessee shall assign any Sublease to Lessor as security for its obligations hereunder pursuant to an assignment instrument reasonably satisfactory to Lessor; provided, however, that any such assignment instrument shall provide that the assignment of the Sublease shall only be effective, without any further action, immediately upon the occurrence of a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default (and such effectiveness shall terminate upon the curing or waiver of the aforesaid Defaults or Events of Default). In addition, any Sublease entered into by Lessee shall provide that all payments due under such Sublease shall be paid by the Sublessee to Lessor during the continuance of a Section 14(a), 14(b), 14(f) or 14(g) Default or an Event of Default.

In the event that during the term of a Sublease the Aircraft shall have been maintained under a block-overhaul program, Lessee shall at its option either (i) cause the Aircraft to be returned to the Lessee by the Sublessee no later than three months prior to the end of the Term and Lessee shall upon such return incorporate the Aircraft into Lessee's continuous maintenance program for aircraft of the same make and model and in active commercial service or (ii) upon return of the Aircraft to Lessor pursuant to Section 5(a), Lessee shall comply with those return conditions set forth in such Section 5(a) applicable in the event Lessee had adopted a block-overhaul program.

Any Wet Lease or similar arrangement under which Lessee maintains operational control of the Aircraft shall not

constitute a delivery, transfer or relinquishment of possession for purposes of this section. Lessor acknowledges that any consolidation or merger of Lessee or conveyance, transfer or lease of all or substantially all of Lessee's assets permitted by the Operative Documents shall not be prohibited by this Section.

No Sublease permitted pursuant to this Section shall permit any further sub-subleasing of the Aircraft.

(c) Insignia. On or prior to the Delivery Date, or as soon thereafter as practicable, Lessee agrees to affix and maintain (or cause to be affixed and maintained) in the cockpit of the Airframe adjacent to the registration certificate therein and on each Engine a nameplate bearing the inscription:

Leased From

State Street Bank and Trust Company, not in its individual capacity but solely as Owner Trustee, Owner and Lessor

and, for so long as the Airframe and each Engine shall be subject to the Lien of the Trust Indenture, bearing the following additional inscription:

Mortgaged To

First Security Bank of Utah, National Association, as Indenture Trustee

(such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Lessor or successor Indenture Trustee, in each case as permitted under the Operative Documents).

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the Airframe or on any Engine as a designation that might be interpreted as a claim of ownership; provided, that nothing herein contained shall prohibit Lessee (or any Sublessee) from placing its customary colors and insignia on the Airframe or any Engine.

SECTION 8. Replacement and Pooling of Parts; Alterations, Modifications and Additions.

(a) Replacement of Parts. Lessee, at its own cost and expense, will promptly replace or cause to be replaced all Parts which may from time to time become worn out, lost, stolen,

destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in Section 8(c). All replacement Parts shall be owned by Lessee free and clear of all Liens (except Permitted Liens, pooling arrangements permitted by Section 8(b) hereof and replacement Parts temporarily installed on an emergency basis) and shall be in as good operating condition as, and shall have a value and utility substantially equal to, the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. All Parts at any time removed from the Airframe or any Engine shall remain the property of Lessor, no matter where located, until such time as such Parts shall be replaced by Parts which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Airframe or any Engine, without further act (subject only to Permitted Liens and any pooling arrangement permitted by Section 8(b) hereof and except replacement Parts temporarily installed on an emergency basis), (i) title shall vest in and such replacement Part shall become the property of Lessor and shall become subject to this Lease and be deemed a Part for all purposes hereof to the same extent as the Parts originally incorporated or installed in or attached to the Airframe or such Engine and (ii) the replaced Part shall no longer be the property of Lessor and shall no longer be deemed a Part hereunder.

(b) Pooling of Parts. Any Part removed from the Airframe or any Engine as provided in Section 8(a) hereof may be subjected by Lessee (or any Sublessee) to a pooling arrangement of the type which is permitted by Section 7(b)(i) hereof; provided, that the Part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or Engine in accordance with Section 8(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or an Engine in accordance with such Sections may be owned by any third party subject to such a pooling arrangement, provided, that Lessee (or any Sublessee), at its expense, as promptly thereafter as practicable, and in any event within 90 days, either (i) causes such replacement Part to become the property of Lessor free and clear of all Liens other than Permitted Liens or (ii) replaces such replacement Part with a further replacement Part owned by Lessee (or any Sublessee) which shall become the property of Lessor, free and clear of all Liens other than Permitted Liens.

(c) Alterations, Modifications and Additions. Lessee, at its own expense, will make (or cause to be made) such

alterations and modifications in and additions to the Airframe and Engines as may be required from time to time to be made during the Term so as to comply with any law, rule, regulation or order of any regulatory agency or body of any jurisdiction in which the Aircraft may then be registered; provided, however, that, after Lessee shall have provided Lessor and, so long as the Lien of the Trust Indenture shall not have been released, the Indenture Trustee, with a certificate of its President, any Vice President, the Treasurer or any Assistant Treasurer stating all relevant facts pertaining thereto, Lessee or any Sublessee may, in good faith, and by appropriate proceedings contest the validity or application of any such law, rule, regulation or order in any reasonable manner which does not jeopardize the right, title and interest of the Lessor or the Owner Participant in and to the Airframe and/or the Engines, or otherwise materially adversely affect Lessor, the Owner Participant or the Indenture Trustee but only so long as such proceedings do not involve any risk of criminal liability or any unindemnified material risk of civil liability to Lessor or the Owner Participant for which the Lessee is not then willing to indemnify Lessor or the Owner Participant in a manner reasonably satisfactory to such Person. In addition, Lessee (or any Sublessee), at its own expense, may from time to time make such alterations and modifications in and additions to the Airframe or any Engine as Lessee (or any Sublessee) may deem desirable in the proper conduct of its business, including removal of Parts which Lessee (or any Sublessee) deems to be obsolete or no longer suitable or appropriate for use on the Airframe or such Engine (such parts, "Obsolete Parts"); provided that no such alteration, modification, removal or addition impairs the condition or airworthiness of the Airframe or such Engine, or decreases the value or the utility (or, in regard to the Airframe, remaining useful life) of the Airframe or such Engine below the value or utility (or, in regard to the Airframe, remaining useful life) thereof immediately prior to such alteration, modification, removal or addition assuming the Airframe or such Engine was then in the condition required to be maintained by the terms of this Lease. In addition, the value (but not the utility, condition, airworthiness or, in the case of the Airframe, remaining economic useful life) of the Airframe or any Engine may be reduced by the value, if any, of Obsolete Parts which shall have been removed so long as the aggregate original cost of all Obsolete Parts which shall have been removed and not replaced shall not exceed \$900,000. All Parts incorporated or installed in or attached or added to the Airframe or an Engine as the result of such alteration, modification or addition (except those parts which Lessee has leased from others and which may be removed by Lessee pursuant to the next sentence) (the "Additional Parts") shall, without further act, become the property of, and title to such

Parts shall vest in, Lessor. Notwithstanding the foregoing sentence, Lessee (or any Sublessee), subject to Lessor's rights under Section 5(f) hereof, may, at its own expense, at any time during the Term, so long as no Default under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) or an Event of Default shall have occurred and be continuing, remove or suffer to be removed any Additional Part, provided that such Additional Part (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Airframe or any Engine at the time of delivery thereof hereunder or any Part in replacement of or substitution for any such Part, (ii) is not required to be incorporated or installed in or attached or added to the Airframe or any Engine pursuant to the terms of Section 7 hereof or the first sentence of this paragraph (c) and (iii) can be removed from the Airframe or such Engine without impairing the condition or airworthiness or diminishing the value or utility (or, in regard to the Airframe, remaining useful life) of the Airframe or such Engine which the Airframe or such Engine would have had at such time had such alteration, modification or addition not occurred. Upon the removal thereof as provided above, such Additional Part shall no longer be deemed the property of Lessor or part of the Airframe or Engine from which it was removed. Any Additional Part not removed as above provided prior to the return of the Airframe or Engine to Lessor hereunder shall remain the property of Lessor.

SECTION 9. Early Termination.

(a) [Intentionally reserved for potential future use].

(b) Termination for Obsolescence/Surplus. So long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) Default or any Event of Default shall have occurred and be continuing, Lessee shall have the right to terminate this Lease on the third Business Day prior to any Lease Period Date occurring on or after the Restricted Period if Lessee shall have made a good faith determination, which shall be evidenced by a certificate of any financial officer of Lessee, who is the Treasurer or more senior officer, that the Aircraft is surplus to Lessee's requirements or economically obsolete to Lessee.

Lessee shall give to Lessor and Indenture Trustee at least one hundred and eighty (180) days revocable (except as provided below) advance written notice of Lessee's intention to so terminate this Lease (any such notice, a "Termination Notice") specifying (i) the date on which Lessee intends to terminate this

Lease in accordance with this Section 9(b) (such specified date, a "Termination Date") and (ii) that Lessee has determined that the Aircraft is surplus to its requirements or economically obsolete to Lessee. Lessee shall exercise this option by arranging for the sale of the Aircraft pursuant to Section 9(c), provided, however, that Lessee may not withdraw its notice if Lessor has elected to retain the Aircraft pursuant to Section 9(c) or if the highest bid obtained by Lessee pursuant to Section 9(c) is greater than the then applicable Termination Value; provided, further, that if no sale of the Aircraft shall have occurred on or prior to the Termination Date and if Lessor shall not have elected to retain the Aircraft, Lessee's Termination Notice shall be deemed withdrawn. The Termination Notice shall become irrevocable twenty-five (25) days prior to the Termination Date.

(c) Sale of the Aircraft. In the event that Lessee shall have proposed to terminate this Lease under Section 9(b), then during the period commencing with the date of the Termination Notice until the proposed Termination Date Lessee, as non-exclusive agent for Lessor and at no expense to Lessor, shall use reasonable efforts to obtain bids in Dollars for the purchase of the Aircraft and, in the event it receives any bid, Lessee shall, within five Business Days after receipt thereof and at least ten Business Days prior to the proposed Termination Date, advise Lessor in writing of the amount and terms of such bid, and the name and address of the party or parties (who shall not be Lessee or any Affiliate of Lessee or any person with whom Lessee or any such Affiliate has an arrangement or understanding regarding the future use of the Aircraft by Lessee or any such Affiliate but who may be the Owner Participant, any Affiliate thereof or any person contacted by the Owner Participant) submitting such bid. After Lessee shall have advised Lessor of all bids received, the Owner Participant, any Affiliate thereof or any Person contacted by the Owner Participant may submit a further bid or bids to Lessee not later than five Business Days prior to the Termination Date proposed by Lessee (unless Lessee shall have revoked the Termination Notice specifying such proposed Termination Date). Subject to the next succeeding sentence, on or before the Termination Date, subject to the release of all mortgage and security interests with respect to the Aircraft under the Trust Indenture: (1) Lessee shall deliver the Aircraft, or cause the Aircraft to be delivered to the highest bidder as determined below, in the same manner and in the same condition and otherwise in accordance with all the terms of this Lease as if delivery were made to Lessor pursuant to Section 5, and Lessee shall duly transfer to Lessor title to any engine installed on the Airframe and not owned by Lessor, all in accordance with the terms of Section 5 (but subject to the

provisions of Section 5(e) hereof), (2) Lessor shall comply with the terms of the Trust Indenture and shall, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), subject to prior or concurrent payment by Lessee of all amounts due under clause (3) of this sentence, sell the Aircraft for cash in Dollars to the entity, if any, which shall have submitted the highest bona fide bid (evaluated on a net cash basis) therefor, the total selling price realized at such sale to be retained by Lessor, and (3) Lessee shall simultaneously pay or cause to be paid to Lessor in the manner provided in Section 3(e), (A) if the proceeds of the sale of the Aircraft so sold, net of reasonable out-of-pocket costs and expenses incurred by Lessor and the Owner Participant in connection therewith, including, without limitation, applicable sales or transfer taxes and legal fees, are less than the Termination Value for the Aircraft computed as of the Redemption Date, the difference in Dollars, (B) all unpaid Basic Rent due on or prior to the applicable Redemption Date (other than Basic Rent payable in advance on the Redemption Date, if any) and all unpaid Supplemental Rent with respect to the Aircraft due on or prior to such Redemption Date, and (C) Premium, if any, due on the Loan Certificates and upon receiving all such payments referred to in clauses (2) and (3) above Lessor simultaneously will transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest in and to any Engines constituting part of the Aircraft which were not sold with the Aircraft. Notwithstanding the preceding sentence, Lessor may, if Lessee has not already revoked the Termination Notice, elect to retain title to the Aircraft. If Lessor so elects, Lessor shall give to Lessee written notice of such election at least ten Business Days prior to the Termination Date accompanied by an irrevocable undertaking by the Owner Participant to make available to Lessor for payment to the Indenture Trustee on the Termination Date the amount required to pay in full the unpaid Original Amount of the Loan Certificates outstanding on the applicable Redemption Date together with all other amounts due on such Redemption Date thereunder less amounts to be paid by Lessee as a result of the payment thereof as set forth in the second following sentence. Upon receipt of notice of such an election by Lessor and the accompanying undertaking by the Owner Participant, Lessee shall cease its efforts to obtain bids as provided above and shall reject all bids theretofore or thereafter received. On the Termination Date, Lessor shall (subject to the payment by Lessee of all Rent due on or prior to the Redemption Date as set forth below) pay in full the unpaid Original Amount of the Loan

Certificates outstanding on the Redemption Date, plus interest accrued to, or to accrue thereon to but excluding the applicable Redemption Date, together with all other amounts due thereunder less any amounts to be paid by Lessee as a result of the payment thereof and, provided that the Loan Certificates are paid as aforesaid, Lessee shall deliver the Airframe and Engines or engines to Lessor in accordance with Section 5 and shall pay all Basic Rent due on or prior to the Redemption Date (other than Basic Rent payable in advance on the Redemption Date, if any) and all unpaid Supplemental Rent due on or prior to such Redemption Date, and Premium, if any, on the Loan Certificates. If no sale shall have occurred on the Termination Date for any reason (including, without limitation, by reason of Lessee's revocation of its Termination Notice) or Lessor has not, after making its election referred to above, made the payment contemplated by the preceding sentence and thereby caused this Lease to terminate, this Lease shall continue in full force and effect as to the Aircraft, Lessee shall be entitled to keep any deposits or other advances received from the proposed purchaser(s) of the Aircraft (without in any way limiting any other rights or remedies against such proposed purchaser(s) available to Lessor or Lessee), Lessee shall pay the reasonable out-of-pocket costs and expenses, including legal fees, incurred by the Owner Participant, Indenture Trustee and Lessor (unless such failure to terminate this Lease is a consequence of the failure of Lessor or the Owner Participant without due cause to make, or cause to be made, the payment referred to in the immediately preceding sentence), if any, in connection with preparation for such sale and Lessee may give one or more additional Termination Notices, provided no more than three such notices may be given during the Term and only one such notice may be given during any 365 day period (not counting, in either case, any Termination Notice for a Termination Date on which this Lease does not terminate as a consequence of the failure of Lessor or the Owner Participant without due cause to make or cause to be made the payment referred to in the immediately preceding sentence). In the event of any such sale or such retention of the Aircraft by Lessor and upon compliance by Lessee with the provisions of this paragraph, the obligation of Lessee to pay Basic Rent or any other amounts hereunder shall cease to accrue. Upon payment of all amounts that may then be due hereunder, this Lease shall terminate. Lessor may, but shall be under no duty to, solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with any such sale other than to transfer (in accordance with the foregoing provisions) to the purchaser named in the highest bid certified by Lessee to Lessor all of Lessor's right, title and interest in the Aircraft, against receipt of the payments provided herein.

(d) Termination as to Engines. Upon compliance with the terms of the Tax Indemnity Agreement, Lessee shall have the right at its option at any time during the Term, on at least 30 days' prior written notice, to terminate this Lease with respect to any Engine. In such event, and prior to the date of such termination, Lessee shall replace such Engine hereunder by complying with the terms of Section 10(b) to the same extent as if an Event of Loss had occurred with respect to such Engine (provided that Lessee shall have no right to pay Stipulated Loss Value with respect to such Engine), and Lessor shall transfer title to the replaced Engine as provided in Section 5(b). No termination of this Lease with respect to any Engine as contemplated by this Section 9(d) shall result in any reduction of Basic Rent.

SECTION 10. Loss, Destruction, Requisition, etc. (a) Event of Loss with Respect to the Aircraft. Upon the occurrence of an Event of Loss with respect to the Airframe or the Airframe and the Engines and/or engines then installed thereon, Lessee shall (1) forthwith (and in any event, within fifteen days after such occurrence) give Lessor written notice of such Event of Loss and (2) within 60 days after such occurrence, give Lessor written notice of its election to perform one of the following options (it being understood that the failure to give such notice shall be deemed to be an election of the option set forth in clause (i) below):

(i) Not later than the earlier of (x) the Business Day next succeeding the 100th day following the occurrence of such Event of Loss or (y) the third Business Day following receipt by the loss payee of the insurance proceeds in respect to such Event of Loss (but not earlier than the first Business Day next succeeding the 65th day following the occurrence of such Event of Loss) (the applicable day being the "Loss Payment Date"), Lessee shall, to the extent not paid to Lessor or Indenture Trustee, as the case may be, as insurance proceeds, pay or cause to be paid to Lessor as specified in Section 3(e) hereof, (A) the Stipulated Loss Value of the Aircraft computed as of the Stipulated Loss Value Date occurring on or immediately following the date of such Event of Loss, plus (B) if such Stipulated Loss Value Date is a Lease Period Date, Basic Rent due on such Lease Period Date (excluding Basic Rent payable in advance on such Lease Period Date), plus (C) unpaid Supplemental Rent with respect to the Aircraft due on or prior to the date of payment, plus (D) interest on such Stipulated Loss Value at the Debt Rate from and including such Stipulated Loss Value Date to, but not including, the date of any advance payment in respect of Stipulated Loss

Value as provided below, and thereafter on the unpaid balance of such Stipulated Loss Value from and including the date of such advance payment to, but excluding, the date such Stipulated Loss Value is paid in full; provided, however, that if a Lease Period Date shall occur after the Stipulated Loss Value Date with respect to which Stipulated Loss Value is determined but prior to the date of such payment of the sum of the amounts specified in clauses (A), (B), (C) and (D) above or if Basic Rent is payable in advance on the Stipulated Loss Value Date, Lessee shall pay on such Lease Period Date an amount equal to the Basic Rent that would have been due on such Lease Period Date if such Event of Loss had not occurred, which amount shall be credited as an advance against the amounts payable pursuant to clauses (A), (B), (C) and (D) above, or

(ii) Not later than the Business Day next succeeding the 100th day following the occurrence of such Event of Loss, Lessee shall, provided that no Section 14(a), (b), (f) or (g) Default or any Event of Default shall have occurred and be continuing, substitute an aircraft or an airframe or an airframe and one or more engines, as the case may be in accordance with the terms hereof, provided that if Lessee shall have elected to make a substitution under this clause (ii) and shall fail for any reason to make such substitution in accordance with the terms hereof, Lessee shall make the payments required by clause (i) above as and when due thereunder.

At such time as Lessor shall have received the sum of the amounts specified in clauses (A), (B), (C) and (D) of subparagraph (i) above, together with all other amounts that then may be due hereunder (including, without limitation, all Basic Rent due on or before the date of such payment (other than Basic Rent payable in advance, if any, on such date)), under the Participation Agreement and under the Tax Indemnity Agreement, (1) the obligation of Lessee to pay the installments of Basic Rent, Supplemental Rent, Stipulated Loss Value, Termination Value or any other amount shall cease to accrue, (2) this Lease shall terminate, (3) Lessor will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all Lessor's right, title and interest in and to the Airframe and the Engines "as-is, where-is" and furnish to or at the direction of Lessee, at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee (or any Sublessee), evidencing such transfer, and (4) Lessee will be subrogated to all claims of

Lessor if any against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at its own cost and expense in accordance with Section 11(e) hereof), but only to the extent the same relate to physical damage to or loss of the Airframe and any Engines which were subject to such Event of Loss.

In the event Lessee shall elect to substitute an aircraft (or an airframe or an airframe and one or more engines, as the case may be) Lessee shall (A) convey or cause to be conveyed to Lessor an aircraft (or an airframe or an airframe and an engine which, together with the Engines or Engine constituting a part of the Aircraft but not installed thereon at the time of such Event of Loss, constitute the Aircraft) free and clear of all Liens (other than Permitted Liens) and having at least the fair market value, utility and remaining useful life and being in as good an operating condition as, the Aircraft subject to such Event of Loss assuming that the Aircraft had been maintained in accordance with this Lease; provided that any aircraft or airframe so substituted hereunder shall be of the same make and model or improved model as those initially leased hereunder and any engine substituted hereunder shall be an Acceptable Alternate Engine and (B) prior to or at the time of any such substitution, Lessee (or any Sublessee), at its own expense, will (1) furnish Lessor with a full warranty bill of sale and a FAA bill of sale, in form and substance reasonably satisfactory to the Owner Participant, evidencing such transfer of title, (2) cause a Lease Supplement and a Trust Supplement to be duly executed by Lessee and filed for recording pursuant to the Federal Aviation Act, or the applicable laws, rules and regulations of any other jurisdiction in which the Airframe may then be registered, and cause a financing statement or statements or other requisite documents of a similar nature (including precautionary filings) to be filed in such place or places as necessary in order to perfect the security interests therein created by or pursuant to the Trust Indenture (and, with regard to precautionary filings, this Lease), (3) furnish the Owner Participant with such evidence of Lessor's title to such replacement aircraft and of compliance with the insurance provisions of Section 11 with respect to such substituted property as Lessor, in its individual capacity, and the Owner Participant may reasonably request, (4) provide Owner Participant an opinion of outside tax counsel, which opinion and counsel shall be satisfactory to Owner Participant, to the effect that such substitution will not result in any adverse tax consequences (including under Section 861 of the Code as then in effect) to Lessor and/or the Owner Participant (it being understood that if such opinion cannot be given Lessee may indemnify Owner Participant for such adverse tax consequences in lieu of such opinion in a manner satisfactory in form and

substance to the Owner Participant), (5) provide Lessor, Owner Participant and the Indenture Trustee an opinion of counsel, which counsel and opinion shall be reasonably acceptable to Lessor, in its individual capacity, and the Owner Participant, to the effect that Lessor and the Indenture Trustee (as assignee of all right, title and interest of Lessor under the Lease) shall be entitled to the benefits and protections of Section 1110 of the Bankruptcy Code with respect to the aircraft substituted hereunder, (6) provide an opinion of counsel to Lessor and the Indenture Trustee, which opinion and counsel shall be reasonably acceptable to the Lessor, in its individual capacity, and the Owner Participant, to the effect that title to such replacement aircraft has been duly conveyed to Lessor free and clear of all Liens except Permitted Liens and that such replacement aircraft is duly subjected to the Lien of the Trust Indenture and (7) provide Lessor, Owner Participant and Indenture Trustee all the documentation required (or, following the termination of the Trust Indenture, all the documentation that prior to such termination would have been required) to be provided by it pursuant to Section 5.01(b) of the Trust Indenture, and Lessor simultaneously will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest, if any, in and to the Aircraft or the Airframe and one or more Engines, as the case may be, "as-is, where-is" with respect to which such Event of Loss occurred and furnish to or at the direction of Lessee, at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee, evidencing such transfer. Lessee will be subrogated to all claims of Lessor, if any, against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at their own cost and expense in accordance with Section 11(e) hereof) but only to the extent the same relate to physical damage to or loss of the Airframe and any Engine which were subject to such Event of Loss. For all purposes hereof, the property so substituted shall after such transfer be deemed part of the property leased hereunder and shall be deemed an "Aircraft," "Airframe" and "Engine," as the case may be, as defined herein. No Event of Loss with respect to the Airframe or the Airframe and the Engines or engines then installed thereon for which substitution has been elected pursuant to Section 10(a)(ii) hereof shall result in any reduction in Basic Rent.

(b) Event of Loss with Respect to an Engine. Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which there has not occurred an Event of Loss

with respect to the Airframe, Lessee shall forthwith (and in any event, within fifteen days after such occurrence) give Lessor written notice thereof and shall, within forty-five (45) days after the occurrence of such Event of Loss, convey or cause to be conveyed to Lessor, as replacement for the Engine with respect to which such Event of Loss occurred, title to an Acceptable Alternate Engine free and clear of all Liens (other than Permitted Liens, which engine may upon its transfer to Lessor become subject to any and all Permitted Liens) and having a value and utility at least equal to, and being in as good an operating condition as and having been maintained in the same manner as, the Engine subject to such Event of Loss (assuming that such Engine had been maintained in accordance with this Lease); provided, however, upon written notice to Lessee given within 20 days after Lessor has received notice of such Event of Loss, the Lessor may require Lessee to pay with respect to the Engine subject to such Event of Loss within 45 days after the occurrence of such Event of Loss (provided that in no event shall such payment be required to be made prior to the Commencement Date) an amount equal to (A) Engine Cost multiplied by the percentage specified in Exhibit C hereto opposite the Stipulated Loss Value Date occurring on or immediately following the date of such Event of Loss, plus (B) interest on the amount determined pursuant to clause (A) above at the Debt Rate from and including such Stipulated Loss Value Date to, but excluding, the date such amount is paid in full; and provided, further, if Lessee pays such Stipulated Loss Value and interest, then, subject to Section 5(e), Lessee shall only be obligated to return the Aircraft to Lessor with any Engine attached thereto with respect to which Lessee has not paid Stipulated Loss Value pursuant to this Section 10(b) at any time that Lessee is required to return the Aircraft to Lessor pursuant to the terms hereof; provided further, however, that, in lieu of paying such Stipulated Loss Value and interest, Lessee may replace the Engine in accordance with this Section 10(b) if Lessee provides to the Owner Participant either: (x) an opinion of outside tax counsel, which opinion and counsel shall be satisfactory to the Owner Participant, to the effect that such substitution will not result in any adverse tax consequences to the Owner Participant, or (y) an indemnity, satisfactory in form and substance to the Owner Participant, for any adverse tax consequences resulting from such substitution. Prior to or at the time of any such conveyance, Lessee, at its own expense, will (i) furnish Lessor with a warranty (as to title) bill of sale, in form and substance reasonably satisfactory to Lessor, with respect to such replacement engine, (ii) cause a Lease Supplement and Trust Supplement to be duly executed by Lessee and to be filed for recording pursuant to the Federal Aviation Act, or the applicable laws, rules and regulations of any other jurisdiction in which

the Airframe may then be registered, and cause a financing statement or statements or other requisite documents of a similar nature (including precautionary filings) to be filed in such place or places as necessary in order to perfect the security interests therein created by or pursuant to the Trust Indenture (and, with regard to precautionary filings, this Lease), (iii) furnish Lessor with such evidence of Lessor's title to such Acceptable Alternate Engine and of compliance with the insurance provisions of Section 11 hereof with respect to such replacement engine as Lessor, in its individual capacity, or the Owner Participant may reasonably request, (iv) provide Lessor and the Indenture Trustee an opinion of Lessee's counsel which counsel and opinion shall be reasonably satisfactory to Lessor, in its individual capacity, or the Owner Participant to the effect that title to such Acceptable Alternate Engine has been duly conveyed to Lessor free and clear of all Liens except Permitted Liens and that such Acceptable Alternate Engine is duly subjected to the Lien of the Trust Indenture, and (v) provide Lessor, Owner Participant and Indenture Trustee all the documentation required (or, following the termination of the Trust Indenture, all the documentation that prior to such termination would have been required) to be provided by it pursuant to Section 5.01(b) of the Trust Indenture, and Lessor will comply with the terms of the Trust Indenture and transfer to or at the direction of Lessee without recourse or warranty (except as to absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)) all of Lessor's right, title and interest, if any, in and to (1) the Engine with respect to which such Event of Loss occurred and furnish to or at the direction of Lessee, and at Lessee's expense, a bill of sale in form and substance reasonably satisfactory to Lessee, evidencing such transfer and (2) all claims, if any, against third parties (other than Lessor's or the Owner Participant's insurers under policies independently maintained at their own cost and expense in accordance with Section 11(e) hereof), for damage to or loss of the Engine subject to such Event of Loss, and such Engine shall thereupon cease to be an Engine leased hereunder. For all purposes hereof, each such replacement engine shall, after such conveyance, be deemed part of the property leased hereunder, and shall be deemed an "Engine." Except to the extent Lessor's Cost is reduced pursuant to the definition thereof, no Event of Loss with respect to an Engine under the circumstances contemplated by the terms of this paragraph (b) shall result in any reduction in Basic Rent.

(c) Application of Payments from Governmental Authorities for Requisition of Title, etc. Any payments (other than insurance proceeds the application of which is provided for in Section 11) received at any time by Lessor or by Lessee from

any governmental authority or other Person with respect to an Event of Loss, other than a requisition for use by the United States Government or other government of registry of the Aircraft or any instrumentality or agency of any thereof not constituting an Event of Loss, will be applied as follows:

(i) if payments are received with respect to the Airframe (or the Airframe and any Engine or engines then installed thereon), (A) unless the same are replaced pursuant to the last paragraph of Section 10(a), after reimbursement of Lessor (as provided in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, so much of such payments remaining as shall not exceed the Stipulated Loss Value and the other amounts payable under Section 10(a) hereof required to be paid by Lessee pursuant to Section 10(a), shall be applied in reduction of Lessee's obligation to pay Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of Stipulated Loss Value and such other amounts, and following the foregoing application, the balance, if any, of such payments shall be distributed between Lessee and Lessor as their respective interests may appear; or (B) if such property is replaced pursuant to the last paragraph of Section 10(a), such payments shall be paid over to or retained by, Lessee; provided, that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of the last paragraph of Section 10(a) with respect to the Event of Loss for which such payments are made; and

(ii) if such payments are received with respect to an Engine under circumstances contemplated by Section 10(b) hereof, (A) unless the same is replaced pursuant to the terms of Section 10(b), after reimbursement of Lessor (as provided for in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, so much of such payments remaining as shall not exceed the amounts payable under Section 10(b) hereof by Lessee, shall be applied in reduction of Lessee's obligation to pay the same, if not already paid by Lessee, or if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such amounts and following the foregoing application, the balance, if any, shall be paid to Lessee; or (B) if such property is replaced pursuant to Section 10(b), such payments shall be paid over to, or retained by, Lessee, provided that Lessee shall have fully performed, or concurrently therewith will perform, the terms of Section

10(b) with respect to the Event of Loss for which such payments are made.

(d) Requisition for Use of the Aircraft by the United States Government or Government of Registry of the Aircraft. In the event of the requisition for use of the Airframe and the Engines or engines installed on the Airframe during the Term by the United States Government or any other government of registry of the Aircraft or any instrumentality or agency of any thereof, Lessee shall promptly notify Lessor of such requisition, and all of Lessee's obligations under this Lease Agreement with respect to the Aircraft shall continue to the same extent as if such requisition had not occurred (unless deemed prior to the end of the Term an Event of Loss in which case the foregoing provisions of this Section 10 shall be applicable). If Lessee shall fail to return the Aircraft (i) on or before the end of the Term, in the case of a requisition by the United States government or any agency or instrumentality thereof or (ii) within the earlier of the end of the Term or two years after such requisition in the case of a requisition for use by the government of registry of the Aircraft or any agency or instrumentality thereof (other than the United States government or any agency or instrumentality thereof), such failure shall constitute an Event of Loss which shall be deemed to have occurred in the case of clause (i) on the last day of the Term, and in the case of clause (ii), on the earlier of the last day of the Term or the expiration of such two-year period, provided, however, that Lessor may notify Lessee in writing on or before the twentieth day prior to the last day of the Term that, in the event Lessee shall fail by reason of such requisition to return the Airframe and such Engines or engines on or before the end of the Term, such failure shall not be deemed an Event of Loss. Upon the giving of such notice and such failure to return by the end of the Term, Lessee shall be relieved of all of its obligations pursuant to the provisions of Section 5 (but not under any other Section), except that if any engine not owned by Lessor shall then be installed on the Airframe, Lessee will, at no cost to Lessor, furnish, or cause to be furnished, to Lessor a full warranty (as to title) bill of sale with respect to each such engine, in form and substance reasonably satisfactory to Lessor, in its individual capacity, and the Owner Participant (together with an opinion of counsel (which may be Lessee's General Counsel) to the effect that such full warranty bill of sale has been duly authorized and delivered and is enforceable in accordance with its terms and that such engines are free and clear of Liens other than Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens), against receipt from Lessor, at Lessee's expense, of a bill of sale evidencing the transfer, without recourse or warranty (except as

to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), by Lessor to Lessee or its designee of all of Lessor's right, title and interest in and to any Engine constituting part of the Aircraft but not then installed on the Airframe. All payments received by Lessor or Lessee from such government for the use of such Airframe and Engines or engines during the Term shall be paid over to, or retained by, Lessee (or, if directed by Lessee, any Sublessee); and all payments received by Lessor or Lessee from such government for the use of such Airframe and Engines or engines after the end of the Term shall be paid over to, or retained by, Lessor unless Lessee shall have exercised its purchase option hereunder, or there is a deemed Event of Loss hereunder, in which case such payments shall be made to Lessee.

(e) Requisition for Use of an Engine by the United States Government or the Government of Registry of the Aircraft. In the event of the requisition for use of an Engine during the Term by the United States Government or any other government of registry of the Aircraft or any agency or instrumentality of any thereof (other than in the circumstances contemplated by subsection (d)) which shall have continued for more than 180 days or, if earlier, until the end of the Term, Lessee shall replace (or cause any Sublessee to replace) such Engine hereunder and Lessor and Lessee (or Sublessee as the case may be) shall comply with the terms of Section 10(b) to the same extent as if an Event of Loss had occurred with respect to such Engine. Upon compliance with Section 10(b) hereof, any payments received by Lessor or Lessee from such government with respect to such requisition shall be paid over to, or retained by Lessee.

(f) Application of Payments During Existence of Events of Default. Any amount referred to in this Section 10 which is payable to or retainable by Lessee (or any Sublessee) shall not be paid to or retained by Lessee (or any Sublessee) if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing, but shall be held by or paid over to Lessor as security for the obligations of Lessee (or such Sublessee) under this Lease and applied against Lessee's obligations hereunder as and when due. At such time as there shall not be continuing any such Default or Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with the preceding sentence.

SECTION 11. Insurance. (a) Public Liability and Property Damage Insurance. (1) Except as provided in clause (2) of this Section 11(a), and subject to self-insurance to the extent permitted by Section 11(d) hereof, Lessee will carry or

cause to be carried with respect to the Aircraft at its or any Sublessee's expense (i) comprehensive airline liability (including, without limitation, passenger, contractual, bodily injury, and property damage liability) insurance (exclusive of manufacturer's product liability insurance) and (ii) cargo liability insurance, (A) in an amount not less than the greater of (x) the amounts of comprehensive airline liability insurance from time to time applicable to aircraft owned or leased, and operated by Lessee of the same type as the Aircraft and (y) \$500,000,000 per occurrence, (B) of the type and covering the same risks as from time to time are applicable to aircraft owned or leased, and operated by Lessee of the same type as the Aircraft, and (C) which is maintained in effect with insurers of recognized reputation and responsibility; provided, however, that Lessee need not maintain cargo liability insurance, or may maintain such insurance in an amount less than \$500,000,000 per occurrence, as long as the amount of cargo liability insurance, if any, maintained with respect to the Aircraft is the same as the cargo liability insurance, if any, maintained for other Boeing Model 747-422 aircraft owned or leased, and operated by Lessee.

(2) During any period that the Airframe or an Engine, as the case may be, is on the ground and not in operation, Lessee may carry or cause to be carried as to such non-operating property, in lieu of the insurance required by clause (1) above, and subject to the self-insurance to the extent permitted by Section 11(d) hereof, insurance by insurers of recognized reputation and responsibility otherwise conforming with the provisions of clause (1) except that (A) the amounts of coverage shall not be required to exceed the amounts of comprehensive airline liability insurance from time to time applicable to property owned or leased by Lessee of the same type as such non-operating property and which is on the ground and not in operation; and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to property owned or leased by Lessee of the same type as such non-operating property and which is on the ground and not in operation.

(b) Insurance Against Loss or Damage to the Aircraft. (1) Except as provided in clause (2) of this Section 11(b), and subject to the provisions of Section 11(d) hereof permitting self-insurance, Lessee shall maintain or cause to be maintained in effect, at its or any Sublessee's expense, with insurers of recognized reputation and responsibility, all-risk aircraft hull insurance covering the Aircraft and fire and extended coverage and all-risk aircraft hull insurance covering Engines and Parts while temporarily removed from the Aircraft and not replaced by

similar components (including, without limitation, aircraft war risk and governmental confiscation and expropriation (other than by the government of registry of the Aircraft) and hijacking insurance, if and to the extent the same is maintained by Lessee (or any Sublessee) with respect to other aircraft owned or leased, and operated by Lessee (or such Sublessee) on the same routes); provided, that such insurance shall at all times while the Aircraft is subject to this Lease be for an amount (taking into account self-insurance to the extent permitted by Section 11(d) hereof) not less than the Stipulated Loss Value for the Aircraft; and provided further, that subject to compliance with Section 11(d) hereof, such all-risk property damage insurance covering Engines and Parts while temporarily removed from the Airframe or an airframe of (in the case of Parts) an Engine need be obtained only to the extent available at reasonable cost (as reasonably determined by Lessee). In the case of a loss with respect to an engine (other than an Engine) installed on the Airframe in circumstances which do not constitute an Event of Loss with respect to the Airframe, Lessor shall promptly remit any payment made to it of any insurance proceeds in respect of such loss to Lessee or any other third party that is entitled to receive such proceeds.

Except during a period when a Section 14(a), (b), (f) or (g) Default or an Event of Default has occurred and is continuing, all losses will be adjusted by Lessee with the insurers giving due regard to Lessor's interest. As between Lessor and Lessee, it is agreed that all proceeds of insurance maintained in compliance with the preceding paragraph and received as the result of the occurrence of an Event of Loss will be applied as follows:

(x) if such payments are received with respect to the Airframe (or the Airframe and the Engines installed thereon), (i) unless such property is replaced pursuant to the last paragraph of Section 10(a) hereof, so much of such payments remaining, after reimbursement of Lessor (as provided in Section 7.01 of the Trust Agreement) and the Owner Participant for reasonable costs and expenses, as shall not exceed the Stipulated Loss Value and the other amounts payable under Section 10(a) hereof required to be paid by Lessee pursuant to Section 10(a) hereof shall be applied in reduction of Lessee's obligation to pay such Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, if not already paid by Lessee, or, if already paid by Lessee, shall be applied to reimburse Lessee for its payment of such Stipulated Loss Value and the other amounts payable under Section 10(a) hereof, and the balance, if any, of such payments remaining thereafter will be paid

over to, or retained by, Lessee (or if directed by Lessee, any Sublessee); or (ii) if such property is replaced pursuant to the last paragraph of Section 10(a) hereof, such payments shall be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee), provided that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of the last paragraph of Section 10(a) hereof with respect to the Event of Loss for which such payments are made; and

(y) if such payments are received with respect to an Engine under the circumstances contemplated by Section 10(b) hereof, so much of such payments remaining after reimbursement of Lessor and the Owner Participant for reasonable costs and expenses shall be paid over to, or retained by, Lessee (or if directed by Lessee, any Sublessee), provided that Lessee shall have fully performed or, concurrently therewith, will fully perform the terms of Section 10(b) hereof with respect to the Event of Loss for which such payments are made.

(2) During any period that the Aircraft is on the ground and not in operation, Lessee may carry or cause to be carried, in lieu of the insurance required by clause (1) above, and subject to the self-insurance to the extent permitted by Section 11(d) hereof, insurance otherwise conforming with the provisions of said clause (1) except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft owned or leased by Lessee of the same type as the Aircraft similarly on the ground and not in operation, provided that, subject to the self-insurance to the extent permitted by Section 11(d) hereof, Lessee shall maintain insurance against risk of loss or damage to the Aircraft in an amount at least equal to the Stipulated Loss Value of the Aircraft during such period that the Aircraft is on the ground and not in operation.

(c) Reports, etc. Lessee will furnish, or cause to be furnished, to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee, on or before the Delivery Date, and each annual anniversary of the Delivery Date during the Term, a report, signed by Rollins Hudig Hall of Illinois, Inc. or any other independent firm of insurance brokers reasonably acceptable to Lessor which brokers may be in the regular employ of Lessee (the "Insurance Brokers"), describing in reasonable detail the hull and liability insurance (and property insurance for detached engines and parts) then carried and maintained with respect to the Aircraft and stating the opinion

of such firm that (a) such insurance complies with the terms hereof and (b) that such insurance together with any self-insurance permitted hereby provides coverage that are in substantially similar forms, are of such types and have limits within the range of limits as are customarily carried by U.S. carriers; provided, however, that the opinion set forth in clause (b) shall not be required if the Insurance Broker then generally does not provide such an opinion or will provide such an opinion for material additional cost; and provided further that all information contained in the foregoing report shall not be made available by Lessor, the Indenture Trustee, the Pass Through Trustees or the Owner Participant to anyone except (A) to prospective and permitted transferees of Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's interest or their respective counsel, independent certified public accountants, independent insurance brokers or other agents, who agree to hold such information confidential, (B) to Lessor's, Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's counsel or independent certified public accountants, independent insurance brokers or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, or (D) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this Lease by Lessor or the Indenture Trustee; provided, however, that any and all disclosures permitted by clauses (C) or (D) above shall be made only to the extent necessary to meet the specific requirements or needs of the Persons to whom such disclosures are hereby permitted. Lessee will cause such Insurance Broker to agree to advise Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee in writing of any act or omission on the part of Lessee of which it has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft and to advise such Persons in writing at least 30 days (7 days in the case of war risk and allied perils coverage) prior to the cancellation or material adverse change of any insurance maintained pursuant to this Section 11, provided that if the notice period specified above is not reasonably obtainable, the Insurance Broker shall provide for as long a period of prior notice as shall then be reasonably obtainable. In addition, Lessee will also cause such Insurance Broker to deliver to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee, on or prior to the date of expiration of any insurance policy referenced in a previously delivered certificate of insurance, a new certificate of insurance, substantially in the same form as delivered by Lessee to such

parties on the Delivery Date except for the changes in the report or the coverage consistent with the terms hereof. In the event that Lessee or any Sublessee shall fail to maintain or cause to be maintained insurance as herein provided, Lessor, the Indenture Trustee or, so long as the Pass Through Trustees are the Certificate Holders, each Pass Through Trustee may at its sole option, but shall be under no duty to, provide such insurance and, in such event, Lessee shall, upon demand, reimburse Lessor, the Indenture Trustee or such Pass Through Trustee, as Supplemental Rent, for the cost thereof to Lessor, such Pass Through Trustee or the Indenture Trustee, as the case may be; provided, however, that no exercise by Lessor, a Pass Through Trustee or the Indenture Trustee, as the case may be, of said option shall affect the provisions of this Lease, including the provisions that failure by Lessee to maintain the prescribed insurance shall constitute an Event of Default.

(d) Self-Insurance. Lessee may self-insure the risks required to be insured against pursuant to this Section 11 under a program applicable to all aircraft (whether owned or leased) in Lessee's fleet, but in no case shall the aggregate amount of such self-insurance in regard to Sections 11(a) and 11(b) hereof exceed for any calendar year, with respect to all of the aircraft (whether owned or leased) in Lessee's fleet (including, without limitation, the Aircraft) the lesser of (A) 50% of the highest replacement value of any single aircraft in Lessee's fleet or (B) 1-1/2% of the average aggregate insurable value (during the preceding calendar year) of all aircraft (including, without limitation, the Aircraft) on which Lessee carries insurance. In addition to the foregoing right to self-insure, Lessee (and any Sublessee) may self-insure to the extent of any applicable mandatory minimum per aircraft (or, if applicable, per annum or other period) hull or liability insurance deductible imposed by the aircraft hull or liability insurer.

(e) Additional Insurance by Lessor and Lessee. Lessee (and any Sublessee) may at its own expense carry insurance with respect to its interest in the Aircraft in amounts in excess of that required to be maintained by this Section 11. The Owner Participant or Lessor may carry for its own account at its sole cost and expense insurance with respect to its interest in the Aircraft, provided that such insurance does not prevent Lessee (or any Sublessee) from carrying the insurance required or permitted by this Section 11 or adversely affect such insurance or materially increase the cost thereof.

(f) Indemnification by Government in Lieu of Insurance. Notwithstanding any provisions of this Section 11 requiring insurance, Lessor agrees to accept, in lieu of

insurance against any risk with respect to the Aircraft, indemnification from, or insurance provided by, the United States Government or any agency or instrumentality thereof, the obligations of which are supported by the full faith and credit of the federal government of the United States, against such risk in an amount which, when added to the amount of insurance against such risk maintained by Lessee (or any Sublessee) shall be at least equal to the amount of insurance against such risk otherwise required by this Section 11 (taking into account self-insurance permitted by Section 11(d) hereof).

(g) Application of Payments During Existence of Default. Any amount referred to in this Section 11 which is payable to or retainable by Lessee (or any Sublessee) shall not be paid to or retained by Lessee (or any Sublessee) if at the time of such payment or retention a Default or an Event of Default shall have occurred and be continuing, but shall be held by or paid over to Lessor as security for the obligations of Lessee under this Lease and, if such a Default or an Event of Default shall have occurred and be continuing, applied against Lessee's obligations hereunder as and when due. At such time as there shall not be continuing any such Default or Event of Default, such amount shall be paid to Lessee to the extent not previously applied in accordance with the preceding sentence.

(h) Terms of Insurance Policies. Any policies carried in accordance with Sections 11(a) and 11(b) hereof covering the Aircraft, and any policies taken out in substitution or replacement for any such policies, (A) shall name the Additional Insureds as additional insureds, or, if appropriate, loss payees, as their respective interests may appear (but without imposing on any such party liability to pay premiums with respect to such insurance), (B) may provide for self-insurance to the extent permitted in Section 11(d) hereof, (C) shall provide that if the insurers cancel such insurance for any reason whatever, or if the same is allowed to lapse for non-payment of premium or if any material change is made in the insurance which adversely affects the interest of any Additional Insured, such lapse, cancellation or change shall not be effective as to any Additional Insured for thirty days (ten days in the case of lapse for nonpayment of premium and seven days in the case of war risk and allied perils coverage) after receipt by such Additional Insured of written notice by such insurers of such lapse, cancellation or change; provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable, (D) shall provide that in respect of the respective interests of each Additional Insured in such policies the insurance shall not be invalidated by any action or inaction of

Lessee (or any Sublessee) or any other Person and shall insure the respective interests of the Additional Insureds, as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by Lessee (or any Sublessee) or by any other Person, (E) shall be primary without any right of contribution from any other insurance which is carried by any Additional Insured, (F) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured, (G) shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Additional Insured, and (H) shall provide that (i) in the event of a loss involving the Aircraft, Airframe, or an Engine for which proceeds are in excess of \$5,000,000 (\$2,500,000 if the Aircraft is under sublease), the proceeds in respect of such loss up to the amount of Stipulated Loss Value for the Aircraft shall be payable to Lessor (or, so long as the Trust Indenture shall be in effect, the Indenture Trustee), it being understood and agreed that in the case of any payment to Lessor (or the Indenture Trustee) otherwise than in respect of an Event of Loss, Lessor (or the Indenture Trustee) shall, upon receipt of evidence reasonably satisfactory to it that the damages giving rise to such payment shall have been repaired or that such payment shall then be required to pay for repairs then being made, pay the amount of such payment, and any interest or income earned thereon in accordance with Section 22 hereof, to Lessee or its order, and (ii) the entire amount of any such loss for which proceeds are \$5,000,000 (\$2,500,000 if the Aircraft is under sublease) or less or the amount of any proceeds of any such loss in excess of Stipulated Loss Value for the Aircraft shall be paid to Lessee or its order unless a Default or an Event of Default shall have occurred and be continuing and the insurers have been notified thereof by Lessor or the Indenture Trustee.

SECTION 12. Inspection. At reasonable times, and upon at least 10 days (or one day if a Section 14(a), 14(b), 14(d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing) prior written notice, the Owner Participant or the Indenture Trustee, or their respective authorized representatives, may inspect the Aircraft (provided, however, that such inspections by the Owner Participant and its authorized representatives or the Indenture Trustee and its authorized representative shall, in regard to each of the Owner Participant and the Indenture Trustee, be limited to one inspection of the Aircraft during any consecutive twelve-month period except during the continuance of a Default or an Event of Default when such inspection right shall not be so

limited) and inspect and make copies of the books and records of Lessee and any Sublessee required to be maintained by the FAA or the regulatory agency or body of another jurisdiction in which the Aircraft is then registered relating to the maintenance of the Aircraft (at the Owner Participant's or the Indenture Trustee's risk and expense (unless a Section 14(a), 14(b), 14(f) or 14(g) Default or any Event of Default shall have occurred and be continuing in which case such inspection shall be at Lessee's expense), as the case may be) and shall keep any information or copies obtained thereby confidential and shall not disclose the same to any Person, except (A) to Lessor and the Pass Through Trustees and to prospective and permitted transferees of Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's interest (and such prospective and permitted transferee's counsel, independent insurance advisors or other agents) who agree to hold such information confidential, (B) to Lessor's, the Owner Participant's, any Pass Through Trustee's or the Indenture Trustee's counsel, independent insurance advisors or other agents who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation, (D) as may be necessary for purposes of protecting the interest of any such Person or for enforcement of this Lease by Lessor or the Indenture Trustee; provided, however, that any and all disclosures permitted by clauses (C) and (D) above shall be made only to the extent necessary to meet the specific requirements or needs of Persons for whom such disclosures are hereby permitted. Any such inspection of the Aircraft shall be subject to Lessee's safety and security rules applicable at the location of the Aircraft, shall be a visual, walk-around inspection of the interior and exterior of the Aircraft and shall not include opening any panels, bays or the like without the express consent of Lessee (except in connection with a heavy maintenance visit when a panel, bay or the like is scheduled or required to be open), which consent Lessee may in its sole discretion withhold; provided that no exercise of such inspection right shall interfere with the normal operation or maintenance of the Aircraft by, or the business of, Lessee (or any Sublessee). Upon receipt by Lessee of a written request from the Owner Participant specifying that the Owner Participant desires to have an authorized representative observe the last scheduled heavy maintenance visit to be performed on the Aircraft (or substantially equivalent successor type of maintenance work) during the Term, Lessee shall cooperate with the Owner Participant to enable the Owner Participant's representative to observe such last scheduled heavy maintenance visit to be performed on the Aircraft during the Term, including reasonable advance notification to the Owner Participant of the time and place of such scheduled heavy maintenance visit; provided that

the Owner Participant's authorized representative shall merely observe such scheduled heavy maintenance visit, shall not interfere with or extend in any manner the normal conduct or duration of the scheduled heavy maintenance visit, and shall not be entitled to direct any of the work performed in connection with such scheduled heavy maintenance visit. Neither the Owner Participant nor the Indenture Trustee shall have any duty to make any such inspection nor shall any of them incur any liability or obligations by reason of not making any such inspection.

SECTION 13. Assignment. Except as otherwise provided in the Operative Documents, Lessee will not, without the prior written consent of Lessor, assign any of its rights hereunder. Lessor agrees that it will not assign or convey its right, title and interest in and to this Lease or the Aircraft except as provided in the Operative Documents. Subject to the foregoing, the terms and provisions of this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns.

SECTION 14. Events of Default. Each of the following events shall constitute an Event of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and each such Event of Default shall continue so long as, but only as long as, it shall not have been remedied:

(a) Lessee shall not have made a payment of Basic Rent, Stipulated Loss Value, Termination Value, EBO Price, Special Termination Value or Premium within ten (10) days after the same shall have become due; or

(b) Lessee shall have failed to make a payment of Supplemental Rent (other than Supplemental Rent referred to in paragraph (a) of this Section 14) after the same shall have become due and such failure shall continue for fifteen (15) days after Lessee's receipt of written demand therefor by the party entitled thereto (provided that any failure to pay any amount owed by Lessee under the Tax Indemnity Agreement or any failure of Lessee to pay to Lessor or the Owner Participant when due any Excluded Payments shall not constitute an Event of Default unless written notice is given by the Owner Participant to Lessee and the Indenture Trustee that such failure shall constitute an Event of Default); or

(c) Lessee shall fail to carry and maintain on or with respect to the Aircraft (or cause to be carried and maintained)

insurance required to be maintained in accordance with the provisions of Section 11 hereof; or

(d) Lessee shall have failed to perform or observe (or caused to be performed and observed) any other covenant or agreement to be performed or observed by it under any Operative Document, and such failure shall continue unremedied for a period of thirty days after written notice thereof by Lessor or the Indenture Trustee; provided, however, that if Lessee shall have undertaken to cure any such failure and, notwithstanding the reasonable diligence of Lessee in attempting to cure such failure, such failure is not cured within said thirty day period but is curable with future due diligence, there shall exist no Event of Default under this Section 14 so long as Lessee is proceeding with due diligence to cure such failure and such failure is in fact cured within 180 days); or

(e) any representation or warranty made by Lessee herein or in the Participation Agreement or in the Redemption and Refinancing Agreement or any document or certificate furnished by Lessee in connection herewith or therewith or pursuant hereto or thereto (except the representations and warranties set forth in Section 4 of the Tax Indemnity Agreement) shall prove to have been incorrect in any material respect at the time made and shall remain material at the time in question; provided, however, such incorrectness shall constitute a default hereunder only if such incorrectness shall continue uncured for a period of thirty (30) days after the receipt by Lessee of a written notice from Lessor or the Indenture Trustee advising Lessee of the existence of such incorrectness; or

(f) the commencement of an involuntary case or other proceeding in respect of Lessee in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States or seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Lessee or for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding undismissed or unstayed for a period of ninety (90) consecutive days or an order for relief under Chapter 11 of the Bankruptcy Code with respect to Lessee as debtor or any other order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee, or for all or substantially all of its property, or sequestering of all or substantially all of the property of Lessee and any such order, judgment or decree or appointment or sequestration shall

be final or shall remain in force undismissed, unstayed or unvacated for a period of ninety (90) days after the date of entry thereof; or

(g) the commencement by Lessee of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States, or the consent by Lessee to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Lessee or for all or substantially all of its property, or the making by Lessee of any assignment for the benefit of creditors or Lessee shall take any corporate action to authorize any of the foregoing; or

(h) Lessee shall not be a Certificated Air Carrier;

provided, however, that, notwithstanding anything to the contrary contained in this Section 14, any failure of Lessee to perform or observe any covenant, condition, agreement or any error in a representation or warranty shall not constitute an Event of Default if such failure or error is caused solely by reason of any event that constitutes an Event of Loss so long as Lessee is continuing to comply with all of the terms of Section 10 hereof.

SECTION 15. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as any such Event of Default shall not have been remedied, Lessor may, at its option, declare by written notice to Lessee this Lease Agreement to be in default; and at any time thereafter, so long as such Event of Default shall be continuing, Lessor may do one or more of the following with respect to all or any part of the Airframe and any or all of the Engines as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect; provided, however, that during any period the Aircraft is subject to the Civil Reserve Air Fleet Program in accordance with the provisions of Section 7(b) hereof and in the possession of the United States Government or an instrumentality or agency thereof, Lessor shall not, on account of any Event of Default, be entitled to do any of the following in such manner as to limit Lessee's control under this Lease (or any Sublessee's control under any Sublease) of any Airframe or any Engines, unless at least 60 days' (or such lesser period as may then be applicable under the Military Airlift Command program of the United States Government) prior written notice of default hereunder shall have been given by Lessor by registered or certified mail to Lessee (and any Sublessee) with a copy

addressed to the Contracting Office Representative for the Military Airlift Command of the United States Air Force under any contract with Lessee (or any Sublessee) relating to the Aircraft:

(a) upon the written demand of Lessor and at Lessee's expense, cause Lessee to return promptly, and Lessee shall return promptly, the Airframe or any Engine as Lessor may so demand to Lessor or its order in the manner and condition required by, and otherwise in accordance with all the provisions of, Section 5 as if such Airframe or Engine were being returned at the end of the Term, or Lessor, at its option, may enter upon the premises where all or any part of the Airframe or any Engine is located and take immediate possession of and remove the same by summary proceedings or otherwise, (and, at Lessor's option, store the same at Lessee's premises until disposal thereof by Lessor), all without liability accruing to Lessor for or by reason of such entry or taking of possession or removing whether for the restoration of damage to property caused by such action or otherwise;

(b) sell the Aircraft, the Airframe or any Engine at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Aircraft as Lessor, in its sole discretion, may determine, all free and clear of any rights of Lessee, except as hereinafter set forth in this Section 15;

(c) Lessor may hold, keep idle or lease to others the Aircraft, the Airframe or any Engine or any Part thereof, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect thereto, except that Lessee's obligation to pay Basic Rent with respect to the Aircraft on Lease Period Dates subsequent to the date upon which Lessee shall have been deprived of use of the Aircraft pursuant to this Section 15 shall be reduced by the net proceeds, if any, received by Lessor from leasing the Aircraft, the Airframe or any Engine to any Person other than Lessee;

(d) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b) or (c) above with respect to the Aircraft, Lessor, by written notice to Lessee specifying a payment date which shall be the Lease Period Date not earlier than ten days from the date of such notice, may demand that Lessee pay to Lessor, and Lessee shall pay Lessor, on the payment date so specified, as liquidated

damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent for the Aircraft due for Lease Periods commencing on or after the Commencement Date or the Lease Period Date, as the case may be, specified as the payment date in such notice), any unpaid Basic Rent due on Lease Period Dates on or prior to the payment date so specified plus whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (with interest thereon at the Past Due Rate from such specified payment date until the date of actual payment of such amount): (i) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft, computed as of the Lease Period Date specified as the payment date in such notice over the aggregate fair market rental value (computed as hereafter in this Section 15 provided) of such Aircraft for the remainder of the Term, after discounting such aggregate fair market rental value to present value as of the Lease Period Date specified as the payment date in such notice at an annual rate equal to the Past Due Rate; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Aircraft, computed as of the Lease Period Date specified as the payment date in such notice, over the fair market sales value of such Aircraft (computed as hereafter in this Section provided) as of the Lease Period Date specified as the payment date in such notice;

(e) in the event Lessor pursuant to paragraph (b) above, shall have sold the Aircraft, Lessor, in lieu of exercising its rights under paragraph (d) above with respect to such Aircraft, may, if it shall so elect, demand that Lessee pay Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, any unpaid Basic Rent with respect to the Aircraft due on or prior to such date plus the amount of any deficiency between the net proceeds of such sale (after deduction of all reasonable costs of sale) and the Stipulated Loss Value of such Aircraft, computed as of the Stipulated Loss Value date on or immediately following the date of such sale, together with interest, if any, on the amount of such deficiency, at the Past Due Rate, from the date of such sale to the date of actual payment of such amount; and/or

(f) Lessor may rescind or terminate this Lease Agreement, and/or may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for breach hereof.

For the purposes of paragraph (c) above, the "fair market rental value" or the "fair market sales value" of the Aircraft shall be the rental value or sales value, as the case may be, which would be obtained in an arm's-length transaction between an informed and willing lessee or purchaser, as the case may be, under no compulsion to lease or purchase, as the case may be, and an informed and willing lessor or seller in possession, as the case may be, in each case based upon the actual condition and location of the Aircraft, which value shall be determined by mutual agreement or, in the absence of mutual written agreement, pursuant to an appraisal prepared and delivered by a nationally recognized firm of independent aircraft appraisers nominated by Lessor, and Lessor shall promptly notify Lessee of such nomination. Any appraisal obtained pursuant to this Section 15 shall take into account then prevailing market conditions for aircraft of the same type as the Aircraft. The cost of such appraisal or appointment shall be borne by Lessee.

In addition, Lessee shall be liable, except as otherwise provided above, without duplication of amounts payable hereunder, for any and all unpaid Rent due hereunder before, after or during the exercise of any of the foregoing remedies, for the payment of Premium, if any, and for all reasonable and actual legal fees and other costs and expenses incurred by Lessor, the Indenture Trustee, the Certificate Holders and the Owner Participant in connection with any default or the exercise of remedies hereunder including the return of the Airframe or any Engine in accordance with the terms of Section 5 or in placing such Airframe or Engine in the condition and airworthiness required by such Section.

At any sale of the Aircraft or any part thereof pursuant to this Section 15, Lessor, the Indenture Trustee, a Certificate Holder or the Owner Participant may bid for and purchase such property. Lessor agrees to give Lessee at least 10 days' written notice of the date fixed for any public sale of any Airframe or Engine or of the date on or after which will occur the execution of any contract providing for any private sale. Except as otherwise expressly provided above, no remedy referred to in this Section 15 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No waiver by Lessor of any Default or Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. To the extent permitted by applicable law, Lessee hereby waives any right now or

hereafter conferred by statute or otherwise which may require Lessor to sell, lease, or otherwise use the Aircraft or Parts thereof in mitigation of Lessor's damages as set forth in this Section 15 or which may otherwise limit or modify any of Lessor's rights and remedies in this Section 15.

SECTION 16. Lessee's Cooperation Concerning Certain Matters. (a) Forthwith upon the execution and delivery of each Lease Supplement and Trust Supplement from time to time required by the terms hereof and upon the execution and delivery of any amendment to this Lease or to the Trust Agreement or Trust Indenture, Lessee at its expense will cause such Lease Supplement, Trust Supplement (and, in the case of the initial Lease Supplement and Trust Supplement, this Lease, the Trust Agreement and the Trust Indenture as well) or amendment to be duly filed and recorded, and maintained of record, in accordance with the applicable laws of the government of registry of the Aircraft. In addition, Lessee at its expense will promptly and duly execute and deliver to Lessor such further documents and take such further action as Lessor may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and the Indenture Trustee hereunder, including, without limitation, if requested by Lessor, at the expense of Lessee, the execution and delivery of supplements or amendments hereto, each in recordable form, subjecting to this Lease and the Trust Indenture, any airframe or engine substituted for the Airframe or any Engine pursuant to the terms thereof and the recording or filing of counterparts thereof, in accordance with the laws of such jurisdictions as Lessor may from time to time reasonably request.

(b) Lessee will furnish to Lessor, the Indenture Trustee, the Owner Participant and, so long as the Pass Through Trustees are the Certificate Holders, the Pass Through Trustees:

(i) Quarterly Statements - As soon as practicable after the end of the first, second, and third quarterly fiscal periods in each fiscal year of Lessee, and in any event within 60 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of Lessee as at the end of such quarter setting forth in comparative form the amount for the end of the corresponding period of the preceding fiscal year,

(2) consolidated statements of income and retained earnings of Lessee for such quarterly period,

setting forth in comparative form the amount for the corresponding period of the preceding fiscal year, and

(3) consolidated statements of cash flow of Lessee for the portion of the fiscal year ending with said quarter, setting forth in comparative form the amount for the corresponding period of the preceding fiscal year;

(ii) Annual Statements - As soon as practicable after the end of each fiscal year, and in any event within 120 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of Lessee as at the end of such year, and

(2) consolidated statements of income and retained earnings and of cash flow of Lessee for such year,

prepared in accordance with generally accepted accounting principles and setting forth in each case in comparative form the figures for the previous fiscal year and accompanied by an auditor's report of a firm of independent certified public accountants of recognized national standing (which report may be adverse, qualified or disclaim an opinion);

(iii) SEC Reports - Promptly upon their becoming available, one copy of each financial statement, report, or proxy statement sent by UAL Corporation to its shareholders generally, and of each regular or periodic report and any prospectus (in the form in which it becomes effective) filed by Lessee or UAL Corporation with the Securities and Exchange Commission or any successor agency; and

(iv) Notice of Default or Claimed Default -Immediately upon an officer of Lessee becoming aware of the existence of a Default or an Event of Default (or that Lessor has given notice or taken any other action with respect to an Event of Default or a claimed default under this Lease), a written notice specifying the nature of the Default, Event of Default, or claimed default and any such notice given or action taken by Lessor and what action Lessee is taking or proposes to take with respect thereto.

(c) Commencing in 1994, on or before April 30 of each year during the Term, Lessee will deliver to Lessor and the Indenture Trustee a certificate of Lessee, signed by the

President, a Vice President, the Chief Financial Officer or the principal accounting officer of Lessee to the effect that the signer is familiar with or has reviewed the relevant terms of this Lease and the signer does not have knowledge of the existence, as of the date of such certificate, of any condition or event which constitutes a Default or an Event of Default.

SECTION 17. Notices. All notices required under the terms and provisions hereof shall be in writing (including telex, telecopier or similar writing) and shall be effective (a) if given by telecopier when transmitted and the appropriate confirmation received; provided, that any such notice is confirmed by certified mail, (b) if given by certified mail, three Business Days after being deposited in the mails, (c) if given by telex, upon receipt by the party transmitting the telex of such party's callback code at the end of such telex (receipt of confirmation in writing not being necessary to the effectiveness of any telex) and (d) if given by other means, when received or personally delivered, addressed:

(i) if to Lessee, at P. O. Box 66100, Chicago, Illinois 60666 (or, if given by overnight delivery service, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007) Attention: Vice President and Treasurer, telecopier number (708) 952-7117, or to such other address or telecopier number as Lessee shall from time to time designate in writing to Lessor;

(ii) if to Lessor, at 225 Franklin Street, Boston, Massachusetts 02110 (or, if given by overnight delivery service) Two International Place, Boston, Massachusetts 02110) Attention: _____, telecopier number (617) 664-5367 or to such other address or telecopier number as Lessor shall from time to time designate in writing to Lessee;

(iii) if to the Indenture Trustee, the Owner Participant or any Pass Through Trustee, addressed to the Indenture Trustee, the Owner Participant or such Pass Through Trustee at such address or telecopier number as the Indenture Trustee, the Owner Participant or such Pass Through Trustee shall have furnished by notice to Lessor and to Lessee, and, until an address is so furnished, addressed to the Indenture Trustee, the Owner Participant or such Pass Through Trustee at its address or telecopier number set forth in Schedule I to the Participation Agreement; and

(iv) If to a Certificate Holder which is not a Pass Through Trustee, addressed to such Certificate Holder

at its address stated in the Loan Certificate Register maintained pursuant to the Trust Indenture.

A copy of each notice to Lessor shall be given by the sender thereof to the Owner Participant.

SECTION 18. Net Lease; No Set-Off, Counterclaim, Etc.

(a) This Lease is a net lease, and it is intended that the Lessee shall pay all costs and expenses of every character, whether seen or unforeseen, ordinary or extraordinary or structural or non-structural, in connection with the use, operation, maintenance, repair and reconstruction of the Airframe and each Engine by the Lessee, including the costs and expenses particularly set forth in this Lease. Except as set forth in this Section 18(a), the Rent which Lessee is obligated to pay shall be paid without the necessity of notice or demand and without set-off, counterclaim, abatement, suspension, deduction or defense. If at any time that Lessee is required (a) to make a payment of Termination Value or Fair Market Sales Value pursuant to Section 9 or Stipulated Loss Value pursuant to Section 10, or (b) to pay the purchase price of the Aircraft pursuant to Section 19(b), there shall exist a Lessor Lien with respect to the Aircraft (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) relating to the Owner Participant (or Lessee shall have previously incurred a charge to discharge such a Lessor Lien), then Lessee shall be entitled to deduct from the portion required to be paid to the Owner Participant of such payment of Termination Value or Fair Market Sales Value, or such payment of the purchase price, or any combination thereof, as the case may be, an amount sufficient to so reimburse Lessee or to reimburse Lessee for the cost of discharging such Lessor Lien, as the case may be. Notwithstanding anything contained in this Section 18(a) to the contrary, any payments of Fair Market Sales Value, Termination Value, Stipulated Loss Value, Special Termination Value or EBO Price made to the Indenture Trustee shall be in an amount which, together with any other amounts payable hereunder, is at least sufficient to pay in full, as of the date of payment thereof, the amount of principal of, and any accrued and unpaid interest on, the outstanding Loan Certificates, together with Premium, if any, thereon and amounts due the Certificate Holders under the Trust Indenture, if any, and, to such extent, shall not be subject to set-off hereunder.

(b) Except as otherwise expressly provided, this Lease shall not terminate nor shall the Lessee have any right to terminate this Lease or be entitled to abatement, suspension, deferment or reduction of any Rent which the Lessee is obligated

to pay hereunder, nor shall the obligations hereunder of the Lessee be affected, by reason of (A) any damage to or the destruction or loss of all or any portion of the Airframe or any Engine from whatever cause, (B) the loss or theft of any portion of the Airframe or any Engine, (C) the taking of the Airframe or any Engine or any portion thereof by condemnation, confiscation, requisition or otherwise, (D) the prohibition, limitation or restriction of the Lessee's use of all or any part of the Airframe or any Engine, or the interference with such use by any Person, (E) the inadequacy or incorrectness of the description of any portion of the Airframe or any Engine or the failure of this Lease to demise to the Lessee the Airframe or any Engine or any portion thereof, (F) the Lessee's acquisition or ownership of all or any part of the Airframe or any Engine otherwise than pursuant to an express provision of this Lease, (G) any defect in compliance with specifications, condition, merchantability, design, airworthiness, quality, durability, operation or fitness for use for any purpose of the Airframe or any Engine or any portion thereof, (H) any defect in the title to, or registration of or the existence of any Liens or rights of others whatsoever with respect to, the Airframe or any Engine or any portion thereof, (I) any insolvency, bankruptcy, reorganization or similar proceedings by or against any Sublessee or any Person (J) any breach, default or misrepresentation by the Lessor, any Participant or the Indenture Trustee under this Lease or any other Operative Document or any of the documents referred to herein or therein or (K) any invalidity or unenforceability, in whole or in part, of this Lease or any other Operative Document or any of the documents referred to herein or therein, or any other infirmity herein or therein, or any lack of power or authority of any party to this Lease or any other Operative Document or any such documents to enter into the same, or (L) any other circumstance, happening or act whatsoever, whether or not unforeseen or similar to any of the foregoing, it being the intention of the parties hereto that the obligations of the Lessee shall be absolute and unconditional and shall be separate and independent covenants and agreements and shall continue unaffected unless and until this Lease shall have terminated in accordance with its terms upon payment by Lessee of all sums payable by Lessee hereunder and performance by Lessee of all obligations required to be performed by Lessee hereunder.

The Lessee covenants that it will remain obligated under this Lease in accordance with its terms and will take no action to terminate, rescind or avoid this lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceeding affecting the Lessor or the Owner Participant or any assignee of the Lessor the Owner Participant or any other action

with respect to this Lease which may be taken in any such proceeding by any trustee or receiver of the Lessor or the Owner Participant or of any assignee of the Lessor or the Owner Participant or by any court or any of the foregoing actions which may be taken by or against any of the Lessor's predecessors in interest in the Airframe or any Engine.

If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise except as specifically provided herein, Lessee nonetheless agrees, without limitation of the other rights and remedies of Lessor hereunder, to pay to Lessor an amount equal to each Rent payment at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part.

Except as expressly provided herein, the Lessee waives all rights now or hereafter conferred by law (x) to quit, terminate, rescind or surrender this Lease or the Airframe or any Engine or any part thereof, or (y) to any abatement, suspension, deferment, return or reduction of the Rent.

SECTION 19. Renewal Options; Purchase Options; Valuation.

(a) Renewal Options.

(1) Fixed Renewal Terms. Not less than 180 days nor more than 365 days before the end of the Basic Term or any Fixed Renewal Term, Lessee may, so long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof), (f) or (g) Default or any Event of Default has occurred and is continuing, deliver to Lessor an irrevocable written notice (which at the option of Lessee made at any time prior to 90 days prior to the end of the Basic Term or such Fixed Renewal Term may be deemed a notice to exercise the applicable purchase option in Section 19(b)) electing to renew this Lease for a term or terms having a duration and at a Basic Rent as determined below (each such term being herein referred to as a "Fixed Renewal Term"). At least 180 days, before the end of the Basic Term Lessee shall, as a condition to its exercise of any option set forth in this Section 19(a)(1), notify Lessor of its demand for an appraisal pursuant to the appraisal procedures of Section 19(c) hereof. The appraiser(s) so appointed shall determine the total useful life, the remaining useful life and the future residual value of the Aircraft on the expiration date for a Fixed Renewal Term as may be set by reason of the maximum period therefor in accordance with the constraints set forth in the following two sentences. The duration of

each Fixed Renewal Term shall be a period specified by Lessee before the end of the Basic Term (or the preceding Fixed Renewal Term, as the case may be) which is not less than one year and not more than three years (in integral multiples of six months). Notwithstanding the foregoing, the aggregate term of all Fixed Renewal Terms shall not exceed the lesser of (a) three years and (b) the longest period of time (i) which would cause the Term, after giving effect to all such Fixed Renewal Terms, to be equal to at least 80% of the then estimated useful life of the Aircraft as determined by the appraiser(s) and (ii) at the expiration of which the residual value of the Aircraft, as estimated by the appraiser(s), would be at least equal to 20% of Lessor's Cost (without taking into account inflation or deflation during the Term). The annual Basic Rent payable during each Fixed Renewal Term shall be equal to one-half of the average annual Basic Rent payments for the Aircraft over the Basic Term.

(2) Fair Market Renewal Term. So long as no Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) hereof or Section 8 hereof), (f) or (g) Default or any Event of Default has occurred and is continuing, Lessee shall have the right to renew this Lease for additional periods of at least one year commencing at the end of the Basic Term, any Fixed Renewal Term or any prior Fair Market Renewal Term for a Basic Rent equal to the Fair Market Rental Value of the Aircraft for such period (each such renewal term, a "Fair Market Renewal Term"); provided, however, each Fair Market Renewal Term shall be an integral multiple of six months. Notwithstanding the foregoing, the aggregate term for all Fair Market Renewal Terms shall not exceed three years. Each such option to renew shall be exercised upon delivery by Lessee to Lessor of irrevocable written notice of Lessee's intent to renew the Lease at least 180 days (but not more than 365 days) prior to the commencement of such Fair Market Renewal Term (which at the option of the Lessee made at any time prior to 90 days prior to the anticipated commencement of such Fair Market Renewal Term may be deemed a notice to exercise the applicable purchase option in Section 19(b)).

(3) Waiver. If no written notice is delivered by Lessee to Lessor pursuant to Section 19(a)(1) or (2) on or before the day specified therefore, Lessee shall be deemed to have waived any right to renew this Lease.

(4) Conditions Precedent, Payment of Basic Rent. At the end of the Basic Term or any Renewal Term, if Lessee has elected to renew this Lease as aforesaid, and provided that there shall not then have occurred and be continuing a Default or an Event of Default and that all necessary governmental authorizations and approvals shall have been received and that Basic Rent for the Renewal Term has already been determined as above provided, (i) this Lease shall continue in full force and effect during the Renewal Term, and (ii) Basic Rent for such Renewal Term shall be payable in semi-annual installments in advance or arrears as was the basis of the Basic Rent being paid immediately prior to such Renewal Term, each such installment being due and payable on each Lease Period Date occurring during the Renewal Term.

(5) Termination Value; Stipulated Loss Value. The amounts which are payable during any Renewal Term in respect of Termination Value as used in Section 15 and Stipulated Loss Value with respect to the Aircraft shall be determined on the basis of the Fair Market Sales Value of the Aircraft as of the commencement of such Renewal Term, amortized on a straight-line basis over such Renewal Term to the projected Fair Market Sales Value of the Aircraft as of the expiration of such Renewal Term, as such Fair Market Sales Value in each case is determined prior to the commencement of such Renewal Term. In determining Fair Market Sales Value for purposes of calculating Stipulated Loss Value and Termination Value for any Renewal Term effect shall be given to the encumbrance on the Aircraft of any Fixed Renewal Term available or in force.

(b) Purchase Options. Lessee shall have the option, so long as no Section 14(a), (b), (f) or (g) Default or any Event of Default exists on the date notice of exercise may be given, (i) with respect to subsections (1) and (2) below, upon not more than 365 days and not less than 90 days irrevocable prior written notice to Lessor and (ii) with respect to subsections (3) and (4) below, upon not more than 365 days and not less than 180 days irrevocable prior written notice to Lessor (which at the option of the Lessee made at any time prior to 90 days prior to the relevant purchase date may be deemed a notice of the applicable renewal option pursuant to Section 19(a)(1) or 19(a)(2) as the Lessee may designate) (each a "Purchase Option Date"), to terminate this Lease and to purchase the Aircraft:

(1) on any Special Purchase Option Date for a purchase price equal to the greater of (x) the Fair Market Sales Value of the Aircraft on such date or (y) the amount

determined by multiplying Lessor's Cost by the Special Termination Value Percentage with respect to such Date (with respect to any such Date, the "Special Termination Value");

(2) on the EBO Date for a purchase price equal to the amount determined by multiplying Lessor's Cost by the EBO Percentage payable on the EBO Date as provided in Exhibit H hereto (the "EBO Price");

(3) on the last Business Day of the Basic Term for a purchase price equal to the Fair Market Sales Value of the Aircraft on such date; and

(4) on the last Business Day of any Renewal Term for a purchase price equal to the Fair Market Sales Value of the Aircraft on such date.

Notwithstanding the foregoing but subject to the provisions of Section 8(r) of the Participation Agreement, the purchase price on any Purchase Option Date shall be sufficient, together with all other amounts payable simultaneously by Lessee, to pay in full the payments then required to be made on account of the principal amount (and Premium, if any) of and interest on the Loan Certificates then outstanding. Upon payment to Lessor in immediately available funds of the full amount of the purchase price (less the principal amount of the Loan Certificates assumed by the Lessee in accordance with Section 8(r) of the Participation Agreement) plus all Basic Rent due on or prior to such purchase date (unless denominated "advance" rental), all Supplemental Rent due on or prior to such purchase date (including amounts equal to Premium, if any) and payment of any other amounts then due hereunder (including all reasonable costs or expenses of Lessor (including any applicable sales or transfer taxes) and the Owner Participant in connection with such purchase), Lessor will transfer to Lessee, without recourse or warranty (except as to the absence of Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens)), all of Lessor's right, title and interest in and to the Aircraft.

(c) Valuation. At any time not earlier than 365 days prior to the date on which Lessee may purchase an Aircraft pursuant to Section 19(b) hereof or renew this Lease pursuant to Section 19(a) hereof, Lessee may deliver to Lessor a revocable notice of its intent to exercise its renewal option or purchase option. For all purposes of this Section 19, including the appraisal referred to in this Section 19(c), in determining Fair Market Rental Value or Fair Market Sales Value, the Aircraft shall be valued (i) as if in the condition and otherwise in

compliance with the terms of Section 5 (but subject to Section 5(e)) upon a return of the Aircraft in the United States and as if it had been maintained at all times as required in accordance with Section 7(a)(1) and (2) and Section 8, (ii) on the basis of the value which would obtain in an arm's-length transaction between an informed and willing buyer or user or lessee (other than a lessee or an Affiliate of a lessee currently in possession or a used equipment scrap dealer) under no compulsion to buy or lease and an informed and willing seller or lessor unaffiliated with such buyer-user or lessee and under no compulsion to sell or lease, and (iii) in the case of such valuation for determining Fair Market Rental Value, assuming such lessee would have substantially the same obligations during the Fair Market Renewal Term as provided hereunder including without limitation the obligations of Lessee to carry and maintain the insurance required by Section 11 hereof. Upon receipt of such notice Lessor and Lessee shall confer in good faith with a view to reaching agreement on the Fair Market Rental Value or Fair Market Sales Value of the Aircraft. If the parties have not so agreed by 240 days prior to the end of the Basic Term or the Renewal Term in question, then the question shall be determined by an appraisal mutually agreed to by two recognized independent aircraft appraisers, one of which appraisers shall be chosen by Lessor and one by Lessee within five Business Days after Lessor or Lessee shall have received written notice from the other party of a demand that such an appraisal be made, which notice shall specify the appraiser chosen by the party giving the notice or, if such appraisers cannot agree on the amount of such appraisal within five Business Days after the end of such five-day period, each shall render its own appraisal and shall by mutual consent choose another appraiser within five Business Days after the end of such five-day period. If, within such five-day period, such two appraisers fail to appoint a third appraiser, then either Lessor or Lessee, on behalf of both, may apply to the American Arbitration Association (or any successor organization thereto) in Chicago, Illinois for the appointment of such third appraiser. The decision of the third appraiser so appointed shall be given within ten Business Days after the appointment of such third appraiser. As soon as the third appraiser has delivered his appraisal, that appraisal shall be compared with the appraisals given by the other two appraisers. If the determination of one appraiser is more disparate from the average of all three determinations than each of the other two determinations, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto; otherwise the average of all three determinations shall be final and binding upon the parties thereto. Lessee and Lessor shall equally bear all expenses relating to such appraisal procedure (other than an

appraisal procedure related to Lessee's purchase option under Section 19(b)(1), the costs of which Lessee shall in all events bear), provided, that if such transaction is not consummated (other than as the result of the fault of Lessor) Lessee shall bear all expenses relating to such appraisal procedure.

SECTION 20. Security for Lessor's Obligation to Certificate Holders. In order to secure the indebtedness evidenced by the Loan Certificates, Lessor has agreed in the Trust Indenture, among other things, to assign to the Indenture Trustee this Lease and to mortgage the Aircraft in favor of the Indenture Trustee, subject to the reservations and conditions therein set forth. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease may be created through the transfer or possession of any counterpart other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Indenture Trustee as indenture trustee under the Trust Indenture on the signature page thereof. Lessee hereby accepts and consents to the assignment of all Lessor's right, title and interest in and to this Lease pursuant to the terms of the Trust Indenture. Lessee agrees to pay directly to the Indenture Trustee (or, after receipt by Lessee of notice from the Indenture Trustee of the discharge of the Trust Indenture, to Lessor), all amounts of Rent (other than Excluded Payments) due or to become due hereunder and assigned to the Indenture Trustee and Lessee agrees that the Indenture Trustee's right to such payments hereunder shall be absolute and unconditional and shall not be affected by any circumstance. Notwithstanding the foregoing assignment of this Lease, the obligations of Lessor to Lessee to perform the terms and conditions of this Lease shall remain in full force and effect. Lessee further acknowledges that the Trust Indenture provides that so long as the Loan Certificates are outstanding Lessor may not consent to any amendment, modification or waiver to this Lease without the prior consent of the Indenture Trustee (except as provided in Section 11.06 of the Trust Indenture) and Lessee agrees to provide to the Indenture Trustee a copy of all notices, consents, certificates or other information provided hereunder to Lessor.

SECTION 21. Lessor's Right to Perform for Lessee. If Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, then (but in each case, except in the case of failure to pay Rent or in the case of failure to maintain insurance as required hereunder, no earlier than five Business Days after notice as to the occurrence of such failure,

whether or not it shall yet constitute an Event of Default hereunder) Lessor may itself make such payment or perform or comply with such agreement but shall not be obligated hereunder to do so, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Past Due Rate, shall be deemed Supplemental Rent, payable by Lessee upon demand.

SECTION 22. Investment of Security Funds; Liability of Lessor Limited.

(a) Investment of Security Funds. Any moneys held by Lessor as security hereunder for future payments to Lessee shall, until paid to Lessee, be invested by Lessor or, if the Trust Indenture shall not have been discharged, by the Indenture Trustee, as the case may be, as Lessee (or in the event a Default under Section 14(a), (b), (f) or (g) or an Event of Default has occurred and is continuing, Lessor) may from time to time direct in writing (and in absence of a written direction by Lessee, there shall be no obligation to invest such moneys) in (i) obligations of, or guaranteed by, the United States Government or agencies thereof, (ii) open market commercial paper of any corporation incorporated under the laws of the United States of America or any State thereof rated at least P-1 or its equivalent by Moody's Investors Service, Inc. or at least A-1 or its equivalent by Standard & Poor's Corporation, (iii) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof having a combined capital and surplus in excess of \$200,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's Investors Service, Inc. or Standard & Poor's Corporation; provided, however, that the aggregate amount at any one time so invested in certificates of deposit issued by any one bank shall not exceed 5% of such bank's capital and surplus, (iv) U.S. dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (iii) or any subsidiary thereof and (v) repurchase agreements with any financial institution having combined capital and surplus of at least \$200,000,000 with any of the obligations described in clause (i) through (iv) as collateral. There shall be promptly remitted to Lessee or its order (but no more frequently than monthly) any gain (including interest received) realized as a result of any such investment (net of any fees, taxes, commissions and other expenses, if any, incurred in connection with such investment) unless a Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) Default or an Event of Default shall have occurred and be continuing. If a Default

under Section 14(a), (b), (d) (solely with respect to Lessee's obligations under Section 7(a) or (b)(viii) or Section 8 hereof), (f) or (g) or an Event of Default shall have occurred and be continuing, Lessor or if the Trust Indenture shall not have been discharged, the Indenture Trustee as assignee of Lessor, shall hold any such gain as security for the obligations of Lessee under this Lease and apply it against such obligations as and when due, and once all such Defaults and Events of Default have been remedied any gain not so applied shall be remitted to Lessee. Lessee shall be responsible for any net loss realized as a result of any such investment and shall reimburse Lessor (or the Indenture Trustee, as the case may be) therefor on demand.

(b) Liability of Lessor Limited. It is expressly agreed and understood that all representations, warranties and undertakings of Lessor hereunder shall be binding upon Lessor only in its capacity as trustee under the Trust Agreement, and the institution acting as Lessor shall not be liable in its individual capacity for any breach thereof except for its gross negligence or willful misconduct or for breach of its covenants, representations and warranties contained herein, to the extent covenanted or made in its individual capacity.

SECTION 23. Miscellaneous. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by Lessor, Lessee and any assignee of Lessor's rights hereunder. This Lease shall constitute an agreement of lease, and nothing contained herein shall be construed as conveying to Lessee any right, title or interest in the Aircraft except as a lessee only. The section and paragraph headings in this Lease and the table of contents are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof and all references herein to numbered sections, unless otherwise indicated, are to sections of this Lease. THIS LEASE HAS BEEN DELIVERED IN THE STATE OF ILLINOIS AND SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 24. Successor Trustee. Lessee agrees that in the case of the appointment of any successor Owner Trustee pursuant to the terms of the Trust Agreement, such successor Owner Trustee shall, upon written notice by such successor Owner Trustee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Aircraft for all purposes hereof without in any way altering the terms of this Lease or Lessee's obligations hereunder. One such appointment and designation of a successor Owner Trustee shall not exhaust the right to appoint and designate further successor Owner Trustees pursuant to the Trust Agreement, but such right may be executed repeatedly as long as this Lease shall be in effect.

SECTION 25. Bankruptcy. Lessee hereby acknowledges that Lessor and the Indenture Trustee are entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft and that this Lease is a "lease" within the meaning of said Section 1110, including that it is to be treated as a lease for federal tax purposes. Lessee agrees not to take any position in connection with any bankruptcy proceedings involving it that is inconsistent with a lessor's rights under Section 1110 of the Bankruptcy Code or any comparable or successor provision affording protection to lessors of aircraft.

* * *

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Second Amended and Restated Lease Agreement to be duly executed as of the day and year first above written.

STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, except as expressly provided in Section 4 hereof, but solely as Owner Trustee,
Lessor

By _____
Vice President

UNITED AIR LINES, INC.,
Lessee

By _____
Vice President and Treasurer

Receipt of this original counterpart of the foregoing Second Amended and Restated Lease Agreement is hereby acknowledged on this ____ day of May, 1995./1/

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION
Indenture Trustee

By _____
Authorized Officer

- - - - -
/1/This language contained in the original counterpart only.

EXHIBIT A

FIRST AMENDED AND RESTATED LEASE SUPPLEMENT NO. 1 (1993 747 A)

FIRST AMENDED AND RESTATED LEASE SUPPLEMENT No. 1 (1993 747 A), dated May __, 1995, between STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee under the First Amended and Restated Trust Agreement (1993 747 A), dated as of May 1, 1995, between such Owner Trustee and the Owner Participant referred to therein (such Owner Trustee, in its capacity as such Owner Trustee being herein called "Lessor"), and UNITED AIR LINES, INC. ("Lessee").

Lessor and Lessee have heretofore entered into that certain Second Amended and Restated Lease Agreement (1993 747 A), dated as of May 1, 1995, relating to one Boeing 747-422 aircraft (herein called the "Lease" and the defined terms therein being hereinafter used with the same meanings). The Lease provides for the execution and delivery from time to time of Lease Supplements for the purpose of leasing the Airframe and Engines under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

The Lease relates to the Airframe and Engines described below, and a counterpart of the Lease is attached hereto, and made a part hereof, and this Lease Supplement together with such attachment, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document./2/

The Lease relates to the Airframe and Engines described below, and a counterpart of that certain Lease Agreement (1993 747 A) dated as of April 1, 1993 between Lessee and Wilmington Trust Company, as Original Lessor, attached and made a part of Lease Supplement No. 1 (1993 747 A) dated April 20, 1993, has been recorded by the Federal Aviation Administration on April 21, 1995, as one document and assigned Conveyance No. FF08936./3/

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under the Lease and Lessee hereby accepts and leases from Lessor under the Lease the following described Boeing Model

/2/This language for Lease Supplement No. 1.

/3/This language for other Lease Supplements.

747-422 aircraft (the "Aircraft"), which Aircraft as of the date hereof consists of the following components:

(i) Airframe: U.S. Registration No. N189UA and manufacturer's serial no. 26878; and

(ii) Engines: four (4) Pratt & Whitney Model PW4056 engines bearing, respectively, manufacturer's serial nos. P727301, P727302, P727303 and P727304 (each of which engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower).

2. The Delivery Date of the Aircraft was April 20, 1993. Except as otherwise provided in the Lease, the Term for the Aircraft shall commence on the Delivery Date and end on the Lease Expiry Date.

3. Lessee hereby confirms its agreement to pay Lessor Basic Rent for the Aircraft throughout the Term therefor in accordance with Section 3 of the Lease.

4. Lessee hereby confirms to Lessor that Lessee has accepted the Aircraft for all purposes hereof and of the Lease as being airworthy, in good working order and repair and without defect or inherent vice in title, condition, design, operation or fitness for use; provided, however, that nothing contained herein or in the Lease shall in any way diminish or otherwise affect any right Lessee or Lessor may have with respect to the Aircraft against The Boeing Company, or any subcontractor or supplier of The Boeing Company, under the Purchase Agreement or otherwise.

5. All of the terms and provisions of the Lease are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

6. This Lease Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

* * *

[Second Amended and Restated
Lease Agreement (1993 747 A)]

IN WITNESS WHEREOF, Lessor and Lessee have caused this First Amended and Restated Lease Supplement to be duly executed on the day and year first above written.

STATE STREET BANK AND TRUST
COMPANY, not in its individual
capacity, but solely as Owner
Trustee,
Lessor

By: _____

Title: _____

UNITED AIR LINES, INC.,
Lessee

By: _____

Vice President and Treasurer

Receipt of this original counterpart of the foregoing First Amended and Restated Lease Supplement is hereby acknowledged on this ____ day of May, 1995./4/

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
Indenture Trustee

By _____

Authorized Officer

/4/This language contained in the original counterpart only.

[Second Amended and Restated
Lease Agreement (1993 747 A)]

EXHIBIT B

BASIC RENT AND EXCESS AMOUNT SCHEDULE

DATE	ARREARS RENT AS A PERCENTAGE OF LESSOR'S COST	ADVANCE RENT AS A PERCENTAGE OF LESSOR'S COST	EXCESS AMOUNT AS A PERCENTAGE OF LESSOR'S COST
-----	-----	-----	-----

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT B TO THE LEASE AGREEMENT IS
INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE
FEDERAL AVIATION ADMINISTRATION.

[Second Amended and Restated
Lease Agreement (1993 747 A)]

EXHIBIT C

STIPULATED LOSS VALUE SCHEDULE

DATE -----	STIPULATED LOSS VALUE (as a percentage of Lessor's Cost) -----
---------------	--

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT C TO THE LEASE AGREEMENT IS
INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE
FEDERAL AVIATION ADMINISTRATION.

[Second Amended and Restated
Lease Agreement (1993 747 A)]

EXHIBIT D

TERMINATION VALUE SCHEDULE

DATE	TERMINATION VALUE (as a percentage of Lessor's Cost)
-----	-----

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT D TO THE LEASE AGREEMENT IS
INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE
FEDERAL AVIATION ADMINISTRATION.

EXHIBIT E

RENT RECALCULATION AND
INDEMNIFICATION VERIFICATION

Any recalculation of Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage pursuant to the Lease and any calculation of any payment to the Owner Participant or Lessee under the Tax Indemnity Agreement or Section 7(b) of the Participation Agreement shall be determined by the Owner Participant, computed on the basis of the same methodology and assumptions used by the Owner Participant in determining the Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage as of the Delivery Date except as such assumptions have been modified pursuant to Section 3 of the Lease; provided, however, Lessee may request (A) Capstar Partners, Inc., or any other financial advisor to Lessee to verify such calculations but without any requirement that the Owner Participant disclose to such advisor such methodology and assumptions and (B) if Lessee believes that such calculations by the Owner Participant are in error then a nationally recognized firm of accountants selected by the Owner Participant and reasonably acceptable to Lessee (which may be the Owner Participant's independent public accountants) shall be permitted to verify such calculations and the Owner Participant will make available to such firm (subject to the execution by such firm of a confidentiality agreement reasonably acceptable to the Owner Participant) such methodology and assumptions and any changes made therein pursuant to Section 3 of the Lease and any other information reasonably necessary for such verification requested by such firm. In the event of a verification under clause (B) of this Exhibit E the determination by such firm of accountants shall be final. Lessee will pay the reasonable costs and expenses of the verification under clause (B) of this Exhibit E; provided, however, if as a result of such verification process the Basic Rent is adjusted and such adjustment causes the Net Present Value of Rents to decline by 10 or more basis points or there is a material error in the computation of the Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages or EBO Percentage in the Owner Participant's original statement in the Owner Participant's favor, or indemnity payment is reduced by \$10,000 or more, the Owner Participant shall pay the reasonable costs and expenses of such verification process. Such recalculated Basic Rent, Stipulated Loss Value percentages, Termination Value percentages, Special Termination Value percentages and EBO Percentage shall be set forth in an amendment to the Lease.

EXHIBIT F

SCHEDULE OF COUNTRIES AUTHORIZED
FOR DOMICILE OF PERMITTED SUBLESSEES

Australia	Luxembourg
Austria	*Malaysia
Belgium	Netherlands
*Brazil	New Zealand
Canada	Norway
Denmark	*Portugal
Finland	Singapore
France	*South Korea
Germany	*Spain
*Greece	Sweden
*Iceland	Switzerland
Ireland	*Thailand
Italy	United Kingdom
Japan	*Venezuela

* Designates "Restricted Country".

EXHIBIT G

SCHEDULE OF COUNTRIES AUTHORIZED
FOR AIRCRAFT REGISTRATION

Australia	Luxembourg
Austria	*Malaysia
Belgium	Netherlands
*Brazil	New Zealand
Canada	Norway
Denmark	*Portugal
Finland	Singapore
France	*South Korea
Germany	*Spain
*Greece	Sweden
*Iceland	Switzerland
Ireland	*Thailand
Italy	United Kingdom
Japan	*Venezuela

* Designates "Restricted Country".

EXHIBIT H

LESSOR'S COST, ENGINE COST, COMMENCEMENT DATE,
LEASE EXPIRY DATE, STIPULATED LOSS VALUE DATE,
EBO DATE, EBO PERCENTAGE, SPECIAL PURCHASE
OPTION DATES AND SPECIAL TERMINATION VALUE PERCENTAGES
(EBO Percentage, EBO Installment Percentages and
Special Termination Value Percentages expressed
as a percentage of Lessor's Cost)

Lessor's Cost:	\$127,500,000
Engine Cost:	\$ 7,000,000
Commencement Date:	October 19, 1993
Lease Expiry Date:	October 19, 2017
Stipulated Loss Value Date:	the 19th day of each calendar month during the Interim Term, the Basic Term and any Renewal Term
EBO Date:	October 19, 2011
EBO Percentage: _____%	
Special Purchase	Special Termination
Option Dates:	Value Percentages:
-----	-----
_____	_____%
_____	_____%
_____	_____%

[Second Amended and Restated
Lease Agreement (1993 747 A)]

EXHIBIT H

LESSOR'S COST, ENGINE COST, COMMENCEMENT DATE,
LEASE EXPIRY DATE, STIPULATED LOSS VALUE DATE,
EBO DATE, EBO PERCENTAGE, SPECIAL PURCHASE
OPTION DATES AND SPECIAL TERMINATION VALUE PERCENTAGES
(EBO Percentage, EBO Installment Percentages and
Special Termination Value Percentages expressed
as a percentage of Lessor's Cost)

FOR PURPOSES OF CONFIDENTIALITY, EXHIBIT H TO THE LEASE AGREEMENT IS
INTENTIONALLY OMITTED FROM THE COPY OF THE LEASE AGREEMENT ON FILE WITH THE
FEDERAL AVIATION ADMINISTRATION.

Doc. No. 1.04
Aircraft N777UA

TRUST AGREEMENT
(1995 777 A)

Dated as of May 1, 1995

between

[_____] ,
Owner Participant

and

STATE STREET BANK AND TRUST COMPANY,
Owner Trustee

United Air Lines, Inc.
1995 777 A Equipment Trust
One Boeing 777-222 Aircraft

TABLE OF CONTENTS

	Page
ARTICLE I	
DEFINITIONS AND TERMS.....	1
SECTION 1.01. Certain Definitions.....	1
ARTICLE II	
AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST.....	2
SECTION 2.01. Authority to Execute Documents.....	2
SECTION 2.02. Declaration of Trust.....	3
ARTICLE III	
PURCHASE OF CERTAIN RIGHTS IN THE AIRCRAFT; ISSUANCE OF LOAN CERTIFICATES.....	3
SECTION 3.01. Purchase of Certain Rights in the Aircraft.....	3
SECTION 3.02. Conditions Precedent.....	4
ARTICLE IV	
RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE.....	4
SECTION 4.01. Distribution of Payments.....	4
(a) Payments to the Indenture Trustee.....	4
(b) Payments to Owner Trustee; Other Parties.....	5
(c) Certain Distributions to the Owner Participant.....	5
(d) Excluded Payments.....	5
(e) Multiple Owner Participants.....	5
SECTION 4.02. Method of Payments.....	6
ARTICLE V	
DUTIES OF THE OWNER TRUSTEE.....	6
SECTION 5.01. Notice of Event of Default.....	6
SECTION 5.02. Action Upon Instructions.....	7
SECTION 5.03. Indemnification.....	7

SECTION 5.04.	No Duties Except as Specified in Trust Agreement or Instructions.....	8
SECTION 5.05.	No Action Except Under Specified Documents or Instruction.....	8
ARTICLE VI		
	THE OWNER TRUSTEE.....	8
SECTION 6.01.	Acceptance of Trusts and Duties.....	8
SECTION 6.02.	Absence of Certain Duties.....	9
SECTION 6.03.	No Representations or Warranties as to Certain Matters.....	10
SECTION 6.04.	No Segregation of Monies; Interest.....	10
SECTION 6.05.	Reliance Upon Certificates, Counsel and Agents.....	10
SECTION 6.06.	Not Acting in Individual Capacity.....	11
SECTION 6.07.	Fees and Compensation.....	12
SECTION 6.08.	Tax Returns.....	12
ARTICLE VII		
	INDEMNIFICATION OF STATE STREET BY OWNER PARTICIPANT.....	13
SECTION 7.01.	Owner Participant to Indemnify State Street.....	13
ARTICLE VIII		
	TRANSFER OF THE OWNER PARTICIPANT'S INTEREST.....	15
SECTION 8.01.	Transfer of Interest.....	15
SECTION 8.02.	Actions of the Owner Participants.....	15
ARTICLE IX		
	SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES.....	15
SECTION 9.01.	Resignation of Owner Trustee; Appointment of Successor.....	15
(a)	Resignation or Removal.....	15
(b)	Execution and Delivery of Documents, etc.....	16
(c)	Qualifications.....	16

(d) Merger, etc.....	17
SECTION 9.02. Co-Trustees and Separate Trustees.....	17
ARTICLE X	
SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS.....	
	19
SECTION 10.01. Supplements and Amendments and Delivery Thereof.....	19
(a) Supplements and Amendments.....	19
(b) Delivery of Amendments and Supplements to Certain Parties.....	19
SECTION 10.02. Discretion as to Execution of Documents.....	19
SECTION 10.03. Distribution of Documents.....	20
ARTICLE XI	
MISCELLANEOUS.....	
	20
SECTION 11.01. Termination of Trust Agreement.....	20
SECTION 11.02. Owner Participant Has No Legal Title in Trust Estate.....	21
SECTION 11.03. Assignment, Sale, etc. of Aircraft.....	21
SECTION 11.04. Trust Agreement for Benefit of Certain Parties Only.....	21
SECTION 11.05. Citizenship of the Owner Participant.....	22
SECTION 11.06. Notices.....	22
SECTION 11.07. Severability.....	22
SECTION 11.08. Waivers, etc.....	22
SECTION 11.09. Counterparts.....	23
SECTION 11.10. Binding Effect, etc.....	23
SECTION 11.11. Headings; References.....	23
SECTION 11.12. Governing Law.....	23
SECTION 11.13. Performance by the Owner Participant.....	23

EXHIBITS

EXHIBIT A Trust Agreement and Trust Indenture and Mortgage
Supplement (1995 777 A)

iv

TRUST AGREEMENT (1995 777 A)

This TRUST AGREEMENT (1995 777 A) dated as of May 1, 1995 between [____], a Delaware corporation (the "Owner Participant"), and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company (in its individual capacity, "State Street", and otherwise not in its individual capacity but solely as trustee hereunder with its permitted successors and assigns called the "Owner Trustee").

W I T N E S E T H:

ARTICLE I

DEFINITIONS AND TERMS

SECTION 1.01. Certain Definitions. Unless the context shall

otherwise require and except as contained in this Section 1.01, the capitalized terms used herein shall have the respective meanings assigned thereto in the Lease (as hereinafter defined) for all purposes hereof. All definitions contained in this Section 1.01 shall be equally applicable to both the singular and plural forms of the terms defined. For all purposes of this Trust Agreement the following terms shall have the following meanings:

"Actual Knowledge" has the meaning ascribed to such term in the Trust Indenture.

"Excluded Payments" has the meaning ascribed to such term in the Trust Indenture.

"Indenture Event of Default" has the meaning ascribed to such term in the Trust Indenture.

"Lease" means that certain Lease Agreement (1995 777 A), to be dated as of the date hereof, and to be entered into by the Owner Trustee and Lessee concurrently with the execution and delivery of this Trust Agreement, as said Lease Agreement may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by, and in accordance with, the terms of this Trust Agreement. The term "Lease" shall also include each Lease Supplement from time to time entered into pursuant to the terms of the Lease.

"Lease Event of Default" has the meaning which the term "Event of Default" has in the Lease.

"Owner Participant" shall mean and include (i) [_____], a Delaware corporation, as the original Owner Participant, and (ii) the successors and assigns of [_____].

"Trust Estate" means all estate, right, title and interest of the Owner Trustee in and to the Aircraft, the Lease, any Lease Supplement, the Purchase Agreement and the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale, including, without limitation, all amounts of Basic Rent and Supplemental Rent including without limitation insurance proceeds (other than insurance proceeds payable to or for the benefit of the Owner Trustee, for its own account or in its individual capacity, the Owner Participant, the Certificate Holders or the Indenture Trustee) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft (except amounts owing to the Owner Participant, to the Indenture Trustee, to the Owner Trustee, in its individual capacity, or to a Certificate Holder, or to any of their respective directors, officers, employees, servants and agents, pursuant to Section 7 of the Participation Agreement). Notwithstanding the foregoing, "Trust Estate" shall not include any Excluded Payment.

"Trust Indenture Estate" has the meaning ascribed to the term "Indenture Estate" in the Trust Indenture.

"Trust Office" has the meaning ascribed to such term in the Trust Indenture.

"Trust Supplement" means a supplement to the Trust Agreement and Trust Indenture in substantially the form of Exhibit A to this Trust Agreement.

ARTICLE II

AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS;
DECLARATION OF TRUST

SECTION 2.01. Authority to Execute Documents. The Owner Participant

hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will on or before the Delivery Date, execute and deliver the Operative Documents to which it is a party and any other agreements, instruments or documents to which the Owner Trustee is a party in the respective forms thereof which are delivered from time to time by the Owner Participant to the Owner Trustee for execution and delivery and, subject to the terms hereof, to exercise its rights (upon instructions received from

the Owner Participant) and perform its duties under said Operative Documents in accordance with the terms thereof.

SECTION 2.02. Declaration of Trust. The Owner Trustee hereby

declares that it will hold the Trust Estate upon the trusts hereinafter set forth for the use and benefit of the Owner Participant, subject, however, to the provisions of and the Lien created by the Trust Indenture and to the provisions of the Lease and the Participation Agreement.

ARTICLE III

PURCHASE OF CERTAIN RIGHTS IN THE AIRCRAFT;
ISSUANCE OF LOAN CERTIFICATES

SECTION 3.01. Purchase of Certain Rights in the Aircraft. The Owner

Participant hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will, on the Delivery Date, subject to due compliance with the terms of Section 3.02 hereof:

- (a) purchase the Aircraft pursuant to the Owner Trustee's Purchase Agreement;
- (b) accept from Lessee the delivery of the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;
- (c) execute and deliver a Lease Supplement covering the Aircraft;
- (d) execute and deliver a Trust Supplement covering the Aircraft;
- (e) execute, issue and deliver the Loan Certificates in the amounts and otherwise as provided in Section 1 of the Participation Agreement;
- (f) execute and deliver the financing statements referred to in Section 4(a)(vi) of the Participation Agreement, together with all other agreements, documents and instruments referred to in Section 4 of the Participation Agreement to which the Owner Trustee is to be a party;
- (g) effect the registration of the Aircraft in the name of the Owner Trustee by filing or causing to be filed with the FAA: (i) the Owner Trustee's FAA Bill of Sale; (ii) an application for registration of the Aircraft in the

name of the Owner Trustee (including without limitation an affidavit from the Owner Trustee in compliance with the provisions of 14 C.F.R. (S) 47.7(c)(2)(ii)); and (iii) this Trust Agreement; and

(h) execute and deliver all such other instruments, documents or certificates and take all such other actions in accordance with the directions of the Owner Participant, as the Owner Participant may deem necessary or advisable in connection with the transactions contemplated hereby.

SECTION 3.02. Conditions Precedent. The rights and obligations of

the Owner Trustee to take the actions required by Section 3.01 hereof with respect to the Aircraft shall be subject to the following conditions precedent: (a) the Owner Participant shall have made the full amount of its Commitment set forth in Schedule II to the Participation Agreement available to the Owner Trustee, in immediately available funds, in accordance with Sections 1 and 2 of the Participation Agreement; and (b) the Owner Participant shall have notified the Owner Trustee that the terms and conditions of Section 4 of the Participation Agreement, insofar as they relate to conditions precedent to performance by the Owner Participant of its obligations thereunder, shall have been either fulfilled to the satisfaction of or waived by the Owner Participant. The Owner Participant shall, by instructing the Owner Trustee to release the funds then held by the Owner Trustee as provided in Section 2 of the Participation Agreement, be deemed to have found satisfactory to it, or waived, all such conditions precedent.

ARTICLE IV

RECEIPT, DISTRIBUTION AND APPLICATION
OF INCOME FROM THE TRUST ESTATE

SECTION 4.01. Distribution of Payments.

(a) Payments to the Indenture Trustee. Until the Trust Indenture

shall have been discharged pursuant to Section 10.01 thereof, all Basic Rent, insurance proceeds and requisition or other payments of any kind included in the Trust Estate (other than Excluded Payments and other than payments received from the Indenture Trustee under the Trust Indenture) payable to the Owner Trustee shall be payable directly to the Indenture Trustee (and any of the same which are received by the Owner Trustee shall upon receipt be paid over to the Indenture Trustee without deduction, set-off or adjustment of any kind) for distribution in accordance with the provisions of Article 3 of the Trust Indenture; provided, however, that any payments received by the

Owner Trustee from (i) the Lessee with respect to the Owner Trustee's fees and disbursements, or (ii) the Owner Participant pursuant to Article VII hereof shall not be paid over to the Indenture Trustee but shall be retained by the Owner Trustee and applied toward the purpose for which such payments were made.

(b) Payments to Owner Trustee; Other Parties. After the Trust

Indenture shall have been discharged pursuant to Section 10.01 thereof, any payment of the type referred to in Section 4.01(a) hereof (other than Excluded Payments) received by the Owner Trustee, any payments received from the Indenture Trustee other than as specified in Section 4.01(d) hereof and any other amount received as part of the Trust Estate and for the application or distribution of which no provision is made herein, shall be distributed forthwith upon receipt by the Owner Trustee in the following order of priority: first, so much of such payment as shall be required to reimburse the Owner

Trustee for any expenses not otherwise reimbursed as to which the Owner Trustee is entitled to be so reimbursed pursuant to the provisions hereof shall be retained by the Owner Trustee; second, so much of the remainder for which

provision as to the application thereof is contained in the Lease or any of the other Operative Documents shall be applied and distributed in accordance with the terms of the Lease or such other Operative Document; and third, the balance,

if any, shall be paid to the Owner Participant.

(c) Certain Distributions to the Owner Participant. All amounts from

time to time distributable by the Indenture Trustee to the Owner Participant pursuant to the Trust Indenture shall, if paid to the Owner Trustee, be distributed by the Owner Trustee to the Owner Participant in accordance with the provisions of Article 3 of the Trust Indenture.

(d) Excluded Payments. Any Excluded Payments received by the Owner

Trustee shall be paid by the Owner Trustee to the Person to whom such Excluded Payments are payable under the provisions of the Participation Agreement, the Tax Indemnity Agreement or the Lease.

(e) Multiple Owner Participants. If as a result of a transfer by an

Owner Participant under Section 8.01 of this Trust Agreement, there is more than one Owner Participant hereunder, each such Owner Participant shall hold in proportion to its respective beneficial interest in the Trust Estate, an undivided beneficial interest in the entire Trust Estate and is entitled to receive ratably with any other Owner Participant payments distributable by the Owner Trustee hereunder. No Owner Participant shall have legal title to the Aircraft or any other portion of the Trust Estate.

SECTION 4.02. Method of Payments. The Owner Trustee shall make

distributions or cause distributions to be made to the Owner Participant pursuant to this Article IV by transferring by wire transfer in immediately available funds on the day received (or on the next succeeding Business Day if the funds to be so distributed shall not have been received by the Owner Trustee by 12:00 noon, New York City time), the amount to be distributed as provided in Schedule I to the Participation Agreement or to such account or accounts of the Owner Participant as the Owner Participant may designate from time to time in writing to the Owner Trustee.

ARTICLE V

DUTIES OF THE OWNER TRUSTEE

SECTION 5.01. Notice of Event of Default. If the Owner Trustee shall

have knowledge of a Lease Event of Default or Indenture Event of Default (or an event which with the passage of time or the giving of notice or both would constitute a Lease Event of Default or an Indenture Event of Default), the Owner Trustee shall give to the Owner Participant and Lessee prompt telephonic or telecopier notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid, provided that (i) in the case of an event which with the passage of time would constitute an Indenture Event of Default referred to in paragraph (b) of Section 8.01 of the Trust Indenture, such notice shall in no event be furnished later than ten (10) days after the Owner Trustee shall first have knowledge of such event and (ii) in the case of a misrepresentation by the Owner Trustee which with the passage of time would constitute an Indenture Event of Default referred to in paragraph (d) of Section 8.01 of the Trust Indenture, such notice shall in no event be furnished later than ten (10) days after the Owner Trustee shall first have knowledge of such event. The notice shall set forth in reasonable detail the facts or circumstances known to it with respect to such Lease Event of Default or Indenture Event of Default. Subject to the terms of Section 5.03 hereof, the Owner Trustee shall take such action or shall refrain from taking such action, not inconsistent with the provisions of the Trust Indenture, with respect to such Lease Event of Default, Indenture Event of Default or other event as the Owner Trustee shall be directed in writing by the Owner Participant. For all purposes of this Trust Agreement, the Lease and the other Operative Documents, in the absence of Actual Knowledge by a responsible officer of the Trust Office of the Owner Trustee in his or her capacity as such, the Owner Trustee shall not be deemed to have knowledge of a Lease Event of Default, Indenture Event of Default or other event referred to in

this Section 5.01 unless notified in writing by the Indenture Trustee, the Owner Participant or Lessee.

SECTION 5.02. Action Upon Instructions. Subject to the terms of

Sections 5.01 and 5.03 hereof, upon the written instructions at any time and from time to time of the Owner Participant, the Owner Trustee will take such of the following actions, not inconsistent with the provisions of the Lease and the Trust Indenture, as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or take such other actions under any of the Operative Documents to which the Owner Trustee is a party or in respect of all or any part of the Trust Estate as shall be specified in such instructions; (ii) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions; (iii) approve as satisfactory to it all matters required by the terms of the Lease or the other Operative Documents to be satisfactory to the Owner Trustee, it being understood that without written instructions of the Owner Participant, the Owner Trustee shall not approve any such matter as satisfactory to it; and (iv) subject to the rights of Lessee under the Operative Documents, after the expiration or earlier termination of the Lease, convey all of the Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or net lease the Aircraft to such lessee or lessees and on such terms as shall be designated in such instructions.

SECTION 5.03. Indemnification. The Owner Trustee shall not be

required to take any action under Section 5.01 (other than the giving of the notices referred to therein) or 5.02 hereof unless the Owner Trustee shall have been indemnified by the Owner Participant, in manner and form satisfactory to the Owner Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) which may be incurred in connection therewith; and, if the Owner Participant shall have directed the Owner Trustee to take any such action or refrain from taking any action, the Owner Participant agrees to furnish such indemnity as shall be required and, in addition to the extent not otherwise paid pursuant to the provisions of the Lease or of the Participation Agreement, to pay the reasonable compensation of the Owner Trustee for the services performed or to be performed by it pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by the Owner Trustee in connection therewith. The Owner Trustee shall not be required to take any action under Section 5.01 or 5.02 hereof if the Owner Trustee shall reasonably determine, or shall have been advised by counsel, that such action is contrary

to the terms of any of the Operative Documents to which the Owner Trustee is a party, or is otherwise contrary to law.

SECTION 5.04. No Duties Except as Specified in Trust Agreement or

Instructions. The Owner Trustee shall not have any duty or obligation to

manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with any of the Operative Documents to which the Owner Trustee is a party, except as expressly required by the terms of any of the Operative Documents to which the Owner Trustee is a party, or (to the extent not inconsistent with the provisions of the Trust Indenture) as expressly provided by the terms hereof or in a written instruction from the Owner Participant received pursuant to the terms of Section 5.01 or 5.02 hereof, and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. State Street agrees that it will, in its individual capacity and at its own cost or expense (but without any right of indemnity in respect of any such cost or expense under Section 7.01 hereof), promptly take such action as may be necessary to duly discharge and satisfy in full all Lessor Liens attributable to it in its individual capacity which it is required to discharge pursuant to Section 8(g) of the Participation Agreement and otherwise comply with the terms of said Section binding upon it.

SECTION 5.05. No Action Except Under Specified Documents or

Instruction. The Owner Trustee shall have no power, right or authority to, and

the Owner Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate except (i) as expressly required by the terms of any of the Operative Documents to which the Owner Trustee is a party, (ii) as expressly provided by the terms hereof, or (iii) as expressly provided in written instructions from the Owner Participant pursuant to Section 5.01 or 5.02 hereof.

ARTICLE VI

THE OWNER TRUSTEE

SECTION 6.01. Acceptance of Trusts and Duties. State Street accepts

the trusts hereby created and agrees to perform the same but only upon the terms hereof applicable to it. The Owner Trustee also agrees to receive and disburse all monies received by it constituting part of the Trust Estate upon the terms hereof. State Street shall not be answerable or accountable under any circumstances, except (a) for its own willful misconduct or gross negligence, (b) its failure (in its

individual capacity) to perform its obligations under the last sentence of Section 5.04 hereof and the first sentence of Section 5.01 hereof, (c) for its or the Owner Trustee's failure to use ordinary care to disburse funds, (d) for any Tax based on or measured by any fees, commissions or compensation received by it for acting as trustee in connection with any of the transactions contemplated by the Operative Documents and (e) for liabilities that may result from the inaccuracy of any representation or warranty of it (or from the failure by it to perform any covenant) in Section 6.03 hereof, in Section 4 of the Lease or in Sections 8(b), 8(c) and 8(p) of the Participation Agreement.

SECTION 6.02. Absence of Certain Duties. Except in accordance with

written instructions furnished pursuant to Section 5.02 hereof and except as provided in, and without limiting the generality of, Sections 3.01 and 5.04 hereof and the last sentence of Section 9.01(b) hereof, neither the Owner Trustee nor State Street shall have any duty (i) to see to any recording or filing of any Operative Document or of any supplement to any thereof or to see to the maintenance of any such recording or filing or any other filing of reports with the Federal Aviation Administration or other governmental agencies, except that State Street in its individual capacity agrees to comply with the Federal Aviation Administration reporting requirements set forth in 14 CFR (S)47.45 and 14 CFR (S)47.51, and the Owner Trustee shall, to the extent that information for that purpose is timely supplied by Lessee pursuant to any of the Operative Documents, complete and timely submit (and furnish the Owner Participant with a copy of) any and all reports relating to the Aircraft which may from time to time be required by the Federal Aviation Administration or any government or governmental authority having jurisdiction, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to the Owner Participant copies of all reports and other written information which the Owner Trustee receives from Lessee pursuant to Section 11(c) of the Lease, (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against any part of the Trust Indenture Estate or the Trust Estate, except as provided in Section 8(g) of the Participation Agreement, or (iv) to inspect Lessee's books and records with respect to the Aircraft at any time permitted pursuant to the Lease. Notwithstanding the foregoing, the Owner Trustee will furnish to the Indenture Trustee and the Owner Participant, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Owner Trustee under the Lease or any other

Operative Document to the extent that any of the same shall not state on its face or otherwise that it has been so distributed.

SECTION 6.03. No Representations or Warranties as to Certain Matters.

NEITHER THE OWNER TRUSTEE NOR STATE STREET MAKES OR SHALL BE DEEMED TO HAVE MADE (a) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF WHATSOEVER, except that State Street in its individual capacity warrants that on the Delivery Date the Owner Trustee shall have received whatever title was conveyed to it by Lessee and that the Aircraft shall during the Term of the Lease be free of Lessor Liens attributable to State Street in its individual capacity, or (b) any representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any Operative Document to which the Owner Trustee is a party, or any other document or instrument, or as to the correctness of any statement contained in any thereof except to the extent that any such statement is expressly made herein or therein by such party as a representation by State Street in its individual capacity or by the Owner Trustee, as the case may be, and except that State Street in its individual capacity hereby represents and warrants that this Trust Agreement has been, and (assuming due authorization, execution and delivery by the Owner Participant of this Trust Agreement) the Operative Documents to which it or the Owner Trustee is a party have been (or at the time of execution and delivery of any such instrument by it or the Owner Trustee hereunder or pursuant to the terms of the Participation Agreement that such an instrument will be) duly executed and delivered by one of its officers who is or will be, as the case may be, duly authorized to execute and deliver such instruments on behalf of itself or the Owner Trustee, as the case may be, and that the Trust Agreement constitutes the legal, valid and binding obligation of State Street or the Owner Trustee, as the case may be, enforceable against State Street or the Owner Trustee, as the case may be, in accordance with its terms.

SECTION 6.04. No Segregation of Monies; Interest. Monies received by

the Owner Trustee hereunder need not be segregated in any manner except to the extent provided by law and the Owner Trustee, except as provided in Section 22 of the Lease, shall not be liable for any interest thereon.

SECTION 6.05. Reliance Upon Certificates, Counsel and Agents. The

Owner Trustee shall incur no liability to anyone in acting in reliance upon any signature, instrument, notice,

resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it in good faith to be genuine and reasonably believed by it in good faith to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed herein, any request, direction, order or demand of the Owner Participant or Lessee mentioned herein or in any of the Operative Documents to which the Owner Trustee is a party shall be sufficiently evidenced by written instruments signed by the Chairman of the Board, the President, any Vice President or any other duly authorized officer or representative and in the name of any such Owner Participant or Lessee, as the case may be. The Owner Trustee may accept a copy of a resolution of the Board of Directors or Executive Committee of Lessee, certified by the Secretary or an Assistant Secretary of Lessee as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board or Committee and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Owner Trustee may for all purposes hereof rely on a certificate signed by the Chairman of the Board, the President, any Vice President or any other duly authorized officer or representative of Lessee, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of trusts hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it. The Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion, within the scope of such person's competence, of any such counsel, accountants or other skilled persons and the Owner Trustee shall not be liable for the negligence of any such counsel, accountant or other skilled person appointed by it with due care hereunder.

SECTION 6.06. Not Acting in Individual Capacity. In acting

hereunder, the Owner Trustee acts solely as trustee and not in its individual capacity except as otherwise expressly provided herein; and, except as may be otherwise expressly provided in this Trust Agreement, the Lease, the Participation Agreement and the Trust Indenture, all persons, other than the Owner Participant, as provided herein, having any claim against the Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof except to the extent the Owner Trustee shall expressly agree otherwise in writing.

SECTION 6.07. Fees and Compensation. The Owner Trustee shall be

entitled to receive compensation, reasonable as regards its responsibilities hereunder, together with reimbursement within three (3) months of its request for all reasonable expenses incurred or made by it in accordance with any of the provisions of this Trust Agreement or any other Operative Document (including the reasonable compensation and the expenses of its counsel, accountants or other skilled persons and of all other persons not regularly in its employ). If a Lease Event of Default or Indenture Event of Default shall occur and be continuing or if the Lease or the Trust Indenture is declared to be in default, the Owner Trustee shall be entitled to receive compensation, reasonable as regards its additional responsibilities hereunder, and payment or reimbursement for its expenses as provided above. Pursuant to Section 7(c) of the Participation Agreement and subject to Section 16 thereof, Lessee shall be required to pay the reasonable fees and expenses of the Owner Trustee comprising the compensation and reimbursement of expenses to which the Owner Trustee is entitled under this Section 6.07. Except as otherwise expressly provided in this Trust Agreement and the other Operative Documents, neither the Owner Participant nor the Trust Estate shall have any liability for any such fees and expenses; provided, however, the Owner Participant shall be liable for such additional compensation of the Owner Trustee if the same is attributable to an Indenture Event of Default which is caused solely by the actions or inactions of the Owner Participant; and further provided that the Owner Trustee shall have a Lien upon the Trust Estate for any such fee not paid by Lessee as contemplated by Section 7 of the Participation Agreement and such Lien shall entitle the Owner Trustee to priority as to payment thereof over payment to any other Person under this Trust Agreement but shall at all times be subordinated to the Lien of the Trust Indenture.

SECTION 6.08. Tax Returns. The Owner Trustee shall be responsible

for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies under this Trust Agreement or any other agreement contemplated hereby. The Owner Participant shall be responsible for causing to be prepared and filed all income tax returns required to be filed by the Owner Participant. The Owner Trustee shall be responsible for causing to be prepared, at the request of the Owner Participant, all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns. The Owner Trustee and the Owner Participant, upon request, will furnish each other with all such information as may be reasonably required in connection with the preparation of such income tax returns. The Owner Trustee will give to the Owner Participant, upon request, such periodic information concerning receipts and

disbursements by it with respect to the Trust Estate as would be helpful to the Owner Participant in preparing its tax returns.

ARTICLE VII

INDEMNIFICATION OF STATE STREET
BY OWNER PARTICIPANT

SECTION 7.01. Owner Participant to Indemnify State Street. The Owner

Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and hereby indemnifies, protects, saves and keeps harmless State Street in its individual capacity and its successors, assigns, legal representatives, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by State Street in its individual capacity on or measured by any compensation received by State Street in its individual capacity for its services hereunder), claims, actions, suits, costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses, and including without limitation any liability of an owner, any strict liability and any liability without fault) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against State Street in its individual capacity (whether or not also indemnified against by Lessee under the Lease or under the Participation Agreement or also indemnified against by any other person, but only to the extent not otherwise paid or reimbursed by such other person) in any way relating to or arising out of this Trust Agreement or any of the Operative Documents or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Owner Trustee or State Street in its individual capacity hereunder, except (a) in the case of willful misconduct or gross negligence on the part of the Owner Trustee or State Street in its individual capacity in the performance or nonperformance of its duties hereunder or under any of the other Operative Documents to which the Owner Trustee is a party or (b) those claims resulting from the inaccuracy of any representation or warranty of State Street in its individual capacity (or from the failure of State Street in its individual capacity to perform any of its covenants) in Section 6.03 hereof, in Section 4 of the Lease, in Section 8(b), 8(c) or 8(p) of the

Participation Agreement or elsewhere in any of the other Operative Documents or (c) as may result from a breach by State Street in its individual capacity of its covenant in the last sentence of Section 5.04 hereof or (d) in the case of the failure to use ordinary care on the part of the Owner Trustee or State Street in its individual capacity in the disbursement of funds or (e) those claims arising under any circumstances or upon any terms where Lessee would not have been required to indemnify the Owner Trustee in its individual capacity pursuant to Section 7(b) or 7(c) of the Participation Agreement (disregarding, for this purpose, Sections 7(b)(ii)(2) (to the extent that such disposition referred to therein results from the Owner Trustee acting in accordance with written instructions of the Owner Participant), 7(b)(ii)(4)(i) (to the extent that it results from the willful misconduct or gross negligence of the Owner Participant to the extent imposed on the Owner Trustee), 7(b)(ii)(7), 7(c)(2) (to the extent that such failure referred to therein results from the Owner Trustee's acting in accordance with written instructions of the Owner Participant), 7(c)(4) (to the extent that such disposition referred to therein results from the Owner Trustee's acting in accordance with written instructions of the Owner Participant), 7(c)(6), 7(c)(8) and 7(c)(10) of the Participation Agreement and disregarding, for this purpose, those claims arising or resulting from any action taken by or inaction of the Owner Trustee in accordance with written instructions of the Owner Participant); provided, however, that the exception set forth in clause (a) of this Section 7.01 shall not apply to any action taken or omission made by the Owner Trustee pursuant to and in accordance with written directions given to the Owner Trustee by the Owner Participant. The indemnities contained in this Section 7.01 extend to State Street only in its individual capacity and shall not be construed as indemnities of the Trust Indenture Estate or the Trust Estate (except to the extent, if any, that State Street in its individual capacity has been reimbursed by the Trust Indenture Estate or the Trust Estate for amounts covered by the indemnities contained in this Section 7.01). The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement. In addition, if necessary, State Street in its individual capacity shall be entitled to indemnification from the Trust Estate, subject to the Lien of the Trust Indenture, for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7.01 to the extent not reimbursed by Lessee, the Owner Participant or others, but without releasing any of them from their respective agreements of reimbursement; and, to secure the same, State Street in its individual capacity shall have a lien on the Trust Estate, subject to the lien of the Trust Indenture, which shall be prior to any interest therein of the Owner Participant. The payor of any indemnity under this Article

VII shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

ARTICLE VIII

TRANSFER OF THE OWNER PARTICIPANT'S INTEREST

SECTION 8.01. Transfer of Interest. All provisions of Section 8(1)

of the Participation Agreement shall (with the same force and effect as if set forth in full in this Section 8.01) be applicable to any assignment, conveyance or other transfer by the Owner Participant of any of its right, title or interest in and to the Participation Agreement, the Trust Estate or this Trust Agreement. If there is more than one Owner Participant, no assignment, conveyance or other transfer by an Owner Participant of any of its right, title or interest in and to this Trust Agreement or the Trust Estate shall be valid unless each other Owner Participant's prior written consent (which consent may be withheld in the sole discretion of such other Owner Participants) is given to such assignment, conveyance or other transfer.

SECTION 8.02. Actions of the Owner Participants. If at any time

prior to the termination of this Trust Agreement there is more than one Owner Participant, then during such time, if any action is required to be taken by all Owner Participants and whenever any direction, authorization, approval, consent, instruction, or other action is permitted to be given or taken by the Owner Participant it shall be given or taken only upon unanimous agreement of all Owner Participants provided, however, that the termination of this Trust Agreement pursuant to Section 11.01 hereof may be effected upon the election of any Owner Participant.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES

SECTION 9.01. Resignation of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. The Owner Trustee or any successor Owner

Trustee (i) shall resign if required to do so pursuant to Section 8(b) of the Participation Agreement and (ii) may resign at any time without cause by giving at least 60 days' prior written notice to the Owner Participant, the Indenture Trustee and Lessee, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In addition, the Owner Participant may

at any time remove the Owner Trustee without cause by a notice in writing delivered to the Owner Trustee, the Certificate Holders, the Indenture Trustee and Lessee, such removal to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In the case of the removal or resignation of the Owner Trustee, the Owner Participant may appoint a successor Owner Trustee by an instrument signed by the Owner Participant, such successor to be approved by Lessee unless an Event of Default shall have occurred and be continuing (which approval shall not be unreasonably withheld). If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Owner Trustee, the Owner Participant, Lessee or the Indenture Trustee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided.

(b) Execution and Delivery of Documents, etc. Any successor Owner

Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named the Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee upon the trusts herein expressed. Upon the appointment of any successor Owner Trustee hereunder, the predecessor Owner Trustee will execute such documents as are provided to it by such successor Owner Trustee and will take such further actions as are requested of it by such successor Owner Trustee as are reasonably required to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the Federal Aviation Administration, or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

(c) Qualifications. Any successor Owner Trustee, however appointed,

shall be a Citizen of the United States and shall also be a bank or trust company organized under the laws of the United States or any state thereof having a combined capital

and surplus of at least \$50,000,000 (or the obligations and liabilities of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by an affiliate company having a combined capital and surplus of at least \$50,000,000), if there be such an institution willing, able and legally qualified to perform the duties of the Owner Trustee hereunder upon reasonable or customary terms. Subject to Section 14 of the Participation Agreement, no such successor trustee shall (i) be located in a jurisdiction which creates adverse consequences for the Lessee (unless such circumstances would be created by substantially all jurisdictions where major banking or trust institutions are located) or (ii) charge fees for its services as an Owner Trustee in excess of the then prevailing market rates for such services (unless the Owner Participant agrees that it and not the Lessee shall be liable for such excess).

(d) Merger, etc. Any corporation into which State Street may be

merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which State Street shall be a party, or any corporation to which substantially all the corporate trust business of State Street may be transferred, shall, subject to the terms of Section 9.01(c) hereof, be the Owner Trustee hereunder without further act.

SECTION 9.02. Co-Trustees and Separate Trustees. If at any time it

shall be necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Trust Estate is located, or make any claim or bring any suit with respect to the Trust Estate or the Lease, or in the event that the Owner Trustee shall have been requested to do so by the Owner Participant or the Owner Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of the Owner Participant or the Owner Trustee, or the Owner Trustee shall have been directed to do so by the Owner Participant, the Owner Trustee and Owner Participant shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons (any and all of which shall be a Citizen of the United States) approved by the Owner Trustee and the Owner Participant, either to act as co-trustee, jointly with the Owner Trustee, or to act as separate trustee hereunder (any such co-trustee or separate trustee being herein sometimes referred to as an "additional trustee"). In the event the Owner Participant shall not have joined in the execution of such agreements supplemental hereto within ten days after the receipt of a written request from the Owner Trustee so to do, or in case a Lease Event of Default or Indenture Event of Default shall occur and be continuing, the Owner Trustee may act under the

foregoing provisions of this Section 9.02 without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.02 in either of such contingencies.

Every additional trustee hereunder shall, to the extent permitted by law, be appointed and act, and the Owner Trustee and its successors shall act, subject to the following provisions and conditions:

(A) All powers, duties, obligations and rights conferred upon the Owner Trustee in respect of the custody, control and management of monies, the Aircraft or documents authorized to be delivered hereunder or under the Participation Agreement shall be exercised solely by the Owner Trustee;

(B) Any other rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred or imposed upon and exercised or performed by the Owner Trustee and such additional trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (including the holding of title to the Trust Estate) the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee;

(C) No power given to, or which it is provided hereby may be exercised by, any such additional trustee shall be exercised hereunder by such additional trustee, except jointly with, or with the consent in writing of, the Owner Trustee;

(D) No trustee hereunder shall be personally liable by reason of any action or omission of any other trustee hereunder;

(E) The Owner Participant, at any time, by an instrument in writing may remove any such additional trustee. In the event that the Owner Participant shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Owner Trustee so to do, the Owner Trustee shall have the power to remove any such additional trustee without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and

attorney-in-fact for it in such connection in such contingency; and

(F) No appointment of, or action by, any additional trustee will relieve the Owner Trustee of any of its obligations under, or otherwise affect any of the terms of, the Trust Indenture or affect the interests of the Indenture Trustee or the Certificate Holders in the Trust Indenture Estate.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS
TO TRUST AGREEMENT AND OTHER DOCUMENTS

SECTION 10.01. Supplements and Amendments and Delivery Thereof.

(a) Supplements and Amendments. This Trust Agreement may not be

amended, supplemented or otherwise modified except by an instrument in writing signed by the Owner Trustee and the Owner Participant. Subject to Section 10.02 hereof and Section 10(B) of the Participation Agreement, the Owner Trustee will execute any amendment, supplement or other modification of this Trust Agreement or of any other Operative Documents to which the Owner Trustee is a party which it is requested to execute by the Owner Participant except that the Owner Trustee shall not execute any such amendment, supplement or other modification which, by the express provisions of any of the above documents, requires the consent of any other party unless such consent shall have been obtained.

(b) Delivery of Amendments and Supplements to Certain Parties. A

signed copy of each amendment or supplement referred to in Section 10.01(a) hereof shall be delivered promptly by the Owner Trustee to Lessee.

SECTION 10.02. Discretion as to Execution of Documents. Prior to

executing any document required to be executed by it pursuant to the terms of Section 10.01 hereof, the Owner Trustee shall be entitled to receive an opinion of its counsel to the effect that the execution of such document is authorized hereunder. If in the opinion of the Owner Trustee any such document adversely affects any right, duty, immunity or indemnity in favor of the Owner Trustee hereunder or under any other Operative Document to which the Owner Trustee is a party, the Owner Trustee may in its discretion decline to execute such document.

SECTION 10.03. Distribution of Documents. Promptly after the

execution by the Owner Trustee of any document entered into pursuant to Section 10.01 hereof, the Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to the Owner Participant, but the failure of the Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination of Trust Agreement. (a) This Trust

Agreement and the Trusts created hereby shall be of no further force or effect upon the earliest of (i) both the final discharge of the Trust Indenture pursuant to Section 10.01 thereof, the termination of the Lease pursuant to its terms and the sale or other final disposition by the Owner Trustee of all property constituting part of the Trust Estate and the final distribution by the Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate, (ii) in accordance with Article IV hereof, provided that at such time Lessee and the Owner Participant shall have fully complied with all of the terms of the Lease and the Participation Agreement and (iii) twenty-one years less one day after the death of the last survivor of all of the decedents of the grandparents of David C. Rockefeller living on the date of the earliest execution of this Trust Agreement by any party hereto, but if this Trust Agreement and the Trust created hereby shall be or become authorized under applicable law to be valid for a period commencing on the twenty-first anniversary of the death of such last survivor (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity of this Trust Agreement and the Trust created hereby for a period in gross exceeding the period for which this Trust Agreement and the Trust created hereby are hereinabove stated to extend and be valid), then this Trust Agreement and the Trust created hereby shall not terminate under this subsection (a) but shall extend to and continue in effect, but only if such non-termination and extension shall then be valid under applicable law, until the day proceeding such date as the same shall, under applicable law, cease to be valid. In furtherance of the foregoing, this Trust Agreement and the Trusts created hereby shall not be revoked, modified or terminated except in accordance with the terms hereof and of the Participation Agreement or with the prior written consent of the Indenture Trustee. Upon such termination,

all monies or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of the Trust Agreement.

(b) The bankruptcy, death or incapacity of the Owner Participant will not terminate this Trust Agreement, nor entitle such person's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of the Trust Estate, nor otherwise effect the rights, obligations and liabilities of the parties hereto. No creditor of the Owner Participant shall obtain legal title to or exercise legal or equitable remedies with respect to the Trust Estate as a result of the Owner Participant's status. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner Participant in and to its beneficial interest in the Trust Estate shall operate to terminate this Trust Agreement or the Trusts created hereby.

SECTION 11.02. Owner Participant Has No Legal Title in Trust Estate.

The Owner Participant shall not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner Participant in and to the Trust Estate hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successors or transferees of the Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

SECTION 11.03. Assignment, Sale, etc. of Aircraft. Any assignment,

sale, transfer or other conveyance of the Aircraft by the Owner Trustee made in accordance with the express terms hereof or of the Lease or the Participation Agreement shall bind the Owner Participant and shall be effective to transfer or convey all right, title and interest of the Owner Trustee and the Owner Participant in and to the Aircraft. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by the Owner Trustee.

SECTION 11.04. Trust Agreement for Benefit of Certain Parties Only.

Except for the terms of Section 8(1) of the Participation Agreement incorporated in Article VIII hereof and except as otherwise provided in Article IX and Sections 5.01, 6.07, 10.01 and 11.01 hereof, nothing herein, whether expressed or implied, shall be construed to give any person other than the Owner Trustee and the Owner Participant any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; but this Trust Agreement shall be held to be for the

sole and exclusive benefit of the Owner Trustee and the Owner Participant.

SECTION 11.05. Citizenship of the Owner Participant. If at any time

there shall be more than one Owner Participant, then any Owner Participant who shall cease to be a Citizen of the United States shall have no voting or similar rights hereunder and shall have no right to direct, influence or limit the exercise of, or to prevent the direction or influence of, or place any limitation on the exercise of, the Owner Trustee's authority or to remove the Owner Trustee.

SECTION 11.06. Notices. All notices, demands, instructions and other

communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by telecopier, or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or, if sent by registered or certified mail, three Business Days after being deposited in the mails addressed to the intended recipient thereof in accordance with the provisions of this Section 11.06. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 11.06, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) as follows: (A) if to Lessee, the Owner Trustee, the Indenture Trustee or the Owner Participant, to the respective addresses set forth on Schedule I to the Participation Agreement or (B) if to any Certificate Holder, addressed to such Certificate Holder at its address as set forth in the Loan Certificate register maintained pursuant to the Trust Indenture.

SECTION 11.07. Severability. Subject to Section 11.12 hereof, any

provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08. Waivers, etc. No term or provision hereof may be

changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Article X hereof; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

SECTION 11.09. Counterparts. This Trust Agreement may be executed by

the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.10. Binding Effect, etc. All covenants and agreements

contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns, and the Owner Participant, its successors and, to the extent permitted by Article VIII hereof, its assigns. Any request, notice, direction, consent, waiver or other instrument or action by an Owner Participant shall bind its successors and assigns.

SECTION 11.11. Headings; References. The headings of the various

Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.12. Governing Law. This Trust Agreement shall in all

respects be governed by, and construed in accordance with, the internal laws of the Commonwealth of Massachusetts, including all matters of construction, validity and performance.

SECTION 11.13. Performance by the Owner Participant. Any obligation

of the Owner Trustee in its individual capacity or as Owner Trustee hereunder or under any other Operative Document or other document contemplated herein, may be performed by the Owner Participant and any such performance shall not be construed as a revocation of the trust created hereby.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

By: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY

By: _____
Title: _____

EXHIBIT A

TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE
SUPPLEMENT (1995 777 A)

This TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1995 777 A), dated May __, 1995 (herein called the "Trust Supplement") of STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee"), under the Trust Agreement (1995 777 A), dated as of May 1, 1995 (herein called the "Trust Agreement"), between the Owner Trustee and the Owner Participant named therein.

WITNESSETH:

WHEREAS, the Trust Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Aircraft (such term and other terms defined in the Trust Indenture referred to below used herein as therein defined) included in the property covered by the Trust Agreement;

WHEREAS, the Trust Indenture and Mortgage (1995 777 A), dated as of May 1, 1995 (herein called the "Trust Indenture"), between the Owner Trustee and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Indenture Trustee (herein called the "Indenture Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Indenture Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document;

NOW, THEREFORE, this Trust Supplement witnesseth, that, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the following described property:

AIRFRAME

One Airframe Identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number
The Boeing Company	777-222	N777UA	26916

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, whether or not such engines shall be installed in or attached to the Airframe or any other airframe, identified as follows:

Manufacturer	Model	Manufacturer's Serial Number
Pratt & Whitney	PW4084	_____
Pratt & Whitney	PW4084	_____

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the equal and proportionate benefit and security of the holders from time to time of the Loan Certificates outstanding, without any preference, distinction or priority of any one Loan Certificate over any other by reason of series, priority of time of issue, sale, negotiation, date of maturity thereof or

otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust Supplement shall be construed as supplemental to the Trust Indenture and to the Trust Agreement and shall form a part of each, and the Trust Agreement and the Trust Indenture are each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

* * *

A-3

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY,
not in its individual capacity but solely
as Owner Trustee,

By: _____
Title: _____

Doc. No. 1.04
Aircraft N766UA

TRUST AGREEMENT
(1995 777 B)

Dated as of May 1, 1995

between

[_____] ,
Owner Participant

and

STATE STREET BANK AND TRUST COMPANY,
Owner Trustee

United Air Lines, Inc.
1995 777 B Equipment Trust
One Boeing 777-222 Aircraft

TABLE OF CONTENTS

	Page
ARTICLE I	
DEFINITIONS AND TERMS.....	1
SECTION 1.01. Certain Definitions.....	1
ARTICLE II	
AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST.....	2
SECTION 2.01. Authority to Execute Documents.....	2
SECTION 2.02. Declaration of Trust.....	3
ARTICLE III	
PURCHASE OF CERTAIN RIGHTS IN THE AIRCRAFT; ISSUANCE OF LOAN CERTIFICATES	3
SECTION 3.01. Purchase of Certain Rights in the Aircraft.....	3
SECTION 3.02. Conditions Precedent.....	4
ARTICLE IV	
RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE.....	4
SECTION 4.01. Distribution of Payments.....	4
(a) Payments to the Indenture Trustee.....	4
(b) Payments to Owner Trustee; Other Parties.....	5
(c) Certain Distributions to the Owner Participant.....	5
(d) Excluded Payments.....	5
(e) Multiple Owner Participants.....	5
SECTION 4.02. Method of Payments.....	6
ARTICLE V	
DUTIES OF THE OWNER TRUSTEE.....	6
SECTION 5.01. Notice of Event of Default.....	6
SECTION 5.02. Action Upon Instructions.....	7
SECTION 5.03. Indemnification.....	7

SECTION 5.04.	No Duties Except as Specified in Trust Agreement or Instructions.....	8
SECTION 5.05.	No Action Except Under Specified Documents or Instruction.....	8
ARTICLE VI		
THE OWNER TRUSTEE.....		8
SECTION 6.01.	Acceptance of Trusts and Duties.....	8
SECTION 6.02.	Absence of Certain Duties.....	9
SECTION 6.03.	No Representations or Warranties as to Certain Matters.....	10
SECTION 6.04.	No Segregation of Monies; Interest.....	10
SECTION 6.05.	Reliance Upon Certificates, Counsel and Agents.....	10
SECTION 6.06.	Not Acting in Individual Capacity.....	11
SECTION 6.07.	Fees and Compensation.....	12
SECTION 6.08.	Tax Returns.....	12
ARTICLE VII		
INDEMNIFICATION OF STATE STREET BY OWNER PARTICIPANT.....		13
SECTION 7.01.	Owner Participant to Indemnify State Street.....	13
ARTICLE VIII		
TRANSFER OF THE OWNER PARTICIPANT'S INTEREST.....		15
SECTION 8.01.	Transfer of Interest.....	15
SECTION 8.02.	Actions of the Owner Participants.....	15
ARTICLE IX		
SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES.....		15
SECTION 9.01.	Resignation of Owner Trustee; Appointment of Successor.....	15
(a)	Resignation or Removal.....	15
(b)	Execution and Delivery of Documents, etc.....	16
(c)	Qualifications.....	16

(d)	Merger, etc.....	17
SECTION 9.02.	Co-Trustees and Separate Trustees.....	17
ARTICLE X		
SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS.....		
		19
SECTION 10.01.	Supplements and Amendments and Delivery Thereof.....	19
(a)	Supplements and Amendments.....	19
(b)	Delivery of Amendments and Supplements to Certain Parties.....	19
SECTION 10.02.	Discretion as to Execution of Documents.....	19
SECTION 10.03.	Distribution of Documents.....	20
ARTICLE XI		
MISCELLANEOUS.....		
		20
SECTION 11.01.	Termination of Trust Agreement.....	20
SECTION 11.02.	Owner Participant Has No Legal Title in Trust Estate.....	21
SECTION 11.03.	Assignment, Sale, etc. of Aircraft.....	21
SECTION 11.04.	Trust Agreement for Benefit of Certain Parties Only.....	21
SECTION 11.05.	Citizenship of the Owner Participant.....	22
SECTION 11.06.	Notices.....	22
SECTION 11.07.	Severability.....	22
SECTION 11.08.	Waivers, etc.....	22
SECTION 11.09.	Counterparts.....	23
SECTION 11.10.	Binding Effect, etc.	23
SECTION 11.11.	Headings; References.....	23
SECTION 11.12.	Governing Law.....	23
SECTION 11.13.	Performance by the Owner Participant.....	23

EXHIBITS

EXHIBIT A Trust Agreement and Trust Indenture and Mortgage
Supplement (1995 777 B)

TRUST AGREEMENT (1995 777 B)

This TRUST AGREEMENT (1995 777 B) dated as of May 1, 1995 between [_____] , a Delaware corporation (the "Owner Participant"), and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company (in its individual capacity, "State Street", and otherwise not in its individual capacity but solely as trustee hereunder with its permitted successors and assigns called the "Owner Trustee").

W I T N E S E T H:

ARTICLE I

DEFINITIONS AND TERMS

SECTION 1.01. Certain Definitions. Unless the context shall otherwise require and except as contained in this Section 1.01, the capitalized terms used herein shall have the respective meanings assigned thereto in the Lease (as hereinafter defined) for all purposes hereof. All definitions contained in this Section 1.01 shall be equally applicable to both the singular and plural forms of the terms defined. For all purposes of this Trust Agreement the following terms shall have the following meanings:

"Actual Knowledge" has the meaning ascribed to such term in the Trust Indenture.

"Excluded Payments" has the meaning ascribed to such term in the Trust Indenture.

"Indenture Event of Default" has the meaning ascribed to such term in the Trust Indenture.

"Lease" means that certain Lease Agreement (1995 777 B), to be dated as of the date hereof, and to be entered into by the Owner Trustee and Lessee concurrently with the execution and delivery of this Trust Agreement, as said Lease Agreement may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by, and in accordance with, the terms of this Trust Agreement. The term "Lease" shall also include each Lease Supplement from time to time entered into pursuant to the terms of the Lease.

"Lease Event of Default" has the meaning which the term "Event of Default" has in the Lease.

"Owner Participant" shall mean and include (i) [_____] , a Delaware corporation, as the original Owner

Participant, and (ii) the successors and assigns of [_____].

"Trust Estate" means all estate, right, title and interest of the Owner Trustee in and to the Aircraft, the Lease, any Lease Supplement, the Purchase Agreement and the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale, including, without limitation, all amounts of Basic Rent and Supplemental Rent including without limitation insurance proceeds (other than insurance proceeds payable to or for the benefit of the Owner Trustee, for its own account or in its individual capacity, the Owner Participant, the Certificate Holders or the Indenture Trustee) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft (except amounts owing to the Owner Participant, to the Indenture Trustee, to the Owner Trustee, in its individual capacity, or to a Certificate Holder, or to any of their respective directors, officers, employees, servants and agents, pursuant to Section 7 of the Participation Agreement). Notwithstanding the foregoing, "Trust Estate" shall not include any Excluded Payment.

"Trust Indenture Estate" has the meaning ascribed to the term "Indenture Estate" in the Trust Indenture.

"Trust Office" has the meaning ascribed to such term in the Trust Indenture.

"Trust Supplement" means a supplement to the Trust Agreement and Trust Indenture in substantially the form of Exhibit A to this Trust Agreement.

ARTICLE II

AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST

SECTION 2.01. Authority to Execute Documents. The Owner Participant hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will on or before the Delivery Date, execute and deliver the Operative Documents to which it is a party and any other agreements, instruments or documents to which the Owner Trustee is a party in the respective forms thereof which are delivered from time to time by the Owner Participant to the Owner Trustee for execution and delivery and, subject to the terms hereof, to exercise its rights (upon instructions received from the Owner Participant) and perform its duties under said Operative Documents in accordance with the terms thereof.

SECTION 2.02. Declaration of Trust. The Owner Trustee hereby declares that it will hold the Trust Estate upon the trusts hereinafter set forth for the use and benefit of the Owner Participant, subject, however, to the provisions of and the Lien created by the Trust Indenture and to the provisions of the Lease and the Participation Agreement.

ARTICLE III

PURCHASE OF CERTAIN RIGHTS IN THE AIRCRAFT;
ISSUANCE OF LOAN CERTIFICATES

SECTION 3.01. Purchase of Certain Rights in the Aircraft. The Owner Participant hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will, on the Delivery Date, subject to due compliance with the terms of Section 3.02 hereof:

- (a) purchase the Aircraft pursuant to the Owner Trustee's Purchase Agreement;
- (b) accept from Lessee the delivery of the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;
- (c) execute and deliver a Lease Supplement covering the Aircraft;
- (d) execute and deliver a Trust Supplement covering the Aircraft;
- (e) execute, issue and deliver the Loan Certificates in the amounts and otherwise as provided in Section 1 of the Participation Agreement;
- (f) execute and deliver the financing statements referred to in Section 4(a)(vi) of the Participation Agreement, together with all other agreements, documents and instruments referred to in Section 4 of the Participation Agreement to which the Owner Trustee is to be a party;
- (g) effect the registration of the Aircraft in the name of the Owner Trustee by filing or causing to be filed with the FAA: (i) the Owner Trustee's FAA Bill of Sale; (ii) an application for registration of the Aircraft in the name of the Owner Trustee (including without limitation an affidavit from the Owner Trustee in compliance with the

provisions of 14 C.F.R. (S) 47.7(c)(2)(ii)); and (iii) this Trust Agreement; and

(h) execute and deliver all such other instruments, documents or certificates and take all such other actions in accordance with the directions of the Owner Participant, as the Owner Participant may deem necessary or advisable in connection with the transactions contemplated hereby.

SECTION 3.02. Conditions Precedent. The rights and obligations of the Owner Trustee to take the actions required by Section 3.01 hereof with respect to the Aircraft shall be subject to the following conditions precedent: (a) the Owner Participant shall have made the full amount of its Commitment set forth in Schedule II to the Participation Agreement available to the Owner Trustee, in immediately available funds, in accordance with Sections 1 and 2 of the Participation Agreement; and (b) the Owner Participant shall have notified the Owner Trustee that the terms and conditions of Section 4 of the Participation Agreement, insofar as they relate to conditions precedent to performance by the Owner Participant of its obligations thereunder, shall have been either fulfilled to the satisfaction of or waived by the Owner Participant. The Owner Participant shall, by instructing the Owner Trustee to release the funds then held by the Owner Trustee as provided in Section 2 of the Participation Agreement, be deemed to have found satisfactory to it, or waived, all such conditions precedent.

ARTICLE IV

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

SECTION 4.01. Distribution of Payments. -----

(a) Payments to the Indenture Trustee. Until the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, all Basic Rent, insurance proceeds and requisition or other payments of any kind included in the Trust Estate (other than Excluded Payments and other than payments received from the Indenture Trustee under the Trust Indenture) payable to the Owner Trustee shall be payable directly to the Indenture Trustee (and any of the same which are received by the Owner Trustee shall upon receipt be paid over to the Indenture Trustee without deduction, set-off or adjustment of any kind) for distribution in accordance with the provisions of Article 3 of the Trust Indenture; provided, however, that any payments received by the Owner Trustee from (i) the Lessee with respect to the Owner Trustee's fees and disbursements, or (ii) the Owner Participant

pursuant to Article VII hereof shall not be paid over to the Indenture Trustee but shall be retained by the Owner Trustee and applied toward the purpose for which such payments were made.

(b) Payments to Owner Trustee; Other Parties. After the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, any payment of the type referred to in Section 4.01(a) hereof (other than Excluded Payments) received by the Owner Trustee, any payments received from the Indenture Trustee other than as specified in Section 4.01(d) hereof and any other amount received as part of the Trust Estate and for the application or distribution of which no provision is made herein, shall be distributed forthwith upon receipt by the Owner Trustee in the following order of priority: first, so much of such payment as shall be required to reimburse the Owner Trustee for any expenses not otherwise reimbursed as to which the Owner Trustee is entitled to be so reimbursed pursuant to the provisions hereof shall be retained by the Owner Trustee; second, so much of the remainder for which provision as to the application thereof is contained in the Lease or any of the other Operative Documents shall be applied and distributed in accordance with the terms of the Lease or such other Operative Document; and third, the balance, if any, shall be paid to the Owner Participant.

(c) Certain Distributions to the Owner Participant. All amounts from time to time distributable by the Indenture Trustee to the Owner Participant pursuant to the Trust Indenture shall, if paid to the Owner Trustee, be distributed by the Owner Trustee to the Owner Participant in accordance with the provisions of Article 3 of the Trust Indenture.

(d) Excluded Payments. Any Excluded Payments received by the Owner Trustee shall be paid by the Owner Trustee to the Person to whom such Excluded Payments are payable under the provisions of the Participation Agreement, the Tax Indemnity Agreement or the Lease.

(e) Multiple Owner Participants. If as a result of a transfer by an Owner Participant under Section 8.01 of this Trust Agreement, there is more than one Owner Participant hereunder, each such Owner Participant shall hold in proportion to its respective beneficial interest in the Trust Estate, an undivided beneficial interest in the entire Trust Estate and is entitled to receive ratably with any other Owner Participant payments distributable by the Owner Trustee hereunder. No Owner Participant shall have legal title to the Aircraft or any other portion of the Trust Estate.

SECTION 4.02. Method of Payments. The Owner Trustee shall make distributions or cause distributions to be made to the Owner Participant pursuant to this Article IV by transferring by wire transfer in immediately available funds on the day received (or on the next succeeding Business Day if the funds to be so distributed shall not have been received by the Owner Trustee by 12:00 noon, New York City time), the amount to be distributed as provided in Schedule I to the Participation Agreement or to such account or accounts of the Owner Participant as the Owner Participant may designate from time to time in writing to the Owner Trustee.

ARTICLE V

DUTIES OF THE OWNER TRUSTEE

SECTION 5.01. Notice of Event of Default. If the Owner Trustee shall have knowledge of a Lease Event of Default or Indenture Event of Default (or an event which with the passage of time or the giving of notice or both would constitute a Lease Event of Default or an Indenture Event of Default), the Owner Trustee shall give to the Owner Participant and Lessee prompt telephonic or telecopier notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid, provided that (i) in the case of an event which with the passage of time would constitute an Indenture Event of Default referred to in paragraph (b) of Section 8.01 of the Trust Indenture, such notice shall in no event be furnished later than ten (10) days after the Owner Trustee shall first have knowledge of such event and (ii) in the case of a misrepresentation by the Owner Trustee which with the passage of time would constitute an Indenture Event of Default referred to in paragraph (d) of Section 8.01 of the Trust Indenture, such notice shall in no event be furnished later than ten (10) days after the Owner Trustee shall first have knowledge of such event. The notice shall set forth in reasonable detail the facts or circumstances known to it with respect to such Lease Event of Default or Indenture Event of Default. Subject to the terms of Section 5.03 hereof, the Owner Trustee shall take such action or shall refrain from taking such action, not inconsistent with the provisions of the Trust Indenture, with respect to such Lease Event of Default, Indenture Event of Default or other event as the Owner Trustee shall be directed in writing by the Owner Participant. For all purposes of this Trust Agreement, the Lease and the other Operative Documents, in the absence of Actual Knowledge by a responsible officer of the Trust Office of the Owner Trustee in his or her capacity as such, the Owner Trustee shall not be deemed to have knowledge of a Lease Event of Default, Indenture Event of Default or other event referred to in

this Section 5.01 unless notified in writing by the Indenture Trustee, the Owner Participant or Lessee.

SECTION 5.02. Action Upon Instructions. Subject to the terms of Sections 5.01 and 5.03 hereof, upon the written instructions at any time and from time to time of the Owner Participant, the Owner Trustee will take such of the following actions, not inconsistent with the provisions of the Lease and the Trust Indenture, as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or take such other actions under any of the Operative Documents to which the Owner Trustee is a party or in respect of all or any part of the Trust Estate as shall be specified in such instructions; (ii) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions; (iii) approve as satisfactory to it all matters required by the terms of the Lease or the other Operative Documents to be satisfactory to the Owner Trustee, it being understood that without written instructions of the Owner Participant, the Owner Trustee shall not approve any such matter as satisfactory to it; and (iv) subject to the rights of Lessee under the Operative Documents, after the expiration or earlier termination of the Lease, convey all of the Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or net lease the Aircraft to such lessee or lessees and on such terms as shall be designated in such instructions.

SECTION 5.03. Indemnification. The Owner Trustee shall not be required to take any action under Section 5.01 (other than the giving of the notices referred to therein) or 5.02 hereof unless the Owner Trustee shall have been indemnified by the Owner Participant, in manner and form satisfactory to the Owner Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) which may be incurred in connection therewith; and, if the Owner Participant shall have directed the Owner Trustee to take any such action or refrain from taking any action, the Owner Participant agrees to furnish such indemnity as shall be required and, in addition to the extent not otherwise paid pursuant to the provisions of the Lease or of the Participation Agreement, to pay the reasonable compensation of the Owner Trustee for the services performed or to be performed by it pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by the Owner Trustee in connection therewith. The Owner Trustee shall not be required to take any action under Section 5.01 or 5.02 hereof if the Owner Trustee shall reasonably determine, or shall have been advised by counsel, that such action is contrary

to the terms of any of the Operative Documents to which the Owner Trustee is a party, or is otherwise contrary to law.

SECTION 5.04. No Duties Except as Specified in Trust Agreement or Instructions. The Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with any of the Operative Documents to which the Owner Trustee is a party, except as expressly required by the terms of any of the Operative Documents to which the Owner Trustee is a party, or (to the extent not inconsistent with the provisions of the Trust Indenture) as expressly provided by the terms hereof or in a written instruction from the Owner Participant received pursuant to the terms of Section 5.01 or 5.02 hereof, and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. State Street agrees that it will, in its individual capacity and at its own cost or expense (but without any right of indemnity in respect of any such cost or expense under Section 7.01 hereof), promptly take such action as may be necessary to duly discharge and satisfy in full all Lessor Liens attributable to it in its individual capacity which it is required to discharge pursuant to Section 8(g) of the Participation Agreement and otherwise comply with the terms of said Section binding upon it.

SECTION 5.05. No Action Except Under Specified Documents or Instruction. The Owner Trustee shall have no power, right or authority to, and the Owner Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate except (i) as expressly required by the terms of any of the Operative Documents to which the Owner Trustee is a party, (ii) as expressly provided by the terms hereof, or (iii) as expressly provided in written instructions from the Owner Participant pursuant to Section 5.01 or 5.02 hereof.

ARTICLE VI

THE OWNER TRUSTEE

SECTION 6.01. Acceptance of Trusts and Duties. State Street accepts the trusts hereby created and agrees to perform the same but only upon the terms hereof applicable to it. The Owner Trustee also agrees to receive and disburse all monies received by it constituting part of the Trust Estate upon the terms hereof. State Street shall not be answerable or accountable under any circumstances, except (a) for its own willful misconduct or gross negligence, (b) its failure (in its

individual capacity) to perform its obligations under the last sentence of Section 5.04 hereof and the first sentence of Section 5.01 hereof, (c) for its or the Owner Trustee's failure to use ordinary care to disburse funds, (d) for any Tax based on or measured by any fees, commissions or compensation received by it for acting as trustee in connection with any of the transactions contemplated by the Operative Documents and (e) for liabilities that may result from the inaccuracy of any representation or warranty of it (or from the failure by it to perform any covenant) in Section 6.03 hereof, in Section 4 of the Lease or in Sections 8(b), 8(c) and 8(p) of the Participation Agreement.

SECTION 6.02. Absence of Certain Duties. Except in accordance with written instructions furnished pursuant to Section 5.02 hereof and except as provided in, and without limiting the generality of, Sections 3.01 and 5.04 hereof and the last sentence of Section 9.01(b) hereof, neither the Owner Trustee nor State Street shall have any duty (i) to see to any recording or filing of any Operative Document or of any supplement to any thereof or to see to the maintenance of any such recording or filing or any other filing of reports with the Federal Aviation Administration or other governmental agencies, except that State Street in its individual capacity agrees to comply with the Federal Aviation Administration reporting requirements set forth in 14 CFR (S)47.45 and 14 CFR (S)47.51, and the Owner Trustee shall, to the extent that information for that purpose is timely supplied by Lessee pursuant to any of the Operative Documents, complete and timely submit (and furnish the Owner Participant with a copy of) any and all reports relating to the Aircraft which may from time to time be required by the Federal Aviation Administration or any government or governmental authority having jurisdiction, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to the Owner Participant copies of all reports and other written information which the Owner Trustee receives from Lessee pursuant to Section 11(c) of the Lease, (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against any part of the Trust Indenture Estate or the Trust Estate, except as provided in Section 8(g) of the Participation Agreement, or (iv) to inspect Lessee's books and records with respect to the Aircraft at any time permitted pursuant to the Lease. Notwithstanding the foregoing, the Owner Trustee will furnish to the Indenture Trustee and the Owner Participant, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Owner Trustee under the Lease or any other

Operative Document to the extent that any of the same shall not state on its face or otherwise that it has been so distributed.

SECTION 6.03. No Representations or Warranties as to Certain Matters. NEITHER THE OWNER TRUSTEE NOR STATE STREET MAKES OR SHALL BE DEEMED TO HAVE MADE (a) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF WHATSOEVER, except that State Street in its individual capacity warrants that on the Delivery Date the Owner Trustee shall have received whatever title was conveyed to it by Lessee and that the Aircraft shall during the Term of the Lease be free of Lessor Liens attributable to State Street in its individual capacity, or (b) any representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any Operative Document to which the Owner Trustee is a party, or any other document or instrument, or as to the correctness of any statement contained in any thereof except to the extent that any such statement is expressly made herein or therein by such party as a representation by State Street in its individual capacity or by the Owner Trustee, as the case may be, and except that State Street in its individual capacity hereby represents and warrants that this Trust Agreement has been, and (assuming due authorization, execution and delivery by the Owner Participant of this Trust Agreement) the Operative Documents to which it or the Owner Trustee is a party have been (or at the time of execution and delivery of any such instrument by it or the Owner Trustee hereunder or pursuant to the terms of the Participation Agreement that such an instrument will be) duly executed and delivered by one of its officers who is or will be, as the case may be, duly authorized to execute and deliver such instruments on behalf of itself or the Owner Trustee, as the case may be, and that the Trust Agreement constitutes the legal, valid and binding obligation of State Street or the Owner Trustee, as the case may be, enforceable against State Street or the Owner Trustee, as the case may be, in accordance with its terms.

SECTION 6.04. No Segregation of Monies; Interest. Monies received by the Owner Trustee hereunder need not be segregated in any manner except to the extent provided by law and the Owner Trustee, except as provided in Section 22 of the Lease, shall not be liable for any interest thereon.

SECTION 6.05. Reliance Upon Certificates, Counsel and Agents. The Owner Trustee shall incur no liability to anyone in acting in reliance upon any signature, instrument, notice,

resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it in good faith to be genuine and reasonably believed by it in good faith to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed herein, any request, direction, order or demand of the Owner Participant or Lessee mentioned herein or in any of the Operative Documents to which the Owner Trustee is a party shall be sufficiently evidenced by written instruments signed by the Chairman of the Board, the President, any Vice President or any other duly authorized officer or representative and in the name of any such Owner Participant or Lessee, as the case may be. The Owner Trustee may accept a copy of a resolution of the Board of Directors or Executive Committee of Lessee, certified by the Secretary or an Assistant Secretary of Lessee as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board or Committee and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Owner Trustee may for all purposes hereof rely on a certificate signed by the Chairman of the Board, the President, any Vice President or any other duly authorized officer or representative of Lessee, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of trusts hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it. The Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion, within the scope of such person's competence, of any such counsel, accountants or other skilled persons and the Owner Trustee shall not be liable for the negligence of any such counsel, accountant or other skilled person appointed by it with due care hereunder.

SECTION 6.06. Not Acting in Individual Capacity. In acting hereunder, the Owner Trustee acts solely as trustee and not in its individual capacity except as otherwise expressly provided herein; and, except as may be otherwise expressly provided in this Trust Agreement, the Lease, the Participation Agreement and the Trust Indenture, all persons, other than the Owner Participant, as provided herein, having any claim against the Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof except to the extent the Owner Trustee shall expressly agree otherwise in writing.

SECTION 6.07. Fees and Compensation. The Owner Trustee shall be entitled to receive compensation, reasonable as regards its responsibilities hereunder, together with reimbursement within three (3) months of its request for all reasonable expenses incurred or made by it in accordance with any of the provisions of this Trust Agreement or any other Operative Document (including the reasonable compensation and the expenses of its counsel, accountants or other skilled persons and of all other persons not regularly in its employ). If a Lease Event of Default or Indenture Event of Default shall occur and be continuing or if the Lease or the Trust Indenture is declared to be in default, the Owner Trustee shall be entitled to receive compensation, reasonable as regards its additional responsibilities hereunder, and payment or reimbursement for its expenses as provided above. Pursuant to Section 7(c) of the Participation Agreement and subject to Section 16 thereof, Lessee shall be required to pay the reasonable fees and expenses of the Owner Trustee comprising the compensation and reimbursement of expenses to which the Owner Trustee is entitled under this Section 6.07. Except as otherwise expressly provided in this Trust Agreement and the other Operative Documents, neither the Owner Participant nor the Trust Estate shall have any liability for any such fees and expenses; provided, however, the Owner Participant shall be liable for such additional compensation of the Owner Trustee if the same is attributable to an Indenture Event of Default which is caused solely by the actions or inactions of the Owner Participant; and further provided that the Owner Trustee shall have a Lien upon the Trust Estate for any such fee not paid by Lessee as contemplated by Section 7 of the Participation Agreement and such Lien shall entitle the Owner Trustee to priority as to payment thereof over payment to any other Person under this Trust Agreement but shall at all times be subordinated to the Lien of the Trust Indenture.

SECTION 6.08. Tax Returns. The Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies under this Trust Agreement or any other agreement contemplated hereby. The Owner Participant shall be responsible for causing to be prepared and filed all income tax returns required to be filed by the Owner Participant. The Owner Trustee shall be responsible for causing to be prepared, at the request of the Owner Participant, all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns. The Owner Trustee and the Owner Participant, upon request, will furnish each other with all such information as may be reasonably required in connection with the preparation of such income tax returns. The Owner Trustee will give to the Owner Participant, upon request, such periodic information concerning receipts and

disbursements by it with respect to the Trust Estate as would be helpful to the Owner Participant in preparing its tax returns.

ARTICLE VII

INDEMNIFICATION OF STATE STREET
BY OWNER PARTICIPANT

SECTION 7.01. Owner Participant to Indemnify State Street. The Owner Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and hereby indemnifies, protects, saves and keeps harmless State Street in its individual capacity and its successors, assigns, legal representatives, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by State Street in its individual capacity or measured by any compensation received by State Street in its individual capacity for its services hereunder), claims, actions, suits, costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses, and including without limitation any liability of an owner, any strict liability and any liability without fault) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against State Street in its individual capacity (whether or not also indemnified against by Lessee under the Lease or under the Participation Agreement or also indemnified against by any other person, but only to the extent not otherwise paid or reimbursed by such other person) in any way relating to or arising out of this Trust Agreement or any of the Operative Documents or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Owner Trustee or State Street in its individual capacity hereunder, except (a) in the case of willful misconduct or gross negligence on the part of the Owner Trustee or State Street in its individual capacity in the performance or nonperformance of its duties hereunder or under any of the other Operative Documents to which the Owner Trustee is a party or (b) those claims resulting from the inaccuracy of any representation or warranty of State Street in its individual capacity (or from the failure of State Street in its individual capacity to perform any of its covenants) in Section 6.03 hereof, in Section 4 of the Lease, in Section 8(b), 8(c) or 8(p) of the

Participation Agreement or elsewhere in any of the other Operative Documents or (c) as may result from a breach by State Street in its individual capacity of its covenant in the last sentence of Section 5.04 hereof or (d) in the case of the failure to use ordinary care on the part of the Owner Trustee or State Street in its individual capacity in the disbursement of funds or (e) those claims arising under any circumstances or upon any terms where Lessee would not have been required to indemnify the Owner Trustee in its individual capacity pursuant to Section 7(b) or 7(c) of the Participation Agreement (disregarding, for this purpose, Sections 7(b)(ii)(2) (to the extent that such disposition referred to therein results from the Owner Trustee acting in accordance with written instructions of the Owner Participant), 7(b)(ii)(4)(i) (to the extent that it results from the willful misconduct or gross negligence of the Owner Participant to the extent imposed on the Owner Trustee), 7(b)(ii)(7), 7(c)(2) (to the extent that such failure referred to therein results from the Owner Trustee's acting in accordance with written instructions of the Owner Participant), 7(c)(4) (to the extent that such disposition referred to therein results from the Owner Trustee's acting in accordance with written instructions of the Owner Participant), 7(c)(6), 7(c)(8) and 7(c)(10) of the Participation Agreement and disregarding, for this purpose, those claims arising or resulting from any action taken by or inaction of the Owner Trustee in accordance with written instructions of the Owner Participant); provided, however, that the exception set forth in clause (a) of this Section 7.01 shall not apply to any action taken or omission made by the Owner Trustee pursuant to and in accordance with written directions given to the Owner Trustee by the Owner Participant. The indemnities contained in this Section 7.01 extend to State Street only in its individual capacity and shall not be construed as indemnities of the Trust Indenture Estate or the Trust Estate (except to the extent, if any, that State Street in its individual capacity has been reimbursed by the Trust Indenture Estate or the Trust Estate for amounts covered by the indemnities contained in this Section 7.01). The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement. In addition, if necessary, State Street in its individual capacity shall be entitled to indemnification from the Trust Estate, subject to the Lien of the Trust Indenture, for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7.01 to the extent not reimbursed by Lessee, the Owner Participant or others, but without releasing any of them from their respective agreements of reimbursement; and, to secure the same, State Street in its individual capacity shall have a lien on the Trust Estate, subject to the lien of the Trust Indenture, which shall be prior to any interest therein of the Owner Participant. The payor of any indemnity under this Article

VII shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

ARTICLE VIII

TRANSFER OF THE OWNER PARTICIPANT'S INTEREST

SECTION 8.01. Transfer of Interest. All provisions of Section 8(1) of the Participation Agreement shall (with the same force and effect as if set forth in full in this Section 8.01) be applicable to any assignment, conveyance or other transfer by the Owner Participant of any of its right, title or interest in and to the Participation Agreement, the Trust Estate or this Trust Agreement. If there is more than one Owner Participant, no assignment, conveyance or other transfer by an Owner Participant of any of its right, title or interest in and to this Trust Agreement or the Trust Estate shall be valid unless each other Owner Participant's prior written consent (which consent may be withheld in the sole discretion of such other Owner Participants) is given to such assignment, conveyance or other transfer.

SECTION 8.02. Actions of the Owner Participants. If at any time prior to the termination of this Trust Agreement there is more than one Owner Participant, then during such time, if any action is required to be taken by all Owner Participants and whenever any direction, authorization, approval, consent, instruction, or other action is permitted to be given or taken by the Owner Participant it shall be given or taken only upon unanimous agreement of all Owner Participants provided, however, that the termination of this Trust Agreement pursuant to Section 11.01 hereof may be effected upon the election of any Owner Participant.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES

SECTION 9.01. Resignation of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. The Owner Trustee or any successor Owner Trustee (i) shall resign if required to do so pursuant to Section 8(b) of the Participation Agreement and (ii) may resign at any time without cause by giving at least 60 days' prior written notice to the Owner Participant, the Indenture Trustee and Lessee, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In addition, the Owner Participant may

at any time remove the Owner Trustee without cause by a notice in writing delivered to the Owner Trustee, the Certificate Holders, the Indenture Trustee and Lessee, such removal to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In the case of the removal or resignation of the Owner Trustee, the Owner Participant may appoint a successor Owner Trustee by an instrument signed by the Owner Participant, such successor to be approved by Lessee unless an Event of Default shall have occurred and be continuing (which approval shall not be unreasonably withheld). If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Owner Trustee, the Owner Participant, Lessee or the Indenture Trustee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided.

(b) Execution and Delivery of Documents, etc. Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named the Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee upon the trusts herein expressed. Upon the appointment of any successor Owner Trustee hereunder, the predecessor Owner Trustee will execute such documents as are provided to it by such successor Owner Trustee and will take such further actions as are requested of it by such successor Owner Trustee as are reasonably required to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the Federal Aviation Administration, or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

(c) Qualifications. Any successor Owner Trustee, however appointed, shall be a Citizen of the United States and shall also be a bank or trust company organized under the laws of the United States or any state thereof having a combined capital

and surplus of at least \$50,000,000 (or the obligations and liabilities of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by an affiliate company having a combined capital and surplus of at least \$50,000,000), if there be such an institution willing, able and legally qualified to perform the duties of the Owner Trustee hereunder upon reasonable or customary terms. Subject to Section 14 of the Participation Agreement, no such successor trustee shall (i) be located in a jurisdiction which creates adverse consequences for the Lessee (unless such circumstances would be created by substantially all jurisdictions where major banking or trust institutions are located) or (ii) charge fees for its services as an Owner Trustee in excess of the then prevailing market rates for such services (unless the Owner Participant agrees that it and not the Lessee shall be liable for such excess).

(d) Merger, etc. Any corporation into which State Street may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which State Street shall be a party, or any corporation to which substantially all the corporate trust business of State Street may be transferred, shall, subject to the terms of Section 9.01(c) hereof, be the Owner Trustee hereunder without further act.

SECTION 9.02. Co-Trustees and Separate Trustees. If at any time it shall be necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Trust Estate is located, or make any claim or bring any suit with respect to the Trust Estate or the Lease, or in the event that the Owner Trustee shall have been requested to do so by the Owner Participant or the Owner Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of the Owner Participant or the Owner Trustee, or the Owner Trustee shall have been directed to do so by the Owner Participant, the Owner Trustee and Owner Participant shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons (any and all of which shall be a Citizen of the United States) approved by the Owner Trustee and the Owner Participant, either to act as co-trustee, jointly with the Owner Trustee, or to act as separate trustee hereunder (any such co-trustee or separate trustee being herein sometimes referred to as an "additional trustee"). In the event the Owner Participant shall not have joined in the execution of such agreements supplemental hereto within ten days after the receipt of a written request from the Owner Trustee so to do, or in case a Lease Event of Default or Indenture Event of Default shall occur and be continuing, the Owner Trustee may act under the

foregoing provisions of this Section 9.02 without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.02 in either of such contingencies.

Every additional trustee hereunder shall, to the extent permitted by law, be appointed and act, and the Owner Trustee and its successors shall act, subject to the following provisions and conditions:

(A) All powers, duties, obligations and rights conferred upon the Owner Trustee in respect of the custody, control and management of monies, the Aircraft or documents authorized to be delivered hereunder or under the Participation Agreement shall be exercised solely by the Owner Trustee;

(B) Any other rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred or imposed upon and exercised or performed by the Owner Trustee and such additional trustee jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (including the holding of title to the Trust Estate) the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee;

(C) No power given to, or which it is provided hereby may be exercised by, any such additional trustee shall be exercised hereunder by such additional trustee, except jointly with, or with the consent in writing of, the Owner Trustee;

(D) No trustee hereunder shall be personally liable by reason of any action or omission of any other trustee hereunder;

(E) The Owner Participant, at any time, by an instrument in writing may remove any such additional trustee. In the event that the Owner Participant shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Owner Trustee so to do, the Owner Trustee shall have the power to remove any such additional trustee without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and

attorney-in-fact for it in such connection in such contingency; and

(F) No appointment of, or action by, any additional trustee will relieve the Owner Trustee of any of its obligations under, or otherwise affect any of the terms of, the Trust Indenture or affect the interests of the Indenture Trustee or the Certificate Holders in the Trust Indenture Estate.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS
TO TRUST AGREEMENT AND OTHER DOCUMENTS

SECTION 10.01. Supplements and Amendments and Delivery Thereof.

(a) Supplements and Amendments. This Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by the Owner Trustee and the Owner Participant. Subject to Section 10.02 hereof and Section 10(B) of the Participation Agreement, the Owner Trustee will execute any amendment, supplement or other modification of this Trust Agreement or of any other Operative Documents to which the Owner Trustee is a party which it is requested to execute by the Owner Participant except that the Owner Trustee shall not execute any such amendment, supplement or other modification which, by the express provisions of any of the above documents, requires the consent of any other party unless such consent shall have been obtained.

(b) Delivery of Amendments and Supplements to Certain Parties. A signed copy of each amendment or supplement referred to in Section 10.01(a) hereof shall be delivered promptly by the Owner Trustee to Lessee.

SECTION 10.02. Discretion as to Execution of Documents. Prior to executing any document required to be executed by it pursuant to the terms of Section 10.01 hereof, the Owner Trustee shall be entitled to receive an opinion of its counsel to the effect that the execution of such document is authorized hereunder. If in the opinion of the Owner Trustee any such document adversely affects any right, duty, immunity or indemnity in favor of the Owner Trustee hereunder or under any other Operative Document to which the Owner Trustee is a party, the Owner Trustee may in its discretion decline to execute such document.

SECTION 10.03. Distribution of Documents. Promptly after the execution by the Owner Trustee of any document entered into pursuant to Section 10.01 hereof, the Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to the Owner Participant, but the failure of the Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination of Trust Agreement. (a) This Trust Agreement and the Trusts created hereby shall be of no further force or effect upon the earliest of (i) both the final discharge of the Trust Indenture pursuant to Section 10.01 thereof, the termination of the Lease pursuant to its terms and the sale or other final disposition by the Owner Trustee of all property constituting part of the Trust Estate and the final distribution by the Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate, (ii) in accordance with Article IV hereof, provided that at such time Lessee and the Owner Participant shall have fully complied with all of the terms of the Lease and the Participation Agreement and (iii) twenty-one years less one day after the death of the last survivor of all of the decedents of the grandparents of David C. Rockefeller living on the date of the earliest execution of this Trust Agreement by any party hereto, but if this Trust Agreement and the Trust created hereby shall be or become authorized under applicable law to be valid for a period commencing on the twenty-first anniversary of the death of such last survivor (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity of this Trust Agreement and the Trust created hereby for a period in gross exceeding the period for which this Trust Agreement and the Trust created hereby are hereinabove stated to extend and be valid), then this Trust Agreement and the Trust created hereby shall not terminate under this subsection (a) but shall extend to and continue in effect, but only if such non-termination and extension shall then be valid under applicable law, until the day proceeding such date as the same shall, under applicable law, cease to be valid. In furtherance of the foregoing, this Trust Agreement and the Trusts created hereby shall not be revoked, modified or terminated except in accordance with the terms hereof and of the Participation Agreement or with the prior written consent of the Indenture Trustee. Upon such termination,

all monies or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of the Trust Agreement.

(b) The bankruptcy, death or incapacity of the Owner Participant will not terminate this Trust Agreement, nor entitle such person's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of the Trust Estate, nor otherwise effect the rights, obligations and liabilities of the parties hereto. No creditor of the Owner Participant shall obtain legal title to or exercise legal or equitable remedies with respect to the Trust Estate as a result of the Owner Participant's status. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner Participant in and to its beneficial interest in the Trust Estate shall operate to terminate this Trust Agreement or the Trusts created hereby.

SECTION 11.02. Owner Participant Has No Legal Title in Trust Estate. The Owner Participant shall not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner Participant in and to the Trust Estate hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successors or transferees of the Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

SECTION 11.03. Assignment, Sale, etc. of Aircraft. Any assignment, sale, transfer or other conveyance of the Aircraft by the Owner Trustee made in accordance with the express terms hereof or of the Lease or the Participation Agreement shall bind the Owner Participant and shall be effective to transfer or convey all right, title and interest of the Owner Trustee and the Owner Participant in and to the Aircraft. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by the Owner Trustee.

SECTION 11.04. Trust Agreement for Benefit of Certain Parties Only. Except for the terms of Section 8(1) of the Participation Agreement incorporated in Article VIII hereof and except as otherwise provided in Article IX and Sections 5.01, 6.07, 10.01 and 11.01 hereof, nothing herein, whether expressed or implied, shall be construed to give any person other than the Owner Trustee and the Owner Participant any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; but this Trust Agreement shall be held to be for the

sole and exclusive benefit of the Owner Trustee and the Owner Participant.

SECTION 11.05. Citizenship of the Owner Participant. If at any time there shall be more than one Owner Participant, then any Owner Participant who shall cease to be a Citizen of the United States shall have no voting or similar rights hereunder and shall have no right to direct, influence or limit the exercise of, or to prevent the direction or influence of, or place any limitation on the exercise of, the Owner Trustee's authority or to remove the Owner Trustee.

SECTION 11.06. Notices. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by telecopier, or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or, if sent by registered or certified mail, three Business Days after being deposited in the mails addressed to the intended recipient thereof in accordance with the provisions of this Section 11.06. Unless otherwise specified in a notice sent or delivered in accordance with the foregoing provisions of this Section 11.06, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) as follows: (A) if to Lessee, the Owner Trustee, the Indenture Trustee or the Owner Participant, to the respective addresses set forth on Schedule I to the Participation Agreement or (B) if to any Certificate Holder, addressed to such Certificate Holder at its address as set forth in the Loan Certificate register maintained pursuant to the Trust Indenture.

SECTION 11.07. Severability. Subject to Section 11.12 hereof, any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08. Waivers, etc. No term or provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Article X hereof; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

SECTION 11.09. Counterparts. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.10. Binding Effect, etc. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns, and the Owner Participant, its successors and, to the extent permitted by Article VIII hereof, its assigns. Any request, notice, direction, consent, waiver or other instrument or action by an Owner Participant shall bind its successors and assigns.

SECTION 11.11. Headings; References. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.12. Governing Law. This Trust Agreement shall in all respects be governed by, and construed in accordance with, the internal laws of the Commonwealth of Massachusetts, including all matters of construction, validity and performance.

SECTION 11.13. Performance by the Owner Participant. Any obligation of the Owner Trustee in its individual capacity or as Owner Trustee hereunder or under any other Operative Document or other document contemplated herein, may be performed by the Owner Participant and any such performance shall not be construed as a revocation of the trust created hereby.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

By: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY

By: _____
Title: _____

EXHIBIT A

TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE
SUPPLEMENT (1995 777 B)

This TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1995 777 B), dated May __, 1995 (herein called the "Trust Supplement") of STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee"), under the Trust Agreement (1995 777 B), dated as of May 1, 1995 (herein called the "Trust Agreement"), between the Owner Trustee and the Owner Participant named therein.

WITNESSETH:

WHEREAS, the Trust Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Aircraft (such term and other terms defined in the Trust Indenture referred to below used herein as therein defined) included in the property covered by the Trust Agreement;

WHEREAS, the Trust Indenture and Mortgage (1995 777 B), dated as of May 1, 1995 (herein called the "Trust Indenture"), between the Owner Trustee and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Indenture Trustee (herein called the "Indenture Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Indenture Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document;

NOW, THEREFORE, this Trust Supplement witnesseth, that, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the following described property:

AIRFRAME

One Airframe Identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number
The Boeing Company	777-222	N766UA	26917

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

AIRCRAFT ENGINES

Two aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, whether or not such engines shall be installed in or attached to the Airframe or any other airframe, identified as follows:

Manufacturer	Model	Manufacturer's Serial Number
Pratt & Whitney	PW4084	_____
Pratt & Whitney	PW4084	_____

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the equal and proportionate benefit and security of the holders from time to time of the Loan Certificates outstanding, without any preference, distinction or priority of any one Loan Certificate over any other by reason of series, priority of time of issue, sale, negotiation, date of maturity thereof or

otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust Supplement shall be construed as supplemental to the Trust Indenture and to the Trust Agreement and shall form a part of each, and the Trust Agreement and the Trust Indenture are each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

* * *

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY,
not in its individual capacity but solely as Owner
Trustee,

By: _____
Title: _____

Doc. No. 1.04
Aircraft N189UA

FIRST AMENDED AND RESTATED TRUST AGREEMENT
(1993 747 A)

Dated as of May 1, 1995

between

_____/

Owner Participant

and

STATE STREET BANK AND TRUST COMPANY,
Owner Trustee

United Air Lines, Inc.
1993 747 A Equipment Trust
One Boeing 747-422 Aircraft

TABLE OF CONTENTS

	Page
ARTICLE I	
DEFINITIONS AND TERMS	
SECTION 1.01. Certain Definitions.....	1
ARTICLE II	
AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST	
SECTION 2.01. Authority to Execute Documents.....	3
SECTION 2.02. Declaration of Trust.....	3
ARTICLE III	
PURCHASE OF CERTAIN RIGHTS IN THE AIRCRAFT; ISSUANCE OF LOAN CERTIFICATES	
SECTION 3.01. Purchase of Certain Rights in the Aircraft.....	3
SECTION 3.02. Conditions Precedent.....	4
ARTICLE IV	
RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE	
SECTION 4.01. Distribution of Payments.....	5
(a) Payments to the Indenture Trustee.....	5
(b) Payments to Owner Trustee; Other Parties.....	5
(c) Certain Distributions to the Owner Participant.....	6
(d) Excluded Payments.....	6
(e) Multiple Owner Participants.....	6
SECTION 4.02. Method of Payments.....	6
ARTICLE V	
DUTIES OF THE OWNER TRUSTEE	
SECTION 5.01. Notice of Event of Default.....	6
SECTION 5.02. Action Upon Instructions.....	7

SECTION 5.03.	Indemnification.....	8
SECTION 5.04.	No Duties Except as Specified in Trust Agreement or Instructions.....	8
SECTION 5.05.	No Action Except Under Specified Documents or Instruction.....	9
ARTICLE VI		
THE OWNER TRUSTEE		
SECTION 6.01.	Acceptance of Trusts and Duties.....	9
SECTION 6.02.	Absence of Certain Duties.....	9
SECTION 6.03.	No Representations or Warranties as to Certain Matters.....	10
SECTION 6.04.	No Segregation of Monies; Interest.....	11
SECTION 6.05.	Reliance Upon Certificates, Counsel and Agents.....	11
SECTION 6.06.	Not Acting in Individual Capacity.....	12
SECTION 6.07.	Fees and Compensation.....	12
SECTION 6.08.	Tax Returns.....	13
ARTICLE VII		
INDEMNIFICATION OF STATE STREET BY OWNER PARTICIPANT		
SECTION 7.01.	Owner Participant to Indemnify State Street.....	13
ARTICLE VIII		
TRANSFER OF THE OWNER PARTICIPANT'S INTEREST		
SECTION 8.01.	Transfer of Interest.....	15
SECTION 8.02.	Actions of the Owner Participants.....	15
ARTICLE IX		
SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES		
SECTION 9.01.	Resignation of Owner Trustee; Appointment of Successor.....	16

(a)	Resignation or Removal.....	16
(b)	Execution and Delivery of Documents, etc.....	16
(c)	Qualifications.....	17
(d)	Merger, etc.....	17

SECTION 9.02.	Co-Trustees and Separate Trustees.....	18
---------------	--	----

ARTICLE X

SUPPLEMENTS AND AMENDMENTS
TO TRUST AGREEMENT AND OTHER DOCUMENTS

SECTION 10.01.	Supplements and Amendments and Delivery Thereof.....	19
----------------	---	----

(a)	Supplements and Amendments.....	19
(b)	Delivery of Amendments and Supplements to Certain Parties.....	20

SECTION 10.02.	Discretion as to Execution of Documents.....	20
----------------	--	----

SECTION 10.03.	Distribution of Documents.....	20
----------------	--------------------------------	----

ARTICLE XI

MISCELLANEOUS

SECTION 11.01.	Termination of Trust Agreement.....	20
----------------	-------------------------------------	----

SECTION 11.02.	Owner Participant Has No Legal Title in Trust Estate.....	22
----------------	--	----

SECTION 11.03.	Assignment, Sale, etc. of Aircraft.....	22
----------------	---	----

SECTION 11.04.	Trust Agreement for Benefit of Certain Parties Only.....	22
----------------	---	----

SECTION 11.05.	Citizenship of the Owner Participant.....	22
----------------	---	----

SECTION 11.06.	Notices.....	22
----------------	--------------	----

SECTION 11.07.	Severability.....	23
----------------	-------------------	----

SECTION 11.08.	Waivers, etc.....	23
----------------	-------------------	----

SECTION 11.09.	Counterparts.....	23
----------------	-------------------	----

SECTION 11.10.	Binding Effect, etc.....	23
----------------	--------------------------	----

SECTION 11.11.	Headings; References.....	23
----------------	---------------------------	----

SECTION 11.12.	Governing Law.....	24
----------------	--------------------	----

SECTION 11.13. Performance by the Owner Participant..... 24

EXHIBITS

EXHIBIT A Third Amended and Restated Trust Agreement
and Trust Indenture and Mortgage Supplement
(1993 747 A)

FIRST AMENDED AND RESTATED TRUST AGREEMENT (1993 747 A)

This FIRST AMENDED AND RESTATED TRUST AGREEMENT (1993 747 A) dated as of May 1, 1995 between _____, a Delaware corporation (the "Owner Participant"), and STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company (in its individual capacity, "State Street", and otherwise not in its individual capacity but solely as trustee hereunder with its permitted successors and assigns called the "Owner Trustee") as successor to Wilmington Trust Company ("Original Owner Trustee") amends and restates that certain Trust Agreement (1993 747 A) dated as of April 1, 1993 ("Original Trust Agreement") between the Owner Participant and and the Original Owner Trustee.

W I T N E S S E T H:

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meaning provided thereto in Article I hereof;

WHEREAS, a counterpart of the Original Trust Agreement was attached to and made a part of Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993 between the Original Owner Trustee, and the Owner Participant and was recorded by the Federal Aviation Administration on April 21, 1993 as Conveyance No. FF08935; and

WHEREAS, the Owner Trustee succeeded to the interests of the Original Owner Trustee pursuant to that certain Assignment and Assumption Agreement dated as of April 15, 1995, between the Owner Trustee and the Original Owner Trustee, a counterpart of which was recorded by the FAA on _____, 1995 as Conveyance No. _____; and

WHEREAS, the Owner Trustee and the Owner Participant desire to amend and restate the Original Trust Agreement in its entirety and the Owner Trustee and the Owner Participant desire and intend that the terms, provisions and agreements herein set forth shall have the same force and effect as though originally executed and delivered in the place of the Original Trust Agreement.

ARTICLE I

DEFINITIONS AND TERMS

SECTION 1.01. Certain Definitions. Unless the context shall otherwise require and except as contained in this Section 1.01, the capitalized terms used herein shall have the respective meanings assigned thereto in the Lease (as hereinafter defined)

for all purposes hereof. All definitions contained in this Section 1.01 shall be equally applicable to both the singular and plural forms of the terms defined. For all purposes of this Trust Agreement the following terms shall have the following meanings:

"Actual Knowledge" has the meaning ascribed to such term in the Trust Indenture.

"Excluded Payments" has the meaning ascribed to such term in the Trust Indenture.

"Indenture Event of Default" has the meaning ascribed to such term in the Trust Indenture.

"Lease" means that certain Amended and Restated Lease Agreement (1993 747 A), to be dated as of the date hereof, and to be entered into by the Owner Trustee and Lessee concurrently with the execution and delivery of this Trust Agreement, as said Lease Agreement may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by, and in accordance with, the terms of this Trust Agreement. The term "Lease" shall also include each Lease Supplement from time to time entered into pursuant to the terms of the Lease.

"Lease Event of Default" has the meaning which the term "Event of Default" has in the Lease.

"Owner Participant" shall mean and include (i) _____, a Delaware corporation, as the original Owner Participant, and (ii) the successors and assigns of _____.

"Trust Estate" means all estate, right, title and interest of the Owner Trustee in and to the Aircraft, the Lease, any Lease Supplement, the Purchase Agreement and the Owner Trustee's Purchase Agreement, the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale, including, without limitation, all amounts of Basic Rent and Supplemental Rent including without limitation insurance proceeds (other than insurance proceeds payable to or for the benefit of the Owner Trustee, for its own account or in its individual capacity, the Owner Participant, the Certificate Holders or the Indenture Trustee) and requisition, indemnity or other payments of any kind for or with respect to the Aircraft (except amounts owing to the Owner Participant, to the Indenture Trustee, to the Owner Trustee, in its individual capacity, or to a Certificate Holder, or to any of their respective directors, officers, employees, servants and agents, pursuant to Section 7 of the Participation Agreement).

Notwithstanding the foregoing, "Trust Estate" shall not include any Excluded Payment.

"Trust Indenture Estate" has the meaning ascribed to the term "Indenture Estate" in the Trust Indenture.

"Trust Office" has the meaning ascribed to such term in the Trust Indenture.

"Trust Supplement" means a supplement to the Trust Agreement and Trust Indenture in substantially the form of Exhibit A to this Trust Agreement.

ARTICLE II

AUTHORITY TO EXECUTE CERTAIN OPERATIVE DOCUMENTS; DECLARATION OF TRUST

SECTION 2.01. Authority to Execute Documents. The Owner Participant hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will on or before the Delivery Date, execute and deliver the Operative Documents to which it is a party and any other agreements, instruments or documents to which the Owner Trustee is a party in the respective forms thereof which are delivered from time to time by the Owner Participant to the Owner Trustee for execution and delivery and, subject to the terms hereof, to exercise its rights (upon instructions received from the Owner Participant) and perform its duties under said Operative Documents in accordance with the terms thereof.

SECTION 2.02. Declaration of Trust. The Owner Trustee hereby declares that it will hold the Trust Estate upon the trusts hereinafter set forth for the use and benefit of the Owner Participant, subject, however, to the provisions of and the Lien created by the Trust Indenture and to the provisions of the Lease and the Participation Agreement.

ARTICLE III

PURCHASE OF CERTAIN RIGHTS IN THE AIRCRAFT; ISSUANCE OF LOAN CERTIFICATES

SECTION 3.01. Purchase of Certain Rights in the Aircraft. The Owner Participant hereby authorizes and directs the Owner Trustee to, and the Owner Trustee agrees for the benefit of the Owner Participant that it will, on the Delivery

Date, subject to due compliance with the terms of Section 3.02 hereof:

(a) purchase the Aircraft pursuant to the Owner Trustee's Purchase Agreement;

(b) accept from Lessee the delivery of the Owner Trustee's Bill of Sale and the Owner Trustee's FAA Bill of Sale;

(c) execute and deliver a Lease Supplement covering the Aircraft;

(d) execute and deliver a Trust Supplement covering the Aircraft;

(e) execute, issue and deliver the Loan Certificates in the amounts and otherwise as provided in Section 1 of the Participation Agreement;

(f) execute and deliver the financing statements referred to in Section 4(a)(vi) of the Participation Agreement, together with all other agreements, documents and instruments referred to in Section 4 of the Participation Agreement to which the Owner Trustee is to be a party;

(g) effect the registration of the Aircraft in the name of the Owner Trustee by filing or causing to be filed with the FAA: (i) the Owner Trustee's FAA Bill of Sale; (ii) an application for registration of the Aircraft in the name of the Owner Trustee (including without limitation an affidavit from the Owner Trustee in compliance with the provisions of 14 C.F.R. (S) 47.7(c)(2)(ii)); and (iii) this Trust Agreement; and

(h) execute and deliver all such other instruments, documents or certificates and take all such other actions in accordance with the directions of the Owner Participant, as the Owner Participant may deem necessary or advisable in connection with the transactions contemplated hereby.

SECTION 3.02. Conditions Precedent. The rights and obligations of the Owner Trustee to take the actions required by Section 3.01 hereof with respect to the Aircraft shall be subject to the following conditions precedent: (a) the Owner Participant shall have made the full amount of its Commitment set forth in Schedule II to the Participation Agreement available to the Owner Trustee, in immediately available funds, in accordance with Sections 1 and 2 of the Participation Agreement; and (b) the Owner Participant shall have notified the Owner Trustee that the

terms and conditions of Section 4 of the Participation Agreement, insofar as they relate to conditions precedent to performance by the Owner Participant of its obligations thereunder, shall have been either fulfilled to the satisfaction of or waived by the Owner Participant. The Owner Participant shall, by instructing the Owner Trustee to release the funds then held by the Owner Trustee as provided in Section 2 of the Participation Agreement, be deemed to have found satisfactory to it, or waived, all such conditions precedent.

ARTICLE IV

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE TRUST ESTATE

SECTION 4.01. Distribution of Payments.

(a) Payments to the Indenture Trustee. Until the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, all Basic Rent, insurance proceeds and requisition or other payments of any kind included in the Trust Estate (other than Excluded Payments and other than payments received from the Indenture Trustee under the Trust Indenture) payable to the Owner Trustee shall be payable directly to the Indenture Trustee (and any of the same which are received by the Owner Trustee shall upon receipt be paid over to the Indenture Trustee without deduction, set-off or adjustment of any kind) for distribution in accordance with the provisions of Article 3 of the Trust Indenture; provided, however, that any payments received by the Owner Trustee from (i) the Lessee with respect to the Owner Trustee's fees and disbursements, or (ii) the Owner Participant pursuant to Article VII hereof shall not be paid over to the Indenture Trustee but shall be retained by the Owner Trustee and applied toward the purpose for which such payments were made.

(b) Payments to Owner Trustee; Other Parties. After the Trust Indenture shall have been discharged pursuant to Section 10.01 thereof, any payment of the type referred to in Section 4.01(a) hereof (other than Excluded Payments) received by the Owner Trustee, any payments received from the Indenture Trustee other than as specified in Section 4.01(d) hereof and any other amount received as part of the Trust Estate and for the application or distribution of which no provision is made herein, shall be distributed forthwith upon receipt by the Owner Trustee in the following order of priority: first, so much of such payment as shall be required to reimburse the Owner Trustee for any expenses not otherwise reimbursed as to which the Owner Trustee is entitled to be so reimbursed pursuant to the provisions hereof shall be retained by the Owner Trustee; second,

so much of the remainder for which provision as to the application thereof is contained in the Lease or any of the other Operative Documents shall be applied and distributed in accordance with the terms of the Lease or such other Operative Document; and third, the balance, if any, shall be paid to the Owner Participant.

(c) Certain Distributions to the Owner Participant. All amounts from time to time distributable by the Indenture Trustee to the Owner Participant pursuant to the Trust Indenture shall, if paid to the Owner Trustee, be distributed by the Owner Trustee to the Owner Participant in accordance with the provisions of Article 3 of the Trust Indenture.

(d) Excluded Payments. Any Excluded Payments received by the Owner Trustee shall be paid by the Owner Trustee to the Person to whom such Excluded Payments are payable under the provisions of the Participation Agreement, the Tax Indemnity Agreement or the Lease.

(e) Multiple Owner Participants. If as a result of a transfer by an Owner Participant under Section 8.01 of this Trust Agreement, there is more than one Owner Participant hereunder, each such Owner Participant shall hold in proportion to its respective beneficial interest in the Trust Estate, an undivided beneficial interest in the entire Trust Estate and is entitled to receive ratably with any other Owner Participant payments distributable by the Owner Trustee hereunder. No Owner Participant shall have legal title to the Aircraft or any other portion of the Trust Estate.

SECTION 4.02. Method of Payments. The Owner Trustee shall make distributions or cause distributions to be made to the Owner Participant pursuant to this Article IV by transferring by wire transfer in immediately available funds on the day received (or on the next succeeding Business Day if the funds to be so distributed shall not have been received by the Owner Trustee by 12:00 noon, New York City time), the amount to be distributed as provided in Schedule I to the Participation Agreement or to such account or accounts of the Owner Participant as the Owner Participant may designate from time to time in writing to the Owner Trustee.

ARTICLE V

DUTIES OF THE OWNER TRUSTEE

SECTION 5.01. Notice of Event of Default. If the Owner Trustee shall have knowledge of a Lease Event of Default or

Indenture Event of Default (or an event which with the passage of time or the giving of notice or both would constitute a Lease Event of Default or an Indenture Event of Default), the Owner Trustee shall give to the Owner Participant and Lessee prompt telephonic or telecopier notice thereof followed by prompt confirmation thereof by certified mail, postage prepaid, provided that (i) in the case of an event which with the passage of time would constitute an Indenture Event of Default referred to in paragraph (b) of Section 8.01 of the Trust Indenture, such notice shall in no event be furnished later than ten (10) days after the Owner Trustee shall first have knowledge of such event and (ii) in the case of a misrepresentation by the Owner Trustee which with the passage of time would constitute an Indenture Event of Default referred to in paragraph (d) of Section 8.01 of the Trust Indenture, such notice shall in no event be furnished later than ten (10) days after the Owner Trustee shall first have knowledge of such event. The notice shall set forth in reasonable detail the facts or circumstances known to it with respect to such Lease Event of Default or Indenture Event of Default. Subject to the terms of Section 5.03 hereof, the Owner Trustee shall take such action or shall refrain from taking such action, not inconsistent with the provisions of the Trust Indenture, with respect to such Lease Event of Default, Indenture Event of Default or other event as the Owner Trustee shall be directed in writing by the Owner Participant. For all purposes of this Trust Agreement, the Lease and the other Operative Documents, in the absence of Actual Knowledge by a responsible officer of the Trust Office of the Owner Trustee in his or her capacity as such, the Owner Trustee shall not be deemed to have knowledge of a Lease Event of Default, Indenture Event of Default or other event referred to in this Section 5.01 unless notified in writing by the Indenture Trustee, the Owner Participant or Lessee.

SECTION 5.02. Action Upon Instructions. Subject to the terms of Sections 5.01 and 5.03 hereof, upon the written instructions at any time and from time to time of the Owner Participant, the Owner Trustee will take such of the following actions, not inconsistent with the provisions of the Lease and the Trust Indenture, as may be specified in such instructions: (i) give such notice or direction or exercise such right, remedy or power hereunder or take such other actions under any of the Operative Documents to which the Owner Trustee is a party or in respect of all or any part of the Trust Estate as shall be specified in such instructions; (ii) take such action to preserve or protect the Trust Estate (including the discharge of Liens) as may be specified in such instructions; (iii) approve as satisfactory to it all matters required by the terms of the Lease or the other Operative Documents to be satisfactory to the Owner Trustee, it being understood that without written instructions of the Owner Participant, the Owner Trustee shall not approve any

such matter as satisfactory to it; and (iv) subject to the rights of Lessee under the Operative Documents, after the expiration or earlier termination of the Lease, convey all of the Owner Trustee's right, title and interest in and to the Aircraft for such amount, on such terms and to such purchaser or purchasers as shall be designated in such instructions, or net lease the Aircraft to such lessee or lessees and on such terms as shall be designated in such instructions.

SECTION 5.03. Indemnification. The Owner Trustee shall not be required to take any action under Section 5.01 (other than the giving of the notices referred to therein) or 5.02 hereof unless the Owner Trustee shall have been indemnified by the Owner Participant, in manner and form satisfactory to the Owner Trustee, against any liability, cost or expense (including reasonable counsel fees and disbursements) which may be incurred in connection therewith; and, if the Owner Participant shall have directed the Owner Trustee to take any such action or refrain from taking any action, the Owner Participant agrees to furnish such indemnity as shall be required and, in addition to the extent not otherwise paid pursuant to the provisions of the Lease or of the Participation Agreement, to pay the reasonable compensation of the Owner Trustee for the services performed or to be performed by it pursuant to such direction and any reasonable fees and disbursements of counsel or agents employed by the Owner Trustee in connection therewith. The Owner Trustee shall not be required to take any action under Section 5.01 or 5.02 hereof if the Owner Trustee shall reasonably determine, or shall have been advised by counsel, that such action is contrary to the terms of any of the Operative Documents to which the Owner Trustee is a party, or is otherwise contrary to law.

SECTION 5.04. No Duties Except as Specified in Trust Agreement or Instructions. The Owner Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with any of the Operative Documents to which the Owner Trustee is a party, except as expressly required by the terms of any of the Operative Documents to which the Owner Trustee is a party, or (to the extent not inconsistent with the provisions of the Trust Indenture) as expressly provided by the terms hereof or in a written instruction from the Owner Participant received pursuant to the terms of Section 5.01 or 5.02 hereof, and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. State Street agrees that it will, in its individual capacity and at its own cost or expense (but without any right of indemnity in respect of any such cost or expense under Section 7.01 hereof), promptly take such action as may be necessary to duly discharge

and satisfy in full all Lessor Liens attributable to it in its individual capacity which it is required to discharge pursuant to Section 8(g) of the Participation Agreement and otherwise comply with the terms of said Section binding upon it.

SECTION 5.05. No Action Except Under Specified Documents or Instruction. The Owner Trustee shall have no power, right or authority to, and the Owner Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Aircraft or any other part of the Trust Estate except (i) as expressly required by the terms of any of the Operative Documents to which the Owner Trustee is a party, (ii) as expressly provided by the terms hereof, or (iii) as expressly provided in written instructions from the Owner Participant pursuant to Section 5.01 or 5.02 hereof.

ARTICLE VI

THE OWNER TRUSTEE

SECTION 6.01. Acceptance of Trusts and Duties. State Street accepts the trusts hereby created and agrees to perform the same but only upon the terms hereof applicable to it. The Owner Trustee also agrees to receive and disburse all monies received by it constituting part of the Trust Estate upon the terms hereof. State Street shall not be answerable or accountable under any circumstances, except (a) for its own willful misconduct or gross negligence, (b) its failure (in its individual capacity) to perform its obligations under the last sentence of Section 5.04 hereof and the first sentence of Section 5.01 hereof, (c) for its or the Owner Trustee's failure to use ordinary care to disburse funds, (d) for any Tax based on or measured by any fees, commissions or compensation received by it for acting as trustee in connection with any of the transactions contemplated by the Operative Documents and (e) for liabilities that may result from the inaccuracy of any representation or warranty of it (or from the failure by it to perform any covenant) in Section 6.03 hereof, in Section 4 of the Lease or in Sections 8(b), 8(c) and 8(p) of the Participation Agreement.

SECTION 6.02. Absence of Certain Duties. Except in accordance with written instructions furnished pursuant to Section 5.02 hereof and except as provided in, and without limiting the generality of, Sections 3.01 and 5.04 hereof and the last sentence of Section 9.01(b) hereof, neither the Owner Trustee nor State Street shall have any duty (i) to see to any recording or filing of any Operative Document or of any supplement to any thereof or to see to the maintenance of any such recording or filing or any other filing of reports with the

Federal Aviation Administration or other governmental agencies, except that State Street in its individual capacity agrees to comply with the Federal Aviation Administration reporting requirements set forth in 14 CFR (S)47.45 and 14 CFR (S)47.51, and the Owner Trustee shall, to the extent that information for that purpose is timely supplied by Lessee pursuant to any of the Operative Documents, complete and timely submit (and furnish the Owner Participant with a copy of) any and all reports relating to the Aircraft which may from time to time be required by the Federal Aviation Administration or any government or governmental authority having jurisdiction, (ii) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not Lessee shall be in default with respect thereto, other than to forward to the Owner Participant copies of all reports and other written information which the Owner Trustee receives from Lessee pursuant to Section 11(c) of the Lease, (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against any part of the Trust Indenture Estate or the Trust Estate, except as provided in Section 8(g) of the Participation Agreement, or (iv) to inspect Lessee's books and records with respect to the Aircraft at any time permitted pursuant to the Lease. Notwithstanding the foregoing, the Owner Trustee will furnish to the Indenture Trustee and the Owner Participant, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Owner Trustee under the Lease or any other Operative Document to the extent that any of the same shall not state on its face or otherwise that it has been so distributed.

SECTION 6.03. No Representations or Warranties as to Certain Matters. NEITHER THE OWNER TRUSTEE NOR STATE STREET MAKES OR SHALL BE DEEMED TO HAVE MADE (a) ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE FOR A PARTICULAR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF WHATSOEVER, except that State Street in its individual capacity warrants that on the Delivery Date the Owner Trustee shall have received whatever title was conveyed to it by Lessee and that the Aircraft shall during the Term of the Lease be free of Lessor Liens attributable to State Street in its individual capacity, or (b) any representation or warranty as to the validity, legality or enforceability of this Trust Agreement or any Operative Document to which the Owner Trustee is a party, or any other document or instrument, or as to the correctness of any statement contained in any thereof except to the extent that any

such statement is expressly made herein or therein by such party as a representation by State Street in its individual capacity or by the Owner Trustee, as the case may be, and except that State Street in its individual capacity hereby represents and warrants that this Trust Agreement has been, and (assuming due authorization, execution and delivery by the Owner Participant of this Trust Agreement) the Operative Documents to which it or the Owner Trustee is a party have been (or at the time of execution and delivery of any such instrument by it or the Owner Trustee hereunder or pursuant to the terms of the Participation Agreement that such an instrument will be) duly executed and delivered by one of its officers who is or will be, as the case may be, duly authorized to execute and deliver such instruments on behalf of itself or the Owner Trustee, as the case may be, and that the Trust Agreement constitutes the legal, valid and binding obligation of State Street or the Owner Trustee, as the case may be, enforceable against State Street or the Owner Trustee, as the case may be, in accordance with its terms.

SECTION 6.04. No Segregation of Monies; Interest. Monies received by the Owner Trustee hereunder need not be segregated in any manner except to the extent provided by law and the Owner Trustee, except as provided in Section 22 of the Lease, shall not be liable for any interest thereon.

SECTION 6.05. Reliance Upon Certificates, Counsel and Agents. The Owner Trustee shall incur no liability to anyone in acting in reliance upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it in good faith to be genuine and reasonably believed by it in good faith to be signed by the proper party or parties. Unless other evidence in respect thereof is specifically prescribed herein, any request, direction, order or demand of the Owner Participant or Lessee mentioned herein or in any of the Operative Documents to which the Owner Trustee is a party shall be sufficiently evidenced by written instruments signed by the Chairman of the Board, the President, any Vice President or any other duly authorized officer or representative and in the name of any such Owner Participant or Lessee, as the case may be. The Owner Trustee may accept a copy of a resolution of the Board of Directors or Executive Committee of Lessee, certified by the Secretary or an Assistant Secretary of Lessee as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board or Committee and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Owner Trustee may for all purposes hereof rely on a certificate signed by the Chairman of the Board, the President, any Vice President or any other duly authorized

officer or representative of Lessee, as to such fact or matter, and such certificate shall constitute full protection to the Owner Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of trusts hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, consult with counsel, accountants and other skilled persons to be selected and employed by it. The Owner Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion, within the scope of such person's competence, of any such counsel, accountants or other skilled persons and the Owner Trustee shall not be liable for the negligence of any such counsel, accountant or other skilled person appointed by it with due care hereunder.

SECTION 6.06. Not Acting in Individual Capacity. In acting hereunder, the Owner Trustee acts solely as trustee and not in its individual capacity except as otherwise expressly provided herein; and, except as may be otherwise expressly provided in this Trust Agreement, the Lease, the Participation Agreement and the Trust Indenture, all persons, other than the Owner Participant, as provided herein, having any claim against the Owner Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof except to the extent the Owner Trustee shall expressly agree otherwise in writing.

SECTION 6.07. Fees and Compensation. The Owner Trustee shall be entitled to receive compensation, reasonable as regards its responsibilities hereunder, together with reimbursement within three (3) months of its request for all reasonable expenses incurred or made by it in accordance with any of the provisions of this Trust Agreement or any other Operative Document (including the reasonable compensation and the expenses of its counsel, accountants or other skilled persons and of all other persons not regularly in its employ). If a Lease Event of Default or Indenture Event of Default shall occur and be continuing or if the Lease or the Trust Indenture is declared to be in default, the Owner Trustee shall be entitled to receive compensation, reasonable as regards its additional responsibilities hereunder, and payment or reimbursement for its expenses as provided above. Pursuant to Section 7(c) of the Participation Agreement and subject to Section 16 thereof, Lessee shall be required to pay the reasonable fees and expenses of the Owner Trustee comprising the compensation and reimbursement of expenses to which the Owner Trustee is entitled under this Section 6.07. Except as otherwise expressly provided in this Trust Agreement and the other Operative Documents, neither the

Owner Participant nor the Trust Estate shall have any liability for any such fees and expenses; provided, however, the Owner Participant shall be liable for such additional compensation of the Owner Trustee if the same is attributable to an Indenture Event of Default which is caused solely by the actions or inactions of the Owner Participant; and further provided that the Owner Trustee shall have a Lien upon the Trust Estate for any such fee not paid by Lessee as contemplated by Section 7 of the Participation Agreement and such Lien shall entitle the Owner Trustee to priority as to payment thereof over payment to any other Person under this Trust Agreement but shall at all times be subordinated to the Lien of the Trust Indenture.

SECTION 6.08. Tax Returns. The Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all monies under this Trust Agreement or any other agreement contemplated hereby. The Owner Participant shall be responsible for causing to be prepared and filed all income tax returns required to be filed by the Owner Participant. The Owner Trustee shall be responsible for causing to be prepared, at the request of the Owner Participant, all income tax returns required to be filed with respect to the trust created hereby and shall execute and file such returns. The Owner Trustee and the Owner Participant, upon request, will furnish each other with all such information as may be reasonably required in connection with the preparation of such income tax returns. The Owner Trustee will give to the Owner Participant, upon request, such periodic information concerning receipts and disbursements by it with respect to the Trust Estate as would be helpful to the Owner Participant in preparing its tax returns.

ARTICLE VII

INDEMNIFICATION OF STATE STREET BY OWNER PARTICIPANT

SECTION 7.01. Owner Participant to Indemnify State Street. The Owner Participant hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and hereby indemnifies, protects, saves and keeps harmless State Street in its individual capacity and its successors, assigns, legal representatives, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, taxes (excluding any taxes payable by State Street in its individual capacity on or measured by any compensation received by State Street in its individual capacity for its services hereunder), claims, actions, suits, costs, expenses or disbursements (including, without limitation, reasonable legal fees and expenses, and including without

limitation any liability of an owner, any strict liability and any liability without fault) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against State Street in its individual capacity (whether or not also indemnified against by Lessee under the Lease or under the Participation Agreement or also indemnified against by any other person, but only to the extent not otherwise paid or reimbursed by such other person) in any way relating to or arising out of this Trust Agreement or any of the Operative Documents or the enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, nonacceptance, rejection, ownership, delivery, lease, possession, use, operation, condition, sale, return or other disposition of the Aircraft (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Owner Trustee or State Street in its individual capacity hereunder, except (a) in the case of willful misconduct or gross negligence on the part of the Owner Trustee or State Street in its individual capacity in the performance or nonperformance of its duties hereunder or under any of the other Operative Documents to which the Owner Trustee is a party or (b) those claims resulting from the inaccuracy of any representation or warranty of State Street in its individual capacity (or from the failure of State Street in its individual capacity to perform any of its covenants) in Section 6.03 hereof, in Section 4 of the Lease, in Section 8(b), 8(c) or 8(p) of the Participation Agreement or elsewhere in any of the other Operative Documents or (c) as may result from a breach by State Street in its individual capacity of its covenant in the last sentence of Section 5.04 hereof or (d) in the case of the failure to use ordinary care on the part of the Owner Trustee or State Street in its individual capacity in the disbursement of funds or (e) those claims arising under any circumstances or upon any terms where Lessee would not have been required to indemnify the Owner Trustee in its individual capacity pursuant to Section 7(b) or 7(c) of the Participation Agreement (disregarding, for this purpose, Sections 7(b)(ii)(2) (to the extent that such disposition referred to therein results from the Owner Trustee acting in accordance with written instructions of the Owner Participant), 7(b)(ii)(4)(i) (to the extent that it results from the willful misconduct or gross negligence of the Owner Participant to the extent imposed on the Owner Trustee), 7(b)(ii)(7), 7(c)(2) (to the extent that such failure referred to therein results from the Owner Trustee's acting in accordance with written instructions of the Owner Participant), 7(c)(4) (to the extent that such disposition referred to therein results from the Owner Trustee's acting in accordance with written instructions of the Owner Participant), 7(c)(6), 7(c)(8) and

7(c)(10) of the Participation Agreement and disregarding, for this purpose, those claims arising or resulting from any action taken by or inaction of the Owner Trustee in accordance with written instructions of the Owner Participant); provided, however, that the exception set forth in clause (a) of this Section 7.01 shall not apply to any action taken or omission made by the Owner Trustee pursuant to and in accordance with written directions given to the Owner Trustee by the Owner Participant. The indemnities contained in this Section 7.01 extend to State Street only in its individual capacity and shall not be construed as indemnities of the Trust Indenture Estate or the Trust Estate (except to the extent, if any, that State Street in its individual capacity has been reimbursed by the Trust Indenture Estate or the Trust Estate for amounts covered by the indemnities contained in this Section 7.01). The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement. In addition, if necessary, State Street in its individual capacity shall be entitled to indemnification from the Trust Estate, subject to the Lien of the Trust Indenture, for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Section 7.01 to the extent not reimbursed by Lessee, the Owner Participant or others, but without releasing any of them from their respective agreements of reimbursement; and, to secure the same, State Street in its individual capacity shall have a lien on the Trust Estate, subject to the lien of the Trust Indenture, which shall be prior to any interest therein of the Owner Participant. The payor of any indemnity under this Article VII shall be subrogated to any right of the person indemnified in respect of the matter as to which such indemnity was paid.

ARTICLE VIII

TRANSFER OF THE OWNER PARTICIPANT'S INTEREST

SECTION 8.01. Transfer of Interest. All provisions of Section 8(1) of the Participation Agreement shall (with the same force and effect as if set forth in full in this Section 8.01) be applicable to any assignment, conveyance or other transfer by the Owner Participant of any of its right, title or interest in and to the Participation Agreement, the Trust Estate or this Trust Agreement. If there is more than one Owner Participant, no assignment, conveyance or other transfer by an Owner Participant of any of its right, title or interest in and to this Trust Agreement or the Trust Estate shall be valid unless each other Owner Participant's prior written consent (which consent may be withheld in the sole discretion of such other Owner Participants) is given to such assignment, conveyance or other transfer.

SECTION 8.02. Actions of the Owner Participants. If at any time prior to the termination of this Trust Agreement there is more than one Owner Participant, then during such time, if any action is required to be taken by all Owner Participants and whenever any direction, authorization, approval, consent, instruction, or other action is permitted to be given or taken by the Owner Participant it shall be given or taken only upon unanimous agreement of all Owner Participants; provided, however, that the termination of this Trust Agreement pursuant to Section 11.01 hereof may be effected upon the election of any Owner Participant.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES; CO-TRUSTEES

SECTION 9.01. Resignation of Owner Trustee; Appointment of Successor.

(a) Resignation or Removal. The Owner Trustee or any successor Owner Trustee (i) shall resign if required to do so pursuant to Section 8(b) of the Participation Agreement and (ii) may resign at any time without cause by giving at least 60 days' prior written notice to the Owner Participant, the Indenture Trustee and Lessee, such resignation to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In addition, the Owner Participant may at any time remove the Owner Trustee without cause by a notice in writing delivered to the Owner Trustee, the Certificate Holders, the Indenture Trustee and Lessee, such removal to be effective upon the acceptance of appointment by the successor Owner Trustee under Section 9.01(b) hereof. In the case of the removal or resignation of the Owner Trustee, the Owner Participant may appoint a successor Owner Trustee by an instrument signed by the Owner Participant, such successor to be approved by Lessee unless an Event of Default shall have occurred and be continuing (which approval shall not be unreasonably withheld). If a successor Owner Trustee shall not have been appointed within 30 days after such notice of resignation or removal, the Owner Trustee, the Owner Participant, Lessee or the Indenture Trustee may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided.

(b) Execution and Delivery of Documents, etc. Any successor Owner Trustee, however appointed, shall execute and

deliver to the predecessor Owner Trustee an instrument accepting such appointment, and thereupon such successor Owner Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named the Owner Trustee herein; but nevertheless, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all monies or other property then held by such predecessor Owner Trustee upon the trusts herein expressed. Upon the appointment of any successor Owner Trustee hereunder, the predecessor Owner Trustee will execute such documents as are provided to it by such successor Owner Trustee and will take such further actions as are requested of it by such successor Owner Trustee as are reasonably required to cause registration of the Aircraft included in the Trust Estate to be transferred upon the records of the Federal Aviation Administration, or other governmental authority having jurisdiction, into the name of the successor Owner Trustee.

(c) Qualifications. Any successor Owner Trustee, however appointed, shall be a Citizen of the United States and shall also be a bank or trust company organized under the laws of the United States or any state thereof having a combined capital and surplus of at least \$50,000,000 (or the obligations and liabilities of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by an affiliate company having a combined capital and surplus of at least \$50,000,000), if there be such an institution willing, able and legally qualified to perform the duties of the Owner Trustee hereunder upon reasonable or customary terms. Subject to Section 14 of the Participation Agreement, no such successor trustee shall (i) be located in a jurisdiction which creates adverse consequences for the Lessee (unless such circumstances would be created by substantially all jurisdictions where major banking or trust institutions are located) or (ii) charge fees for its services as an Owner Trustee in excess of the then prevailing market rates for such services (unless the Owner Participant agrees that it and not the Lessee shall be liable for such excess).

(d) Merger, etc. Any corporation into which State Street may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which State Street shall be a party, or any corporation to which substantially all the

corporate trust business of State Street may be transferred, shall, subject to the terms of Section 9.01(c) hereof, be the Owner Trustee hereunder without further act.

SECTION 9.02. Co-Trustees and Separate Trustees. If at any time it shall be necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Trust Estate is located, or make any claim or bring any suit with respect to the Trust Estate or the Lease, or in the event that the Owner Trustee shall have been requested to do so by the Owner Participant or the Owner Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of the Owner Participant or the Owner Trustee, or the Owner Trustee shall have been directed to do so by the Owner Participant, the Owner Trustee and Owner Participant shall execute and deliver an agreement supplemental hereto and all other instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons (any and all of which shall be a Citizen of the United States) approved by the Owner Trustee and the Owner Participant, either to act as co-trustee, jointly with the Owner Trustee, or to act as separate trustee hereunder (any such co-trustee or separate trustee being herein sometimes referred to as an "additional trustee"). In the event the Owner Participant shall not have joined in the execution of such agreements supplemental hereto within ten days after the receipt of a written request from the Owner Trustee so to do, or in case a Lease Event of Default or Indenture Event of Default shall occur and be continuing, the Owner Trustee may act under the foregoing provisions of this Section 9.02 without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 9.02 in either of such contingencies.

Every additional trustee hereunder shall, to the extent permitted by law, be appointed and act, and the Owner Trustee and its successors shall act, subject to the following provisions and conditions:

(A) All powers, duties, obligations and rights conferred upon the Owner Trustee in respect of the custody, control and management of monies, the Aircraft or documents authorized to be delivered hereunder or under the Participation Agreement shall be exercised solely by the Owner Trustee;

(B) Any other rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred or imposed upon and exercised or performed by the Owner Trustee and such additional trustee jointly, except to

the extent that under any law of any jurisdiction in which any particular act or acts are to be performed (including the holding of title to the Trust Estate) the Owner Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional trustee;

(C) No power given to, or which it is provided hereby may be exercised by, any such additional trustee shall be exercised hereunder by such additional trustee, except jointly with, or with the consent in writing of, the Owner Trustee;

(D) No trustee hereunder shall be personally liable by reason of any action or omission of any other trustee hereunder;

(E) The Owner Participant, at any time, by an instrument in writing may remove any such additional trustee. In the event that the Owner Participant shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Owner Trustee so to do, the Owner Trustee shall have the power to remove any such additional trustee without the concurrence of the Owner Participant; and the Owner Participant hereby appoints the Owner Trustee its agent and attorney-in-fact for it in such connection in such contingency; and

(F) No appointment of, or action by, any additional trustee will relieve the Owner Trustee of any of its obligations under, or otherwise affect any of the terms of, the Trust Indenture or affect the interests of the Indenture Trustee or the Certificate Holders in the Trust Indenture Estate.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS TO TRUST AGREEMENT AND OTHER DOCUMENTS

SECTION 10.01. Supplements and Amendments and Delivery Thereof.

(a) Supplements and Amendments. This Trust Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by the Owner Trustee and the Owner Participant. Subject to Section 10.02 hereof and Section

10(B) of the Participation Agreement, the Owner Trustee will execute any amendment, supplement or other modification of this Trust Agreement or of any other Operative Documents to which the Owner Trustee is a party which it is requested to execute by the Owner Participant except that the Owner Trustee shall not execute any such amendment, supplement or other modification which, by the express provisions of any of the above documents, requires the consent of any other party unless such consent shall have been obtained.

(b) Delivery of Amendments and Supplements to Certain Parties. A signed copy of each amendment or supplement referred to in Section 10.01(a) hereof shall be delivered promptly by the Owner Trustee to Lessee.

SECTION 10.02. Discretion as to Execution of Documents. Prior to executing any document required to be executed by it pursuant to the terms of Section 10.01 hereof, the Owner Trustee shall be entitled to receive an opinion of its counsel to the effect that the execution of such document is authorized hereunder. If in the opinion of the Owner Trustee any such document adversely affects any right, duty, immunity or indemnity in favor of the Owner Trustee hereunder or under any other Operative Document to which the Owner Trustee is a party, the Owner Trustee may in its discretion decline to execute such document.

SECTION 10.03. Distribution of Documents. Promptly after the execution by the Owner Trustee of any document entered into pursuant to Section 10.01 hereof, the Owner Trustee shall mail, by certified mail, postage prepaid, a conformed copy thereof to the Owner Participant, but the failure of the Owner Trustee to mail such conformed copy shall not impair or affect the validity of such document.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Termination of Trust Agreement. (a) This Trust Agreement and the Trusts created hereby shall be of no further force or effect upon the earliest of (i) both the final discharge of the Trust Indenture pursuant to Section 10.01 thereof, the termination of the Lease pursuant to its terms and the sale or other final disposition by the Owner Trustee of all property constituting part of the Trust Estate and the final distribution by the Owner Trustee of all monies or other property or proceeds constituting part of the Trust Estate, (ii) in accordance with Article IV

hereof, provided that at such time Lessee and the Owner Participant shall have fully complied with all of the terms of the Lease and the Participation Agreement and (iii) twenty-one years less one day after the death of the last survivor of all of the decedents of the grandparents of David C. Rockefeller living on the date of the earliest execution of this Trust Agreement by any party hereto, but if this Trust Agreement and the Trust created hereby shall be or become authorized under applicable law to be valid for a period commencing on the twenty-first anniversary of the death of such last survivor (or, without limiting the generality of the foregoing, if legislation shall become effective providing for the validity of this Trust Agreement and the Trust created hereby for a period in gross exceeding the period for which this Trust Agreement and the Trust created hereby are hereinabove stated to extend and be valid), then this Trust Agreement and the Trust created hereby shall not terminate under this subsection (a) but shall extend to and continue in effect, but only if such non-termination and extension shall then be valid under applicable law, until the day proceeding such date as the same shall, under applicable law, cease to be valid. In furtherance of the foregoing, this Trust Agreement and the Trusts created hereby shall not be revoked, modified or terminated except in accordance with the terms hereof and of the Participation Agreement or with the prior written consent of the Indenture Trustee. Upon such termination, all monies or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of the Trust Agreement.

(b) The bankruptcy, death or incapacity of the Owner Participant will not terminate this Trust Agreement, nor entitle such person's legal representatives or heirs to claim an accounting or to take any action or proceeding in any court for a partition or winding up of the Trust Estate, nor otherwise effect the rights, obligations and liabilities of the parties hereto. No creditor of the Owner Participant shall obtain legal title to or exercise legal or equitable remedies with respect to the Trust Estate as a result of the Owner Participant's status. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner Participant in and to its beneficial interest in the Trust Estate shall operate to terminate this Trust Agreement or the Trusts created hereby.

SECTION 11.02. Owner Participant Has No Legal Title in Trust Estate. The Owner Participant shall not have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any right, title and interest of the Owner

Participant in and to the Trust Estate hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successors or transferees of the Owner Participant to an accounting or to the transfer of legal title to any part of the Trust Estate.

SECTION 11.03. Assignment, Sale, etc. of Aircraft. Any assignment, sale, transfer or other conveyance of the Aircraft by the Owner Trustee made in accordance with the express terms hereof or of the Lease or the Participation Agreement shall bind the Owner Participant and shall be effective to transfer or convey all right, title and interest of the Owner Trustee and the Owner Participant in and to the Aircraft. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by the Owner Trustee.

SECTION 11.04. Trust Agreement for Benefit of Certain Parties Only. Except for the terms of Section 8(1) of the Participation Agreement incorporated in Article VIII hereof and except as otherwise provided in Article IX and Sections 5.01, 6.07, 10.01 and 11.01 hereof, nothing herein, whether expressed or implied, shall be construed to give any person other than the Owner Trustee and the Owner Participant any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; but this Trust Agreement shall be held to be for the sole and exclusive benefit of the Owner Trustee and the Owner Participant.

SECTION 11.05. Citizenship of the Owner Participant. If at any time there shall be more than one Owner Participant, then any Owner Participant who shall cease to be a Citizen of the United States shall have no voting or similar rights hereunder and shall have no right to direct, influence or limit the exercise of, or to prevent the direction or influence of, or place any limitation on the exercise of, the Owner Trustee's authority or to remove the Owner Trustee.

SECTION 11.06. Notices. All notices, demands, instructions and other communications required or permitted to be given to or made upon any party hereto shall be in writing and shall be personally delivered or sent by registered or certified mail, postage prepaid, or by telecopier, or by prepaid courier service, and shall be deemed to be given for purposes of this Agreement on the day that such writing is delivered or, if sent by registered or certified mail, three Business Days after being deposited in the mails addressed to the intended recipient thereof in accordance with the provisions of this Section 11.06. Unless otherwise specified in a notice sent or delivered in

accordance with the foregoing provisions of this Section 11.06, notices, demands, instructions and other communications in writing shall be given to or made upon the respective parties hereto at their respective addresses (or to their respective telecopier numbers) as follows: (A) if to Lessee, the Owner Trustee, the Indenture Trustee or the Owner Participant, to the respective addresses set forth on Schedule I to the Participation Agreement or (B) if to any Certificate Holder, addressed to such Certificate Holder at its address as set forth in the Loan Certificate register maintained pursuant to the Trust Indenture.

SECTION 11.07. Severability. Subject to Section 11.12 hereof, any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08. Waivers, etc. No term or provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into in compliance with the terms of Article X hereof; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

SECTION 11.09. Counterparts. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.10. Binding Effect, etc. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Owner Trustee and its successors and assigns, and the Owner Participant, its successors and, to the extent permitted by Article VIII hereof, its assigns. Any request, notice, direction, consent, waiver or other instrument or action by an Owner Participant shall bind its successors and assigns.

SECTION 11.11. Headings; References. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.12. Governing Law. This Trust Agreement shall in all respects be governed by, and construed in accordance with, the internal laws of the Commonwealth of Massachusetts, including all matters of construction, validity and performance.

SECTION 11.13. Performance by the Owner Participant. Any obligation of the Owner Trustee in its individual capacity or as Owner Trustee hereunder or under any other Operative Document or other document contemplated herein, may be performed by the Owner Participant and any such performance shall not be construed as a revocation of the trust created hereby.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this First Amended and Restated Trust Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

By: _____
Title: _____

STATE STREET BANK AND TRUST COMPANY

By: _____
Title: _____

EXHIBIT A

THIRD AMENDED AND RESTATED TRUST AGREEMENT
AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1993 747 A)

This THIRD AMENDED AND RESTATED TRUST AGREEMENT AND TRUST INDENTURE AND MORTGAGE SUPPLEMENT (1993 747 A), dated May __, 1995 (herein called the "Trust Supplement") of STATE STREET BANK AND TRUST COMPANY, not in its individual capacity, but solely as Owner Trustee (herein called the "Owner Trustee"), under the First Amended and Restated Trust Agreement (1993 747 A), dated as of May 1, 1995 (herein called the "Trust Agreement"), between the Owner Trustee and the Owner Participant named therein.

WITNESSETH:

WHEREAS, the Trust Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Aircraft (such term and other terms defined in the Trust Indenture referred to below used herein as therein defined) included in the property covered by the Trust Agreement;

WHEREAS, Wilmington Trust Company (herein called the "Original Owner Trustee") and State Street Bank and Trust Company of Connecticut, National Association, as Indenture Trustee (herein called the "Original Indenture Trustee"), have entered into that certain Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993 (the "Original Trust Indenture"), which Original Trust Indenture was recorded with the Federal Aviation Administration on April 21, 1993 under Conveyance No. FF08935;

WHEREAS, the Original Owner Trustee and the Original Indenture Trustee have entered into that certain First Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993 (such First Amended and Restated Trust Indenture and Mortgage, as supplemented by First Amended and Restated Trust Agreement and Trust Indenture and Mortgage Supplement (the "First Amended and Restated Trust Supplement"), being referred to herein as the "First Amended and Restated Trust Indenture") which First Amended and Restated Trust Indenture was recorded with the Federal Aviation Administration on May 6, 1993 under Conveyance No. VV003010;

WHEREAS, the Original Owner Trustee and the Original Indenture Trustee have entered into that certain Second Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of July 1, 1994, as supplemented by Second Amended and Restated

Trust Agreement and Trust Indenture and Mortgage Supplement (the "Second Amended and Restated Trust Supplement"), was recorded with the Federal Aviation Administration on August 10, 1994 under Conveyance No. FF006617, as amended by the First Amendment to Second Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated September 27, 1994 between the Original Owner Trustee and the Original Indenture Trustee was recorded with the Federal Aviation Administration on November 2, 1994 under Conveyance No. JJ12459 (the Second Amended and Restated Trust Indenture and Mortgage, as supplemented by the Second Amended and Restated Trust Supplement and as amended by the First Amendment to Second Amended and Restated Trust Indenture and Mortgage being referred to herein as the "Second Amended and Restated Trust Indenture");

WHEREAS, the Trust Indenture and Mortgage (1993 747 A), dated as of May 1, 1995 (herein called the "Trust Indenture"), between the Owner Trustee and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Indenture Trustee (herein called the "Indenture Trustee"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Aircraft, and shall specifically mortgage such Aircraft to the Indenture Trustee; and

WHEREAS, each of the Trust Agreement and Trust Indenture relates to the Airframe and Engines described below, and a counterpart of the Trust Indenture is attached hereto and made a part hereof and this Trust Supplement, together with such counterpart of the Trust Indenture, is being filed for recordation on the date hereof with the Federal Aviation Administration as one document;

NOW, THEREFORE, this Trust Supplement witnesseth, that, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the following described property:

AIRFRAME

One Airframe Identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number
-----	-----	-----	-----
The Boeing Company	747-422	N189UA	26878

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed

therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

AIRCRAFT ENGINES

Four aircraft engines, each such engine having 750 or more rated take-off horsepower or the equivalent thereof, whether or not such engines shall be installed in or attached to the Airframe or any other airframe, identified as follows:

Manufacturer -----	Model -----	Manufacturer's Serial Number -----
Pratt & Whitney	PW4056	P727301
Pratt & Whitney	PW4056	P727302
Pratt & Whitney	PW4056	P727303
Pratt & Whitney	PW4056	P727304

together with all Parts which are from time to time incorporated or installed in or attached thereto or which have been removed therefrom, but where title to which remains vested in the Owner Trustee in accordance with the Lease.

As further security for the obligations referred to above and secured by the Trust Indenture and hereby, the Owner Trustee hereby confirms that the Lien of the Trust Indenture over the Trust Indenture Estate includes the Lease Supplement of even date herewith covering the property described above.

Notwithstanding any provision hereof, no Excluded Payment shall constitute security for any of the aforementioned obligations.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Indenture Trustee, its successors and assigns, for the equal and proportionate benefit and security of the holders from time to time of the Loan Certificates outstanding, without any preference, distinction or priority of any one Loan Certificate over any other by reason of series, priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Trust Indenture.

This Trust Supplement shall be construed as supplemental to the Trust Indenture and to the Trust Agreement and shall form a part of each, and the Trust Agreement and the Trust Indenture are each hereby incorporated by reference herein and each is hereby ratified, approved and confirmed.

[First Amended and Restated Trust Agreement (1993 747 A)]

* * *

A-4

[First Amended and Restated Trust Agreement (1993 747 A)]

IN WITNESS WHEREOF, the Owner Trustee has caused this Trust Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

STATE STREET BANK AND TRUST
COMPANY,
not in its individual capacity but
solely as Owner Trustee,

By: _____
Title: _____

REDEMPTION AND REFINANCING AGREEMENT (1993 747 A)

Dated as of May 1, 1995

Among

UNITED AIR LINES, INC.,
as Lessee

_____,
as Owner Participant

THE MITSUBISHI TRUST AND BANKING CORPORATION, NEW YORK BRANCH,
and
BAYERISCHE LANDESBANK GIROZENTRALE, FRANKFURT BRANCH,
as Successor Original Loan Participants

STATE STREET BANK AND TRUST COMPANY,
as Owner Trustee

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
as Pass Through Trustee

and

FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION,
as Indenture Trustee

One Boeing 747-422 Aircraft

N189UA

Leased to United Air Lines, Inc.

INDEX TO REDEMPTION AND REFINANCING AGREEMENT
(1993 747 A)

	page

SECTION 1. Redemption and Refinancing of Successor Original Certificates.....	4
SECTION 2. Adjustments to Exhibits to the Lease.....	6
SECTION 3. Conditions Precedent.....	6
SECTION 4. Representations and Warranties.....	12
SECTION 5. Notices.....	26
SECTION 6. Expenses.....	26
SECTION 7. Miscellaneous.....	27
EXHIBIT A MATURITY DATES, PRINCIPAL AMOUNTS AND INTEREST RATES OF SERIES 1993 747 A CERTIFICATES	
EXHIBIT A-1 INSTALLMENT PAYMENT DATES AND INSTALLMENT PAYMENT PERCENTAGES	
EXHIBIT A-2 ISSUANCE OF SERIES 1993 747 A CERTIFICATES	
EXHIBIT B FORM OF AMENDED AND RESTATED INDENTURE	
EXHIBIT C FORM OF FIRST AMENDMENT TO LEASE AGREEMENT	
EXHIBIT D FORM OF FIRST AMENDMENT TO PARTICIPATION AGREEMENT	
EXHIBIT E FORM OF FIRST AMENDMENT TO TRUST AGREEMENT	

REDEMPTION AND REFINANCING AGREEMENT (1993 747 A)

This REDEMPTION AND REFINANCING AGREEMENT (1993 747 A), dated as of May 1, 1995, among (i) UNITED AIR LINES, INC., a Delaware corporation (the

"Lessee" or the "Company"), (ii) _____, a Delaware corporation (the "Owner Participant"), (iii) STATE STREET BANK AND TRUST COMPANY, a Massachusetts trust company (as successor to Wilmington Trust Company), not in its individual capacity except as otherwise expressly provided herein, but solely as Owner Trustee (the "Owner Trustee"), under that certain Trust Agreement (1993 747 A), dated as of April 1, 1993, between the Owner Participant and the Owner Trustee, (iv) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity except as otherwise provided herein, but solely as trustee under the Pass Through Trust Agreement, dated as of February 1, 1992 as amended and restated as of May 1, 1995 (the "Basic Agreement"), between the Lessee and State Street Bank and Trust Company of Connecticut, National Association, as supplemented by Trust Supplements Nos. 1995-A1 and 1995-A2 thereto, each dated as of May 1, 1995, creating the 1995-A1 Pass Through Trust and the 1995-A2 Pass Through Trust, respectively (the Basic Agreement as so supplemented, being the "1995-A1 Pass Through Trust Agreement" and the "1995-A2 Pass Through Trust Agreement", respectively, each of the 1995-A1 Pass Through Trust Agreement and the 1995-A2 Pass Through Trust Agreement being a "Pass Through Trust Agreement", and First Security Bank of Utah, National Association, in its capacity as trustee under each Pass Through Trust Agreement being a "Pass Through Trustee"), (v) FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, a national banking association (as successor to State Street Bank and Trust Company of Connecticut, National Association), not in its individual capacity except as otherwise provided herein, but solely as indenture trustee (the "Indenture Trustee") under the Original Indenture (as defined below) as amended and restated by the Third Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of May 1, 1994 (the "Third Amended and Restated Indenture") and (vi) THE MITSUBISHI TRUST AND BANKING CORPORATION, NEW YORK BRANCH and BAYERISCHE LANDESBANK GIROZENTRALE, FRANKFURT BRANCH (each herein called a "Successor Original Loan Participant").

W I T N E S S E T H :

WHEREAS, the Lessee, the Owner Participant, the Owner Trustee, the Original Loan Participant and the Indenture Trustee entered into a Participation Agreement (1993 747 A), dated as of April 1, 1993 (the "Original Participation Agreement"; all capitalized terms used herein without definition shall have the meanings set forth in the Original Participation Agreement; the Original Participation Agreement as amended by the First Amendment to Participation Agreement (1993 747 A) dated as of December 1, 1993, as further amended by the Second Amendment to Participation Agreement (1993 747 A) dated as of July 1, 1994, and as further amended and restated by the First Amended and Restated

Participation Agreement (1993 747 A) dated as of May 1, 1995, being herein called the "Participation Agreement"), providing for the sale and lease of one Boeing Model 747-422 aircraft, bearing U.S. registration number N189UA and Manufacturer's Serial Number 26878 (the "Aircraft");

WHEREAS, concurrently with the execution and delivery of the Original Participation Agreement, the Owner Participant entered into a Trust Agreement (1993 747 A), dated as of April 1, 1993 (such Trust Agreement, as supplemented by Trust Agreement and Trust Indenture and Mortgage Supplement No. 1 (1993 747 A), dated April 20, 1993, being herein called the "Original Trust Agreement"; the Original Trust Agreement as amended by the First Amended and Restated Trust Agreement (as defined below) being herein called the "Trust Agreement"), with the Owner Trustee in its individual capacity, pursuant to which Trust Agreement the Owner Trustee agreed, among other things, to hold the Trust Estate defined in Section 1.01 of such Trust Agreement for the benefit of the Owner Participant thereunder;

WHEREAS, concurrently with the execution and delivery of the Original Participation Agreement, the Owner Trustee and the Indenture Trustee entered into a Trust Indenture and Mortgage (1993 747 A), dated as of April 1, 1993 (such Trust Indenture and Mortgage, as supplemented by Trust Agreement and Trust Indenture and Mortgage Supplement No. 1 (1993 747 A), dated April 20, 1993 (the "Trust Supplement"), as amended and restated by the First Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of April 1, 1993, as further amended and restated by the Second Amended and Restated Trust Indenture and Mortgage (1993 747 A) dated as of July 1, 1994 (the "Second Amended and Restated Indenture") and as amended by the First Amendment to the Second Amended and Restated Indenture and Mortgage (1993 747 A) dated September 27, 1994, being herein called the "Original Indenture"; the Original Indenture as amended and restated as contemplated by Section 3(c) below, being herein called the "Indenture") for the benefit of the Original Loan Participant (and, upon the issuance of the Equipment Notes (as defined below), the Holders (as defined in the Third Amended and Restated Indenture) of the Equipment Notes issued thereunder), pursuant to which Original Indenture, among other things, a certificate substantially in the form set forth in Section 2.01 thereof (a "Successor Original Certificate") was issued to each Successor Original Loan Participant as evidence of the loan then being made by such Successor Original Loan Participant to the Owner Trustee, the proceeds of which were applied by the Owner Trustee to the payment of Lessor's Cost for the Aircraft;

WHEREAS, concurrently with the execution and delivery of the Original Participation Agreement, the Owner Trustee and the Lessee entered into a Lease Agreement (1993 747 A), dated as of April 1, 1993 (such Lease Agreement, as supplemented by Lease Supplement No. 1 (1993 747 A) dated April 20, 1993, as amended and restated by the First Amended and Restated Lease Agreement (1993 747 A) dated as of April 1, 1993, as

amended by the First Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated April 19, 1994, as further amended by the Second Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated as of July 1, 1994, as further amended by the Third Amendment to First Amended and Restated Lease Agreement (1993 747 A) dated July 22, 1994, being herein called the "Original Lease"; the Original Lease as amended and restated by the Second Amended and Restated Lease Agreement (1993 747 A) dated as of May 1, 1995 being herein called the "Lease"), relating to the Aircraft whereby, subject to the terms and conditions set forth in the Original Lease, the Owner Trustee agreed to lease to the Lessee, and the Lessee agreed to lease from the Owner Trustee, the Aircraft on the Delivery Date;

WHEREAS, concurrently with the execution and delivery of the Original Participation Agreement, the Lessee and the Owner Participant entered into a Tax Indemnity Agreement (1993 747 A), dated as of April 1, 1993 (such Tax Indemnity Agreement being herein called the "Original Tax Indemnity Agreement"), and in connection with the refinancing contemplated hereby, Lessee and the Owner Participant are entering into the Amended and Restated Tax Indemnity Agreement (as defined below) (the Original Tax Indemnity Agreement as amended and restated by the Amended and Restated Tax Indemnity Agreement, being called herein the "Tax Indemnity Agreement");

WHEREAS, the parties hereto wish to effect an optional redemption of each Successor Original Certificate issued to the Successor Original Loan Participants pursuant to the Second Amended and Restated Indenture and as permitted by Section 20 of the Original Participation Agreement as part of a refunding or refinancing transaction;

WHEREAS, the Owner Trustee has agreed, in connection with the redemption of the Successor Original Certificates issued to the Successor Original Loan Participants pursuant to the Second Amended and Restated Indenture, to issue Equipment Notes substantially in the form set forth in Exhibit A-1 and Exhibit A-2 to the Third Amended and Restated Indenture (for the purposes hereof, "Equipment Notes" shall have the meaning set forth for the term "Series 1993 747 A Certificates" in the Third Amended and Restated Indenture) to the two separate grantor trusts created by the Pass Through Trust Agreements, and each Pass Through Trustee will thereafter issue the Pass Through Certificates substantially in the form of Exhibit A to each Pass Through Trust Agreement (the "Pass Through Certificates");

WHEREAS, to facilitate the Owner Trustee's sale of the Equipment Notes to the Pass Through Trustee and the purchase of such Equipment Notes by the Pass Through Trustee, the Lessee, referred to as the "Company" in the Basic Agreement, has duly authorized the execution and delivery of each of the two Pass Through Trust Agreements as the "issuer" thereunder, as such term is defined in and solely for purposes of the Securities Act of 1933, as amended, and of the Pass Through Certificates being issued thereunder as

the "obligor" thereunder, as such term is defined in and solely for purposes of the Trust Indenture Act of 1939, as amended, with respect to the Pass Through Certificates and is undertaking to perform certain administrative and ministerial duties thereunder and is also undertaking to pay the fees and expenses of the Pass Through Trustee;

WHEREAS, the proceeds from the sale of the Equipment Notes will be applied, among other things, to effect the optional redemption of the Successor Original Certificates issued to the Successor Original Loan Participants pursuant to the Second Amended and Restated Indenture; and

WHEREAS, in connection with the refunding or refinancing transaction as contemplated hereby, the Owner Trustee and the Lessee have agreed to adjust all payments of Basic Rent, Excess Amount, Stipulated Loss Value, Termination Value, Special Termination Value and EBO Percentages, and to adjust the debt amortization schedule on the Refinancing Date (as defined below) in accordance with Section 20 of the Original Participation Agreement, and to amend Exhibits B, C, D and H of the Lease so as to reflect such adjustments;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Redemption and Refinancing of Successor Original Certificate. (a) Subject to the satisfaction or waiver of the conditions set forth herein at or prior to 10:00 a.m. (Central Standard Time) on the date designated by the Lessee, on behalf of the Owner Trustee, pursuant to Section 20 of the Original Participation Agreement or at such other date and time agreed to by the parties hereto (the "Refinancing Date"):

(i) the Owner Trustee shall, in accordance with Section 2.01 of the Third Amended and Restated Indenture, issue and deliver to the Indenture Trustee Equipment Notes, dated the Refinancing Date and of the maturities, in the principal amounts, bearing the interest rates and of the other economic terms specified in Exhibits A, A-1 and A-2 hereto (the aggregate principal amount of such Equipment Notes being not less than ___% of the aggregate outstanding principal amount of the Successor Original Certificates);

(ii) the Indenture Trustee shall authenticate such Equipment Notes pursuant to Section 2.02 of the Third Amended and Restated Indenture, and deliver such Equipment Notes to the Pass Through Trustees as specified in Exhibit A-2 hereto against payment by the Pass Through Trustees of the amounts specified in Exhibit A hereto (the aggregate amounts being the "Refinancing Amount");

(iii) the Lessee shall on the Refinancing Date pay to the Indenture Trustee for the account of the Owner Trustee and on an after-tax basis to the Owner Trustee and the Owner Participant all Supplemental Rent (including Break Amount (as defined in the Original Indenture), if any), necessary to effectuate on the Refinancing Date the transactions contemplated hereby or otherwise due and owing on the Refinancing Date;

(iv) the Indenture Trustee shall disburse to each Successor Original Loan Participant the amount of principal, interest and Break Amount, if any, owing to such Successor Original Loan Participant on the Refinancing Date with respect to the Successor Original Certificate issued to such Successor Original Loan Participant pursuant to the Second Amended and Restated Indenture in accordance with Section 2.11 of the Second Amended and Restated Indenture and Section 20 of the Original Participation Agreement; and

The Owner Participant, by its execution and delivery hereof, requests and directs the Owner Trustee, in accordance with Section 5.02 of the Trust Agreement, to execute and deliver this Agreement, the First Amended and Restated Participation Agreement, the Second Amended and Restated Lease Agreement and the Third Amended and Restated Indenture and to take all actions necessary or desirable to effect the issuance of the Equipment Notes and the redemption of the Successor Original Certificates issued to the Successor Original Loan Participants pursuant to the Second Amended and Restated Indenture.

(b) On the Refinancing Date, subject to the receipt by each Successor Original Loan Participant of the aggregate amount provided for in Section 20 of the Original Participation Agreement, such Successor Original Loan Participant shall deliver the Successor Original Certificate issued to such Successor Original Loan Participant to the Owner Trustee for cancellation by the Indenture Trustee. Each Successor Original Loan Participant hereby authorizes the Indenture Trustee to act for its benefit as contemplated in this Section 1, and agrees to take all actions necessary or desirable to effect the issuance of the Equipment Notes and the redemption of the Successor Original Certificate issued to such Successor Original Loan Participant.

(c) In case a Pass Through Trustee shall fail to make the payment described in Section 1(a)(ii), above, or in case the Owner Trustee shall for any reason fail to issue and deliver to the Indenture Trustee the Equipment Notes pursuant to Section 1(a)(i), above, (i) the written notice given by the Lessee with respect to the refinancing contemplated hereby shall be deemed to have never been given, (ii) the Indenture Trustee, the Owner Trustee, the Owner Participant and the Lessee shall have no obligation to pay to any Successor Original Loan Participant any amount in respect of the redemption of the Successor Original Certificate issued to such Successor Original Loan Participant pursuant hereto other than Break Amount, if any, resulting from a failure of such redemption to occur, (iii) none of the

First Amended and Restated Trust Agreement, the First Amended and Restated Participation Agreement, Second Amended and Restated Lease Agreement, the Amended and Restated Tax Indemnity Agreement and the Third Amended and Restated Indenture shall be deemed to have been delivered and (iv) each Successor Original Certificate issued to the Successor Original Loan Participant shall remain outstanding and in full force and effect and shall continue to be subject to the terms of the Second Amended and Restated Indenture.

(d) The closing (the "Closing") of the transactions described in this Agreement shall take place at the offices of Vedder, Price, Kaufman & Kammholz, 222 North LaSalle Street, Suite 2600, Chicago, Illinois 60601, on the Refinancing Date, or at such other place as the parties hereto may agree; the parties hereby agree that the transactions contemplated hereby shall be deemed to have occurred simultaneously and that no transaction contemplated hereby shall be deemed to have occurred except in conjunction with the occurrence of all such other transactions.

(e) All payments pursuant to this Section 1 shall be made on the Refinancing Date in immediately available funds to such accounts and at such banks as the parties hereto shall designate in writing not less than one Business Day prior to the Refinancing Date.

(f) This Agreement shall apply only to the redemption and refunding of the Successor Original Certificates issued to the Successor Original Loan Participants as described herein and not to the redemption or refunding of any Equipment Notes or any other Certificate (as defined in the Third Amended and Restated Indenture) issued under the Third Amended and Restated Indenture.

SECTION 2. Adjustments to Exhibits to the Lease. The parties hereto agree, by their execution and delivery hereof, that the transactions contemplated hereby constitute a refinancing transaction as contemplated by Section 20 of the Participation Agreement and that they will take all actions contemplated thereby, including the revision of Exhibits B, C, D and H of the Lease and Schedule I to the Tax Indemnity Agreement to reflect the adjustments contemplated thereby. Subject to the consummation of such refinancing transaction as described herein, such revised Exhibits B, C, D and H to the Lease and Schedule I to the Tax Indemnity Agreement shall be effective as of the Refinancing Date.

SECTION 3. Conditions Precedent. The obligations of each of the parties hereto to participate in the transactions contemplated by this Agreement on the Refinancing Date are subject to the fulfillment, prior to or on the Refinancing Date, of the following conditions precedent; provided, however, that it shall not be a condition precedent to the obligations of any party hereto that any document be produced or action taken that is to be produced or taken by such party or any Person within such party's control; provided further, however, that only the condition set forth in clause (a) of this Section 3 shall be a condition precedent to the actions of the Successor Original Loan Participants:

(a) Each Pass Through Trustee shall have received, concurrently with the payment to the Indenture Trustee by such Pass Through Trustee of an amount equal to the amount specified on Exhibit A, the Equipment Notes as required by Section 1(a)(ii), and the Indenture Trustee shall have received any other amounts, including Break Amount, if any, required to be paid in connection with the redemption of the Successor Original Certificates issued to the Successor Original Loan Participants on the Refinancing Date, and such amounts shall have been paid to the Successor Original Loan Participants.

(b) The Equipment Notes shall have been issued and authenticated in accordance with the Third Amended and Restated Indenture, and there shall have been transferred to the Indenture Trustee in immediately available funds the amounts referred to above in Section 1(a)(ii)-(iii).

(c) The Owner Trustee and the Indenture Trustee shall have entered into a Third Amended and Restated Indenture in substantially the form of Exhibit B hereto which shall have been duly filed for recording with the FAA.

(d) The Lessee and the Owner Trustee shall have entered into the Second Amended and Restated Lease Agreement in substantially the form of Exhibit C hereto, which shall have been duly filed for recording with the FAA.

(e) Each of (i) the Lessee, the Owner Participant, the Owner Trustee, the Pass Through Trustees and the Indenture Trustee shall have entered into the First Amended and Restated Participation Agreement in substantially the form of Exhibit D hereto and (ii) the Lessee and the Owner Participant shall have entered into an Amended and Restated Tax Indemnity Agreement (the "Amended and Restated Tax Indemnity Agreement").

(f) The Owner Participant and the Owner Trustee shall have entered into the First Amended and Restated Trust Agreement in substantially the form of Exhibit E hereto which shall have been duly filed for recording with the FAA.

(g) (i) The Indenture Trustee shall have received on or prior to the Delivery Date (A) a copy (or other documentation satisfactory to it) of the acknowledgment copy of a properly completed Uniform Commercial Code financing statement, reflecting the Owner Trustee as debtor and the Indenture Trustee as secured party, as to the Indenture Estate, evidencing its filing with the office of the Secretary of State of the Commonwealth of Massachusetts, and (B) a copy (or other documentation satisfactory to it) of the acknowledgment copy of a properly completed Uniform Commercial Code financing statement, reflecting the Lessee as debtor and the Owner Trustee as secured party (and reflecting the Indenture Trustee as assignee), evidencing its filing with the office of the Secretary of State of the State of Illinois, and (ii) no financing statement or similar filing described above in clause (i) shall have been terminated or amended subsequent to the date of

its filing and (iii) the Indenture Trustee shall have received, on or prior to the Delivery Date, the only original copy of the Original Lease and, on or prior to the Refinancing Date, the only original copy of the Second Amended and Restated Lease Agreement and shall have (and shall have retained without interruption subsequent to its receipt thereof) possession of each thereof on the Refinancing Date.

(h) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees and the Owner Participant shall have received the following documents (each of which shall be reasonably satisfactory in form and substance to each of them):

(i) a certificate of an Independent Appraiser (as defined in the Amended and Restated Indenture) to the effect that the fair value of the Aircraft as of the Refinancing Date is not less than 125% of the aggregate principal amount of the Equipment Notes;

(ii) a certificate, dated the Refinancing Date, of a Responsible Company Officer (as defined in the Indenture) to the effect that the issuance of the Pass Through Certificates and the application of the proceeds thereof will not be inconsistent with any of the provisions of the Pass Through Trust Agreement and that all conditions precedent specified herein required to be satisfied by Lessee prior to the issuance of the Equipment Notes have been satisfied; and

(iii) revised Exhibits B, C, D and H to the Lease, as provided for in the Second Amended and Restated Lease Agreement.

(i) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees and the Owner Participant shall have received a certificate signed by a Responsible Company Officer (as defined in the Indenture) of the Lessee, dated the Refinancing Date, certifying that:

(i) the representations and warranties contained herein of the Lessee are correct as though made on and as of the Refinancing Date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be certified to have been correct on and as of such earlier date);

(ii) no event has occurred and is continuing which constitutes an Event of Default or Default (as each such term is defined in the Lease); and

(iii) no Event of Loss (or event which with the passage of time or the giving of notice, or both, would constitute an Event of Loss) has occurred with respect to the Airframe or any Engine.

(j) Each of the Indenture Trustee, the Owner Participant, the Pass Through Trustees and the Lessee shall have received a certificate signed by a Responsible Officer (as defined in the Third Amended and Restated Indenture) of the Owner Trustee, dated the Refinancing Date, certifying that the representations and warranties contained herein of the Owner Trustee are correct as though made on and as of the Refinancing Date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be certified to have been correct on and as of such earlier date).

(k) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees and the Lessee shall have received a certificate signed by an authorized officer of the Owner Participant, dated the Refinancing Date, certifying that the representations and warranties contained herein of the Owner Participant are correct as though made on and as of the Refinancing Date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall be certified to have been correct on and as of such earlier date).

(l) Each of the Pass Through Trustees, the Owner Trustee, the Owner Participant and the Lessee shall have received a certificate signed by a Responsible Officer of the Indenture Trustee, dated the Refinancing Date, certifying that the representations and warranties contained herein of the Indenture Trustee are correct as though made on and as of the Refinancing Date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties are correct on and as of such earlier date).

(m) Each of the Indenture Trustee, the Owner Trustee, the Owner Participant and the Lessee shall have received a certificate signed by an authorized officer of each of the Pass Through Trustees, dated the Refinancing Date, certifying that the representations and warranties contained herein of such Pass Through Trustee are correct as though made on and as of the Refinancing Date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties are correct on and as of such earlier date).

(n) Each of the Pass Through Trustees, the Indenture Trustee, the Owner Trustee and the Owner Participant shall have received the following:

(i) an incumbency certificate of the Lessee as to the person or persons authorized to execute and deliver this Agreement, the First Amended and

Restated Participation Agreement, the Second Amended and Restated Lease Agreement, the Amended and Restated Tax Indemnity Agreement and any other documents to be executed on behalf of the Lessee in connection with the transactions contemplated hereby and the signatures of such person or persons;

(ii) a copy of the resolutions of the board of directors of the Lessee or the executive committee thereof, certified by the Secretary or an Assistant Secretary of the Lessee, duly authorizing the transactions contemplated hereby and the execution and delivery of each of the documents required to be executed and delivered on behalf of the Lessee in connection with the transactions contemplated hereby; and

(iii) such other documents and evidence with respect to the other parties hereto as it may reasonably request in order to establish the due consummation of the transactions contemplated by this Agreement, any other Operative Documents, the Underwriting Agreement (as defined below) and the Pass Through Trust Agreements and the taking of all necessary corporate action in connection therewith and compliance with the conditions herein set forth.

(o) Each of the Pass Through Trustees, the Indenture Trustee, the Owner Trustee and the Owner Participant shall have received a certificate signed by an authorized officer of the Lessee, dated the Refinancing Date, certifying that:

(i) the Aircraft has been duly certified by the FAA as to type and airworthiness in accordance with the terms of the Original Lease;

(ii) the Owner Trustee's FAA Bill of Sale, the Original Lease, the Original Trust Agreement and the Original Indenture have been duly recorded with the FAA pursuant to the Federal Aviation Act of 1958, as amended;

(iii) the Aircraft has been registered with the FAA in the name of the Owner Trustee and the Lessee has authority to operate the Aircraft; and

(iv) the Second Amended and Restated Lease, the Third Amended and Restated Indenture and the First Amended and Restated Trust Agreement have been duly filed for recording with the FAA.

(p) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees and the Owner Participant shall have received an opinion addressed to them from Vedder, Price, Kaufman & Kammholz, special counsel for the Lessee, substantially to the

same effect as the opinion delivered by it on the Delivery Date pursuant to Section 4(a)(xi) of the Original Participation Agreement.

(q) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees and the Owner Participant shall have received an opinion addressed to them from Francesca M. Maher, Esq., Vice President-Law, Deputy General Counsel and Corporate Secretary of the Lessee, substantially to the same effect as the opinion delivered by internal counsel to the Lessee on the Delivery Date pursuant to Section 4(a)(xi) of the Original Participation Agreement.

(r) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Lessee shall have received an opinion addressed to them from Bingham, Dana & Gould, special counsel for the Owner Trustee, substantially to the same effect as the opinion delivered on the Delivery Date pursuant to Section 4(a)(xiii) of the Original Participation Agreement.

(s) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Lessee shall have received an opinion addressed to them from Ray, Quinney & Nebeker, special counsel for the Pass Through Trustees and the Indenture Trustee, substantially to the same effect as the opinion delivered on the Delivery Date pursuant to Section 4(a)(xvi) of the Original Participation Agreement.

(t) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Lessee shall have received opinions addressed to them from Dewey Ballantine, special counsel for the Owner Participant, and the Vice President-General Counsel of the Owner Participant, substantially to the same effect as the opinions delivered by them on the Delivery Date pursuant to Section 4(a)(xiv) of the Original Participation Agreement.

(u) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees, the Owner Participant and the Lessee shall receive an opinion addressed to them from Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, substantially to the same effect taking into account the Third Amended and Restated Indenture, the Second Amended and Restated Lease Agreement and the First Amended and Restated Trust Agreement, (i) as the opinion delivered by it pursuant to Section 4(a)(xv) of the Original Participation Agreement on the Delivery Date and (ii) as the opinion delivered to them subsequent to the Delivery Date pursuant to the final paragraph of Section 4(a) of the Original Participation Agreement.

(v) Each of the Indenture Trustee, the Owner Trustee, the Pass Through Trustees and the Owner Participant shall have received an independent insurance broker's report, and certificates of insurance, dated the Refinancing Date, substantially in the form of

the report and certificates delivered pursuant to Section 4(a)(xxi) of the Original Participation Agreement on the Delivery Date, as to the due compliance with the terms of Section 11 of the Lease relating to the insurance with respect to the Aircraft and with any other agreements of the Lessee with respect of such insurance, and references in such report and certificates to the "Indenture", the "Participation Agreement", the "Trust Agreement" and the "Lease" shall be to such documents as amended and restated by the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, the Second Amended and Restated Lease Agreement and the First Amended and Restated Trust Agreement. Such report and certificates shall recognize the redemption of the Original Certificate issued to the Successor Original Loan Participant consummated pursuant to this Agreement.

(w) Each Successor Original Loan Participant shall have executed and delivered a receipt and release of indebtedness as to the Successor Original Certificate issued to such Successor Original Loan Participant.

The opinions described above in clauses (p)-(u) shall be dated the Refinancing Date and references therein corresponding to references in prior opinions to the "Indenture", the "Participation Agreement", the "Lease", the "Trust Agreement" or the "Tax Indemnity Agreement" shall be to such documents as amended by the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, the Second Amended and Restated Lease Agreement, the First Amended and Restated Trust Agreement and the Amended and Restated Tax Indemnity Agreement, respectively.

Promptly upon the recording with the FAA of the Third Amended and Restated Indenture, the Second Amended and Restated Lease Agreement and the First Amended and Restated Trust Agreement, the Lessee will cause Crowe & Dunlevy, P.C., special counsel in Oklahoma City, Oklahoma, to deliver to the parties hereto an opinion as to the due recording thereof and the lack of filing of any intervening documents with respect to the Aircraft.

Each of the parties hereto agrees to instruct its counsel to prepare and deliver the respective opinions described above in clauses (p)-(u) and to address each such opinion to the Underwriters in addition to the respective addressees set forth above.

SECTION 4. Representations and Warranties. (a) The Lessee represents and warrants to the Indenture Trustee, the Owner Trustee, each Pass Through Trustee and the Owner Participant that:

(i) it is a corporation duly organized and validly existing in good standing pursuant to the laws of the State of Delaware, is duly qualified to do business as a foreign corporation in each jurisdiction in which its operations or the nature of its business requires, except for any jurisdiction where the failure

to be so qualified would not have a material adverse effect on it or its business; is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 of the United States Code, as amended (the "Act") and an "air carrier" within the meaning of the Act operating under certificates issued under Section 41102 of such Act; holds all material licenses, certificates, permits and franchises from the appropriate agencies of the United States and/or all other governmental authorities having jurisdiction necessary to authorize it to engage in air transport and to carry on scheduled passenger service as presently conducted; has its chief executive office (as such term is defined in Article 9 of the Uniform Commercial Code) in Elk Grove Township, Illinois; and has the corporate power and authority to conduct its business as it is presently being conducted, to hold under lease the Aircraft and to enter into this Agreement, the Original Lease, the Lease Supplement covering the Aircraft, the Second Amended and Restated Lease Agreement, the Original Participation Agreement, the First Amendment to Participation Agreement, the Second Amendment to Participation Agreement, the First Amended and Restated Participation Agreement, the Original Tax Indemnity Agreement, the Amended and Restated Tax Indemnity Agreement, the Basic Agreement, each Pass Through Trust Agreement Supplement and the Owner Trustee's Purchase Agreement (as defined in the Lease) and perform its obligations under this Agreement, the Lease, the Participation Agreement, the Tax Indemnity Agreement, each Pass Through Trust Agreement and any other Operative Document to which it is or is to be a party;

(ii) the execution and delivery by it of each of this Agreement, the Original Lease, the Lease Supplement covering the Aircraft, the Second Amended and Restated Lease Agreement, the Original Participation Agreement, the First Amendment to Participation Agreement, the Second Amendment to Participation Agreement, the First Amended and Restated Participation Agreement, the Original Tax Indemnity Agreement, the Amended and Restated Tax Indemnity Agreement, the Basic Agreement, each Pass Through Trust Agreement Supplement and the Owner Trustee's Purchase Agreement, and the performance by it of each of this Agreement, the Lease, the Participation Agreement, the Tax Indemnity Agreement, each Pass Through Trust Agreement and any other Operative Document to which it is or is to be a party has been duly authorized by all necessary corporate action on the part of the Lessee, does not require any stockholder approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Lessee except such as have been duly obtained and are in full force and effect, and does not contravene any law, judgment, governmental rule, regulation or order binding on it or its certificate of incorporation or by-laws or contravene the provisions of, or constitute a default under, or result in the creation of any

Lien (other than Permitted Liens) upon its property under, its certificate of incorporation or by-laws, or any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan, credit agreement, contract or other agreement or instrument to which it is a party or by which it or any of its properties may be bound or affected;

(iii) neither the execution and delivery by it of this Agreement, the Original Lease, the Lease Supplement covering the Aircraft, the Second Amended and Restated Lease Agreement, the Original Participation Agreement, the First Amendment to Participation Agreement, the Second Amendment to Participation Agreement, the First Amended and Restated Participation Agreement, the Original Tax Indemnity Agreement, the Amended and Restated Tax Indemnity Agreement, the Basic Agreement, each Pass Through Trust Agreement Supplement or the Owner Trustee's Purchase Agreement, nor the performance by it of its obligations under this Agreement, the Lease, the Participation Agreement, the Tax Indemnity Agreement, each Pass Through Trust Agreement and any other Operative Document to which it is or is to be a party, requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of any federal, state or foreign governmental authority or agency, except for (A) the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the operation of the Aircraft by it, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained and are in full force and effect, (B) the registration of the Aircraft referred to in Section 4(a)(ix)(2) of the Participation Agreement, (C) the registrations and filings referred to in Section 4(a)(vi), (D) the recordings with the FAA described in the opinion referred to in Section 3(v) and (E) any normal periodic and other reporting requirements under the applicable rules and regulations of the FAA to the extent required to be given or obtained only after the Delivery Date, it being understood that the registration of the issuance and sale of the Pass Through Certificates to be issued pursuant to the provisions of the Pass Through Trust Agreements under the Securities Act of 1933, as amended, and under the securities laws of any state in which the Pass Through Certificates may be offered for sale if the laws of such state require such action has been duly accomplished and the qualification of each Pass Through Trust Agreement under the Trust Indenture Act of 1939, as amended, has been duly obtained;

(iv) each of this Agreement, the Original Lease, the Lease Supplement covering the Aircraft, the Second Amended and Restated Lease Agreement, the Original Participation Agreement, the First Amendment to Participation Agreement, the Second Amendment to Participation Agreement, the First

Amended and Restated Participation Agreement, the Original Tax Indemnity Agreement, the Amended and Restated Tax Indemnity Agreement, the Basic Agreement, each Pass Through Trust Agreement Supplement and the Owner Trustee's Purchase Agreement has been, or on the Refinancing Date will have been, duly executed and delivered by the Lessee; and each of this Agreement, the Lease, the Participation Agreement, the Tax Indemnity Agreement, each Pass Through Trust Agreement and each other Operative Document to which it is or is to be a party will as of the Refinancing Date constitute a legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with the terms thereof;

(v) there are no pending or threatened actions or proceedings before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) is expected to have a material adverse effect on its financial condition or its ability to perform its obligations under, any of this Agreement, the Lease, the Participation Agreement, the Tax Indemnity Agreement, each Pass Through Trust Agreement and each other Operative Document to which it is or is to be a party;

(vi) except for (A) the registration of the Aircraft pursuant to the Act, (B) the filing for recording pursuant to said Act of the Trust Agreement, the First Amended and Restated Trust Agreement, the Original Lease, the Lease Supplement covering the Aircraft, the Second Amended and Restated Lease Agreement, the Original Indenture, the Trust Supplement, the First Amended and Restated Trust Indenture, the Second Amended and Restated Indenture, the Third Amended and Restated Trust Indenture and the Owner Trustee's FAA Bill of Sale, (C) the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by such documents under the Uniform Commercial Code of Illinois (which financing statements have been duly filed) and the Uniform Commercial Code of the Commonwealth of Massachusetts (which financing statements have been duly filed) and (D) the taking of possession by the Indenture Trustee of the original counterparts of the Original Lease, the Lease Supplement covering the Aircraft and the Second Amended and Restated Lease Agreement, no further action, including any filing or recording of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial Code of any applicable jurisdiction), is necessary or advisable in order to establish and perfect the Owner Trustee's title to and interest in the Aircraft as against it, and to perfect the Indenture Trustee's security interest in the Aircraft as against the Owner Trustee, and in each case as against any third parties in any applicable jurisdictions in the United States;

(vii) no event has occurred and is continuing which constitutes an Event of Default or Default (as each such term is defined in the Lease); and there has not occurred any event which constitutes or would, with the passage of time or the giving of notice, or both, constitute, an Event of Loss;

(viii) on the Delivery Date, the Owner Trustee received good and marketable title to the Aircraft free and clear of all Liens, except the rights of the Lessee under the Original Lease and the Lease Supplement covering the Aircraft, the Lien of the Original Indenture, the beneficial interest of the Owner Participant in the Aircraft and the Liens permitted by clauses (ii) and (iii) (solely for taxes not yet due) of Section 6 of the Original Lease;

(ix) the Lessee is not in default in the performance of any term or condition of the Owner Trustee's Purchase Agreement, and is not in default in the performance of any term or condition of the Purchase Agreement which materially adversely impairs the transactions contemplated by the Participation Agreement or hereby;

(x) no governmental approval of any kind is required of the Owner Participant, the Successor Original Loan Participant, the Owner Trustee, the Indenture Trustee or any Pass Through Trustee for their respective execution of or performance under this Agreement or any agreement contemplated hereby solely by reason of any fact or circumstance peculiar to: (A) the Lessee, (B) the nature of the Aircraft, or (C) the Lessee's proposed operation or use of the Aircraft;

(xi) the Aircraft has been duly certified by the FAA as to type and airworthiness and such certification remains in full force and effect; the Aircraft has been and is currently insured by the Lessee in accordance with the terms of the Lease and is in the condition and State of repair required under the terms of the Lease; and each of the Engines has 750 or more rated take off horsepower or the equivalent of such horsepower;

(xii) the Owner Trustee, as Lessor under the Lease, and the Indenture Trustee, as assignee of the Owner Trustee's rights under the Lease pursuant to the Indenture, are, and after giving effect to the refinancing transaction contemplated hereby, will be entitled to the protection of Section 1110 of the United States Bankruptcy Code in connection with the Owner Trustee's and the Indenture Trustee's rights to take possession of the Airframe and Engines in the event of a case under Chapter 11 of the United States Bankruptcy Code in which the Lessee is a debtor, and the refinancing contemplated herein will not

materially affect the Owner Trustee and the Indenture Trustee's rights with regard thereto;

(xiii) neither it nor any of its subsidiaries is an "investment company" or a company "controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended; and

(xiv) neither it nor any Person authorized to act on its behalf has directly or indirectly offered the Pass Through Certificates or the Equipment Notes for sale other than in a manner in compliance with the requirements of the Securities Act and the rules and regulations thereunder.

(b) The Owner Participant represents and warrants to the Indenture Trustee, the Owner Trustee, each Pass Through Trustee and the Lessee that:

(i) the Owner Participant is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and has the corporate power and authority to carry on its business as now conducted, to own or hold under lease its properties and to enter into this Agreement, the Original Participation Agreement, the First Amendment to Participation Agreement, the Second Amendment to Participation Agreement, the First Amended and Restated Participation Agreement, the Original Tax Indemnity Agreement, the Amended and Restated Tax Indemnity Agreement, the Original Trust Agreement and the First Amended and Restated Trust Agreement and to perform its obligations under this Agreement, the Participation Agreement, the Tax Indemnity Agreement and the Trust Agreement;

(ii) each of this Agreement, the Original Participation Agreement, the First Amendment to Participation Agreement, the Second Amendment to Participation Agreement, the First Amended and Restated Participation Agreement, the Original Tax Indemnity Agreement, the Amended and Restated Tax Indemnity Agreement, the Original Trust Agreement and the First Amended and Restated Trust Agreement has been duly authorized by all necessary corporate action on the part of the Owner Participant, does not require any approval not already obtained of stockholders of the Owner Participant or any approval or consent not already obtained of any trustee or holders of any indebtedness or obligations of the Owner Participant, and has been, or on the Refinancing Date will have been, duly executed and delivered by it, and none of the execution and delivery by the Owner Participant thereof, the consummation by the Owner Participant of the transactions contemplated by this Agreement, the Participation Agreement, the Tax Indemnity Agreement and the Trust Agreement or compliance by it with the terms and provisions

thereof will contravene any United States federal or state law, judgment, governmental rule, regulation or order applicable to or binding on it (it being understood that no representation or warranty is made with respect to laws, rules or regulations relating to aviation or to the nature of the equipment owned by the Owner Trustee, other than such laws, rules or regulations relating to the citizenship requirements of the Owner Participant under applicable aviation law) or contravenes or results or will contravene or result in any breach of or constitute any default under, or result in the creation of any Lien (other than Liens provided for or otherwise permitted in the Operative Documents) upon the Trust Estate under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, corporate charter, by-law or other agreement or instrument to which it is a party or by which it or its properties may be bound or affected;

(iii) each of this Agreement, the Participation Agreement, the Tax Indemnity Agreement and the Trust Agreement will as of the Refinancing Date constitute the legal, valid and binding obligation of the Owner Participant enforceable against the Owner Participant in accordance with the terms thereof;

(iv) there are no pending or, to the knowledge of the Owner Participant, threatened actions or proceedings against the Owner Participant before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of the Owner Participant to perform its obligations under, any of this Agreement, the Participation Agreement, the Tax Indemnity Agreement and the Trust Agreement;

(v) there are no Lessor Liens (including for this purpose Liens that would be Lessor Liens but for the proviso to the definition of Lessor Liens) attributable to the Owner Participant;

(vi) it is a "citizen of the United States" as defined in Section 40102(a)(15) of the Act;

(vii) no part of the funds used by it to make its investment pursuant to Section 1 of the Original Participation Agreement constituted, and no part of the funds to be used by it to make any payment required hereunder shall constitute, "plan assets" of any "employee benefit plan" within the meaning of the Employee Retirement Income Security Act of 1974, as amended, or of any "plan" within the meaning of Section 4975(e)(1) of the Code; and

(viii) neither the Owner Participant nor anyone authorized by it to act on its behalf (other than for purposes of this paragraph, the Lessee and the Underwriters) has directly or indirectly offered any Equipment Notes or any interest in or any similar interest for sale to, or solicited any offer to acquire any of the same from, any Person.

(c)(I) State Street Bank and Trust Company in its individual capacity ("SSBT") represents and warrants to the Indenture Trustee, each Pass Through Trustee, the Owner Participant and the Lessee that:

(i) neither the execution and delivery thereof nor the performance by SSBT or the Owner Trustee of any of the terms and conditions of this Agreement, the Third Amended and Restated Indenture, the Second Amended and Restated Lease, the First Amended and Restated Participation Agreement, and the Equipment Notes will violate any federal or Massachusetts law or regulation relating to the banking or trust powers of SSBT or contravene or result in any breach of, or constitute any default under, its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreements to which it is a party or by which its properties may be bound or affected;

(ii) each of the First Amended and Restated Trust Agreement, this Agreement, the Third Amended and Restated Indenture, the Second Amended and Restated Lease, the First Amended and Restated Participation Agreement and the Equipment Notes has been, or on the Refinancing Date will have been, duly executed and delivered by one of its officers who is duly authorized to execute and deliver such instruments;

(iii) the Trust Estate is free and clear of Lessor Liens attributable to SSBT, and there are no Liens affecting the title of the Owner Trustee to the Aircraft resulting from any act or claim against SSBT or the Owner Trustee arising out of any event or condition not related to the ownership, leasing, use or operation of the Aircraft or to any other transaction contemplated by this Agreement, the Participation Agreement or any of the other Operative Documents, including any Lien resulting from the nonpayment by SSBT of any Taxes imposed or measured by its net income;

(iv) there has not occurred any event which constitutes (or to the best of its knowledge, with the passage of time or the giving of notice or both, would constitute) an Indenture Event of Default (as defined in the Indenture) which has been caused by or relates to SSBT or the Owner Trustee and which is presently continuing;

(v) SSBT is a trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and has the corporate power and authority to enter into this Agreement, the First Amended and Restated Trust Agreement, the First Amended and Restated Participation Agreement, and to perform its obligations under this Agreement, the First Amended and Restated Trust Agreement and the First Amended and Restated Participation Agreement;

(vi) each of the First Amended and Restated Trust Agreement, this Agreement, and the First Amended and Restated Participation Agreement has been duly authorized by all necessary corporate action on its part, and neither the execution and delivery thereof nor the performance by SSBT of any of the terms and conditions of this Agreement, the First Amended and Restated Trust Agreement, the First Amended and Restated Participation Agreement will violate any federal or Massachusetts law or regulation relating to its banking or trust powers or contravene or result in any breach of, or constitute any default under, its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreements to which it is a party or by which its properties may be bound or affected;

(vii) each of the First Amended and Restated Trust Agreement, this Agreement, the First Amended and Restated Participation Agreement has been, or on the Refinancing Date will have been, duly executed and delivered by it, and each of this Agreement, the First Amended and Restated Trust Agreement, and the First Amended and Restated Participation Agreement on the Refinancing Date, will constitute a legal, valid and binding obligation of SSBT enforceable against it in accordance with the terms thereof;

(viii) the principal place of business of SSBT and the Owner Trustee is 225 Franklin Street, Boston, Massachusetts 02110, and the place where its records concerning the Aircraft and all its interest in, to and under all documents relating to the Trust Estate, is located at Two International Place, Boston, Massachusetts 02110, Attention: Corporate Trust Department and SSBT agrees that it will not change the location of such office to a location outside of Boston, Massachusetts, without providing written notice to the Lessee, the Indenture Trustee and the Owner Participant within thirty (30) days following such change in location;

(ix) no consent, approval, order or authorization of, giving of notice to, or registration or filing with, or taking of any other action in respect of, any Massachusetts State or local governmental authority or agency or any United States federal governmental authority or agency regulating the banking

or trust powers of SSBT is required for the execution and delivery of, or the carrying out by, SSBT, of any of the transactions contemplated by the First Amended and Restated Trust Agreement, this Agreement, the First Amended and Restated Participation Agreement, or of any of the transactions contemplated by any other of the Operative Documents to which SSBT is or is to be a party, other than any such consent, approval, order, authorization, registration, notice or action as has been duly obtained, given or taken;

(x) SSBT has not directly or indirectly offered any Equipment Note or any interest in or to the Trust Estate, the Trust Agreement or any similar interest for sale to, or solicited any offer to acquire any of the same from, any Person other than the Indenture Trustee, each of the Pass Through Trustees, the Successor Original Loan Participant and the Owner Participant; and SSBT has not authorized any Person to act on its behalf (other than for purposes of this paragraph, the Lessee and the Underwriters) to offer directly or indirectly any Equipment Note or any interest in and to the Trust Estate, the Trust Agreement or any similar interest for sale to, or to solicit any offer to acquire any of the same from, any Person;

(xi) SSBT is a "citizen of the United States" as defined in Section 40102(a)(15) of the Act; and

(xii) there are no pending or threatened actions or proceedings against SSBT or the Owner Trustee before any court or administrative agency which, if determined adversely to it, would materially adversely affect the ability of SSBT or the Owner Trustee, as the case may be, to perform its obligations under any of this Agreement, the First Amended and Restated Participation Agreement, the First Amended and Restated Trust Agreement, the Second Amended and Restated Lease, the Owner Trustee's Purchase Agreement (as defined in the Participation Agreement), the Third Amended and Restated Indenture, the Equipment Notes or any other documents executed by the Owner Trustee or SSBT in connection with the transactions contemplated by the Operative Documents.

(II) State Street Bank and Trust Company solely in its capacity as Owner Trustee further represents and warrants that:

(i) SSBT is a trust company duly organized and validly existing in good standing under the laws of the Commonwealth of Massachusetts and has the corporate power and authority to enter into this Agreement, and the First Amended and Restated Participation Agreement and to perform its obligations under said Agreements;

(ii) assuming due authorization, execution and delivery of the Trust Agreement and the First Amended and Restated Trust Agreement by the Owner Participant, each of the Trust Agreement, this Agreement, the Third Amended and Restated Indenture, the Second Amended and Restated Lease, the First Amended and Restated Participation Agreement, and the Equipment Notes has been, or on the Refinancing Date will have been, duly executed and delivered by it, and each of this Agreement, the First Amended and Restated Trust Agreement, the Second Amended and Restated Lease, the First Amended and Restated Participation Agreement and the Third Amended and Restated Indenture, on the Refinancing Date, will constitute a legal, valid and binding obligation of the Owner Trustee, enforceable against it in accordance with the terms thereof;

(iii) the Owner Trustee has never directly or indirectly offered any Equipment Note or any interest in or to the Trust Estate, the Trust Agreement or any similar interest for sale to, or solicited any offer to acquire any of the same from, any Person other than the Indenture Trustee, each of the Pass Through Trustees, the Successor Original Loan Participant and the Owner Participant; and it has not authorized any Person to act on its behalf (other than for purposes of this paragraph, the Lessee and the Underwriters) to offer directly or indirectly any Equipment Note or any interest in and to the Trust Estate, the Trust Agreement or any similar interest for sale to, or to solicit any offer to acquire any of the same from, any Person;

(iv) there are no pending or threatened actions or proceedings against the Owner Trustee before any court or administrative agency which, if determined adversely to it, would materially adversely affect its ability to perform its obligations under any of this Agreement, the First Amended and Restated Participation Agreement, the First Amended and Restated Trust Agreement, the Second Amended and Restated Lease, the Owner Trustee's Purchase Agreement (as defined in the Participation Agreement), the Third Amended and Restated Indenture, the Equipment Notes or any other documents executed by it in connection with the transactions contemplated by the Operative Document; and

(d) First Security Bank of Utah, National Association, in its individual capacity ("FSBU"), represents to the Owner Trustee, the Owner Participant and the Lessee that:

(i) it is a "citizen of the United States" as defined in Section 40102(a)(15) of the Act, that it will notify promptly all parties to this agreement if in its reasonable opinion its status as a "citizen of the United

States" is likely to change and that it will resign as Indenture Trustee as provided in Section 9.07 of the Indenture if it should cease to be a "citizen of the United States";

(ii) it is a national banking association duly organized and validly existing in good standing under the laws of the United States of America and has the full corporate power, authority and legal right under the laws of Utah and the United States pertaining to its banking, trust and fiduciary powers to enter into this Agreement, the Third Amended and Restated Indenture, and the First Amended and Restated Participation Agreement, to perform its obligations under this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement and each Pass Through Trust Agreement and, in its capacity as Indenture Trustee, authenticate the Equipment Notes to be delivered on the Refinancing Date;

(iii) this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement and each Pass Through Trust Agreement and the authentication of the Equipment Notes to be delivered on the Refinancing Date have been duly authorized by all necessary corporate action on the part of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and neither the execution (or, in the case of the Equipment Notes, the authentication) and delivery thereof in any such capacity nor the performance by it in any such capacity of any of the terms and provisions of this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement or the Equipment Notes will violate any federal or Utah law or regulation relating to the banking or trust powers of FSBU or contravene or result in any breach of, or constitute any default under its charter or by-laws or the provisions of any indenture, mortgage, contract or other agreement to which any of FSBU or the Indenture Trustee is a party or by which it or its properties may be bound or affected;

(iv) each of this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, each Pass Through Trust Agreement and the Equipment Notes has been, or on the Refinancing Date will have been, duly executed (or, in the case of the Equipment Notes, authenticated) and delivered by FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it shall be a party thereto in any such capacity, and, assuming that each of this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement and each Pass Through Trust Agreement constitutes on the Refinancing Date the legal, valid and binding obligation of each of the parties

thereto (other than FSBU, the Indenture Trustee and the relevant Pass Through Trustee), each such document, on the Refinancing Date, will constitute the legal, valid and binding obligation of FSBU, the Indenture Trustee and the relevant Pass Through Trustee, as it is a party thereto in any such capacity, enforceable against it in such capacity in accordance with its terms;

(v) neither the execution (or, in the case of the Equipment Notes, the authentication) and delivery by FSBU, the Indenture Trustee or any Pass Through Trustee, as it is a party in any such capacity to any of this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, the Pass Through Trust Agreements or the Equipment Notes, nor the consummation by it in any such capacity of any of the transactions contemplated hereby, by the Indenture, by the Pass Through Trust Agreements or by the Equipment Notes requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action with respect to, any Utah or federal governmental authority or agency regulating the banking, trust or fiduciary powers of FSBU;

(vi) there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision or taxing authority thereof in connection with the execution (or, in the case of the Equipment Notes, the authentication) and delivery by it as a party in any such capacity to this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, any Pass Through Trust Agreement or the Equipment Notes or performance by it as a party in any such capacity of this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, the Pass Through Trust Agreements or the Equipment Notes (other than franchise or other taxes based on or measured by any fees or compensation received by FSBU, the Indenture Trustee or any Pass Through Trustee, as the case may be, for services rendered in connection with the transactions contemplated thereby), and there are no Taxes payable by FSBU, the Indenture Trustee or any Pass Through Trustee imposed by the State of Utah or any political subdivision thereof in connection with the acquisition, possession or ownership by any Pass Through Trustee of any of the Equipment Notes (other than franchise or other taxes based on or measured by any fees or compensation received by a Pass Through Trustee for services rendered in connection with the transactions contemplated by the Pass Through Trust Agreements) and, assuming that the trust created by the respective Pass Through Trust Agreement will not be taxable as a corporation, but, rather, will be

characterized as a grantor trust under subpart E, Part I of Subchapter J of the Code, such trust will not be subject to any Taxes imposed by the State of Utah or any political subdivision thereof;

(vii) there are no pending or threatened actions or proceedings against any of FSBU, the Indenture Trustee or the Pass Through Trustees before any court or administrative agency which individually (or in the aggregate in the case of any group of related lawsuits) purports to affect the legality, validity or enforceability of, or which is reasonably likely to materially adversely affect the ability of FSBU, the Indenture Trustee or the Pass Through Trustees to perform its obligations as a party in any such capacity under, any of this Agreement, the Third Amended and Restated Indenture, the First Amended and Restated Participation Agreement, the relevant Pass Through Trust Agreement or the Equipment Notes; and

(viii) except for the issuance and sale pursuant to the respective Pass Through Trust Agreements of the Pass Through Certificates contemplated thereby, neither FSBU nor any Pass Through Trustee has directly or indirectly offered any Equipment Note for sale to any Person, or solicited any offer to acquire any Equipment Notes from any Person other than the Owner Trustee and the Owner Participant, and neither FSBU nor any Pass Through Trustee has authorized anyone to act on its behalf to offer directly or indirectly any Equipment Note for sale to any Person, or to solicit any offer to acquire any Equipment Note from any Person other than the Owner Trustee and the Owner Participant.

SECTION 5. Notices. Unless otherwise specifically provided herein, all notices required or permitted by the terms of this Agreement shall be given in accordance with the provisions of Section 13 of the Participation Agreement.

SECTION 6. Expenses. (a) As more fully specified in Section 16 and Section 20(a)(6) of the Participation Agreement and except as provided in paragraph (b), below, all of the Transaction Expenses in connection with the preparation, execution and delivery of this Agreement and the transactions contemplated by this Agreement shall be paid promptly by the Owner Participant.

(b) In the event that the transactions contemplated by this Agreement and the agreements referred to herein are not consummated, the Lessee shall bear and pay all Transaction Expenses referred to above on an after-tax basis to the Owner Participant and the Owner Trustee; provided that, if the transaction fails to be consummated as a result of the failure of the Owner Participant to comply with the terms hereof or thereof, the Owner Participant shall bear and pay its own fees, costs and expenses (including, without limitation,

the fees and expenses of its special counsel) and the Lessee shall pay all other Transaction Expenses as aforesaid.

(c) SSBT is entering into this Agreement solely as Owner Trustee under the Trust Agreement and not in its individual capacity except as expressly provided for herein, and in no case whatsoever shall SSBT (or any entity acting as successor trustee under the Trust Agreement) be personally liable for, or for any loss in respect of, any statements, representations, warranties, agreements or obligations of the Owner Trustee hereunder; provided, however, that SSBT shall be liable hereunder in its individual capacity to the extent expressly provided for hereunder and for its own willful misconduct or gross negligence. If a successor owner trustee is appointed in accordance with the terms of the Trust Agreement and the Participation Agreement, such successor owner trustee shall, without any further act, succeed to all of the rights, duties, immunities and obligations hereunder, and its predecessor owner trustee and SSBT shall be released from all further duties and obligations hereunder, without prejudice to any claims against SSBT or such predecessor owner trustee for any default by SSBT or such predecessor owner trustee, respectively, in the performance of its obligations hereunder prior to such appointment.

SECTION 7. Miscellaneous. This Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Agreement including a signature page executed by each of the parties hereto shall be an original counterpart of this Agreement, but all of such counterparts together shall constitute one instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought; and no such termination, amendment, supplement, waiver or modification shall be effective unless a signed copy thereof shall have been delivered to the Indenture Trustee. The index preceding this Agreement and the headings of the various Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof. The terms of this Agreement shall be binding upon, and shall inure to the extent provided herein to the benefit only of the following parties: the Lessee and, subject to the terms of the Participation Agreement, its successors and permitted assigns, each Successor Original Loan Participant, the Indenture Trustee and its successors as Indenture Trustee (and any additional trustee appointed) under the Third Amended and Restated Indenture, the Owner Trustee and its successors as Owner Trustee under the Trust Agreement, each Pass Through Trustee and its successors as Pass Through Trustee under the 1995-A1 Pass Through Trust Agreement or the 1995-A2 Pass Through Trust Agreement, respectively, and the Owner Participant and, subject to the provisions of the Participation Agreement, its successors and permitted assigns. No purchaser or holder of any of the Equipment Notes shall be deemed to be a successor or assign of the Successor Original Loan Participant or to have any rights or benefits hereunder. THIS AGREEMENT SHALL IN

ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS OF THE STATE OF ILLINOIS.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

UNITED AIR LINES, INC.,
as Lessee

By: _____
Name:
Title:

_____,
as Owner Participant

By: _____
Name:
Title:

STATE STREET BANK AND TRUST COMPANY,
not in its individual capacity except
as expressly provided for herein,
but solely as Owner Trustee

By: _____
Name:
Title:

THE MITSUBISHI TRUST AND BANKING
CORPORATION, NEW YORK BRANCH.,
as Successor Original Loan Participant

By: _____
Name:
Title:

BAYERISCHE LANDESBANK GIROZENTRALE,
FRANKFURT BRANCH,
as Successor Original Loan Participant

By: _____
Name:
Title:

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
as Pass Through Trustee

By: _____
Name:
Title:

Exhibit A to
Redemption and
Refinancing Agreement

Maturity Dates, Principal Amounts and

Interest Rates of Series 1993 747 A Certificates

Maturity Date -----	Principal Amount -----	Interest Rate Per Annum -----
Series 1993 747 A-1	\$	%
Series 1993 747 A-2	\$	%

Exhibit A-1 to
Redemption and
Refinancing Agreement

Installment Payment Dates and Installment Payment Percentages

Installment Certificates shall be those
Certificates with the following Maturity Dates:

Installment Certificate No. 1 - Maturity Date: _____

Installment Payment ----- Date ----	Aggregate Installment ----- Payment Amount ----- \$
TOTAL	\$ _____

Installment Certificate No. 2 - Maturity Date: _____

Installment Payment ----- Date ----	Aggregate Installment ----- Payment Amount ----- \$
TOTAL	\$ _____

Exhibit B to
Redemption and
Refinancing Agreement

Form of
Third Amended and Restated Indenture

Exhibit C to
Redemption and
Refinancing Agreement

Form of
Second Amended and Restated Lease Agreement

Exhibit D to
Redemption and
Refinancing Agreement

Form of
First Amended and Restated Participation Agreement

Exhibit E to
Redemption and
Refinancing Agreement

Form of
First Amended and Restated Trust Agreement

[LETTERHEAD OF RAY, QUINNEY & NEBEKER -- ATTORNEYS AT LAW]

April 28, 1995

United Air Lines, Inc.
1200 East Algonquin Road
Elk Grove Township, IL 60007

RE: UNITED AIR LINES PASS THROUGH CERTIFICATES SERIES 1995-A

Dear Sir or Madam:

We have acted as special counsel to First Security Bank of Utah, National Association, a national banking association in its individual capacity, and as pass through trustee (the "Pass Through Trustee") under the Basic Agreement and each Trust Supplement to be entered into by the Pass Through Trustee and United Air Lines, Inc. ("United"), a Delaware corporation. Pursuant to the Basic Agreement, the Pass Through Trustee will execute, authenticate and deliver Certificates to be registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "1933 Act"), by a Registration Statement on Form S-3 (File No.33-46033), as amended (the "Registration Statement"). Terms used herein and not otherwise defined herein shall have the meanings set forth in the Appendix to the Preliminary Prospectus Supplement dated April 28, 1995 (the "Prospectus Supplement") to the Prospectus dated April 28, 1995 relating to the United Air Lines Pass Through Certificates, Series 1995-A (the "Prospectus").

As such counsel, we have reviewed the form of the Certificates, the Basic Agreement, the discussion in the Prospectus Supplement entitled "Certain Utah Taxes" and other agreements and documents relating to the transactions therein contemplated, and we have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or advisable for the purposes of this opinion.

Based on the foregoing, we are of the opinion that:

1. The execution, authentication, issue and delivery by the Trustee of the Certificates and the Basic Agreement have been duly authorized by the Trustee.
2. With respect to the Certificates of each series, when (a) the execution and delivery of the Basic Agreement by United shall have been duly authorized by all necessary corporate action of United, (b) the Basic Agreement shall have been executed and delivered by United and the Pass Through Trustee, (c) the Trust Supplement establishing the terms of the Certificates of such series and forming the related Trust shall have been duly authorized, executed and delivered by United and the Pass Through Trustee in accordance with the terms and conditions of the Basic Agreement, and (d) the Certificates of such series shall have been duly executed, authenticated, issued and delivered by the Pass Through Trustee and sold as contemplated by each of the Registration Statement, the Prospectus, the supplement or supplements to the Prospectus relating to the Certificates of such series, the Basic Agreement and the related Trust Supplement, assuming that the terms of the Certificates of such series are in compliance with then applicable law, (i) the Basic Agreement, as supplemented by the Trust Supplement, will constitute a valid and binding obligation of the Pass Through Trustee enforceable against the Pass Through Trustee in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity, and (ii) the Certificates of such series will be validly issued and will entitled to the benefits of the Basic Agreement and the related Trust Supplement.
3. The discussion in the Prospectus Supplement entitled "Certain Utah Taxes" insofar as it relates to statements of law or legal conclusions, is correct in all material respects.

We hereby consent to the filing of this opinion as an Exhibit to the 8-K filing and to the use of our name in the first paragraph of the Prospectus Supplement under the caption "Certain Utah Taxes". In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the 1933 Act or the Rules and Regulations of the Securities and Exchange Commission.

We are attorneys admitted to practice in the State of Utah and in rendering the foregoing opinions we have not passed upon, or purported to pass upon, the laws of any jurisdiction other than the State of Utah and the Federal banking law governing the banking and trust powers of First Security Bank of Utah, National Association.

Very truly yours,

RAY, QUINNEY & NEBEKER

/s/ M. John Ashton

M. John Ashton

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

[_] CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF
A TRUSTEE PURSUANT TO SECTION 305(b)(2)

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION
(EXACT NAME OF TRUSTEE AS SPECIFIED IN ITS CHARTER)

NOT APPLICABLE
(JURISDICTION OF INCORPORATION
IF NOT A U.S. NATIONAL BANK)

87-0131890
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

79 SOUTH MAIN STREET
SALT LAKE CITY, UTAH
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

84111
(ZIP CODE)

NOT APPLICABLE
(NAME, ADDRESS AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

UNITED AIR LINES, INC.
(EXACT NAME OF OBLIGOR AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

36-2675206
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

1200 EAST ALGONQUIN ROAD
ELK GROVE TOWNSHIP, IL
(ADDRESS OR PRINCIPAL EXECUTIVE OFFICES)

60007
(ZIP CODE)

PASS THROUGH CERTIFICATES
(TITLE OF THE INDENTURE SECURITIES)

Item 1. General Information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency, Washington, D.C. 20230; Federal Reserve Bank of San Francisco, San Francisco, CA 94120; Federal Deposit Insurance Corporation, Washington, D.C. 20429.

(b) Whether it is authorized to exercise corporate trust powers.

The Trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations With The Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

Neither the obligor nor any underwriter for the obligor is an affiliate of the Trustee.

Item 16. List of Exhibits. List below all exhibits filed as part of this statement of eligibility and qualification.

Exhibit 1: copy of the articles of association as now in effect

Exhibit 2: certificate of authority to commence business including a certificate of the Comptroller of the Currency evidencing the change of the Trustee's name

Exhibit 3: copy of the authorization of the trustee to exercise corporate trust powers

Exhibit 4: copy of the bylaws of the trustee

Exhibit 5: Not applicable

Exhibit 6: Not applicable

Exhibit 7: A copy of the latest report published pursuant to law or its supervising or examining authority

Exhibit 8: Not applicable

Exhibit 9: Not applicable

Signature

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, First Security Bank of Utah, National Association, a national banking association organized and existing under the laws of the United States, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned thereunder duly authorized, all in the City of Salt Lake City, and State of Utah, on the 24th day of April, 1995.

FIRST SECURITY BANK OF UTAH, NATIONAL
ASSOCIATION, Trustee

By: Greg A. Hawley

Greg A. Hawley
Assistant Vice President

EXHIBIT 1

ARTICLES OF ASSOCIATION
OF
FIRST SECURITY BANK OF UTAH
NATIONAL ASSOCIATION
(As Amended)

FIRST. The title of this Association, which shall carry on the business of banking under the laws of the United States, shall be "First Security Bank of Utah, National Association."

SECOND. The place where the main banking house or office of this Association shall be located shall be Ogden, County of Weber, State of Utah. Its general business and its operations of discount and deposit shall also be carried on in said city, and the branch or branches established or maintained by it in accordance with the provisions of Section 36 of Title 12, United States Code.

THIRD. The Board of Directors of the consolidated association shall consist of not less than five (5) nor more than twenty-five (25) of its shareholders.

FOURTH. There shall be an annual meeting of the shareholders the purpose of which shall be the election of Directors and the transaction of whatever other business may be brought before said meeting. It shall be held at the main office of the Bank or other convenient place as the Board of Directors may designate, on the third Monday of March of each year, but if no election is held on that day, it may be held on any subsequent day according to such lawful rules as may be prescribed by the Board of Directors. Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the Bank entitled to vote for election of directors. Nominations, other than those made by or on behalf of the existing management of the Bank, shall be made in writing and shall be delivered or mailed to the President of the Bank and to the Comptroller of the Currency, Washington, D.C., not less than 14 days nor more than 50 days prior to any meeting of stockholders called for the election of directors, provided, however, that if less than 21 days notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the President of the Bank and to the Comptroller of the Currency not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the total number of shares of capital stock of the Bank that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of capital stock of the Bank owned by the notifying shareholder. Nominations not made in accordance herewith may, in his discretion, be disregarded by the Chairman of the meeting, and upon his instructions, the voting inspectors may disregard all votes cast for each such nominee.

FIFTH. The authorized amount of capital stock of this association shall be twenty-seven million dollars (\$27,000,000.00), divided into 1,080,000 shares of common stock of the par value of Twenty-five Dollars (\$25.00) each; but said capital stock may be increased or decreased from time to time, in accordance with the provision of the laws of the United States. In the event of an increase in said capital stock by the sale of additional shares thereof, each shareholder shall be entitled to subscribe for such additional shares in proportion to the number of shares of said capital stock owned by him before the stock is increased. The Board of Directors without the approval of the shareholders may authorize and issue debt obligations whether or not such obligations are subordinated to other obligations of the Bank.

SIXTH. (1) The Board of Directors shall appoint one of its members President of this Association. It may also appoint a Chairman of the Board, and one or more Vice Chairman. The Board of Directors shall have the power to appoint one or more Vice Presidents, at least one of whom shall also be a member of the Board of Directors, and who shall be authorized, in the absence of the President, to perform all acts and duties pertaining to the office of the President; to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association; to fix the salaries to be paid to such officers or employees and appoint others to take their place.

(2) The Board of Directors shall have the power to define the duties of officers and employees of this Association and to require adequate bonds from them for the faithful performance of their duties; to make all By-Laws that may be lawful for the general regulation of the business of this Association and the management of its affairs, and generally to do and perform all acts that may be lawful for a Board of Directors to do and perform.

(3) Each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, estate or other enterprise or was acting in furtherance of the Association's business shall be indemnified against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association provided, however, no indemnification shall be given to a person adjudged guilty of, or liable for, willful misconduct, gross neglect of duty, or criminal acts. The termination of any action, suit or proceeding by judgement, order, settlement, or its equivalent, shall not of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association.

(4) Each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association (such action or suit being known as a "derivative proceeding") to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, estate or other enterprise shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(5) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in (3) or (4) of this Article or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

(6) Any indemnification under (3) or (4) of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a reasonable determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in (3) or (4) of this Article. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (c) by the stockholders.

(7) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in (6) of this Article upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

(8) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, successors in interest, and administrators of such a person.

(9) The Board of Directors shall have the power to change the location of the main office of this Association to any other place within the limits of Salt Lake City, Utah, without the approval of the shareholders of this Association but subject to the approval of the Comptroller of the Currency; and shall have the power to change the location of any branch or branches of this Association to any other location, without the approval of the shareholders of this Association but subject to the approval of the Comptroller of the Currency.

SEVENTH. This Association shall have succession from the date of its organization certificate until such time as it be dissolved by the act of its shareholders in accordance with the provisions of the banking laws of the United States, or until its franchise becomes forfeited by reason of violation of law, or until terminated by either a general or a special act of Congress, or until its affairs be placed in the hands of a receiver and finally wound up by him.

EIGHTH. The Board of Directors of this Association, or any three or more shareholders owning, in the aggregate, not less than ten per centum of the stock of this Association, may call a special meeting of shareholders at any time: Provided, however, that unless otherwise provided by law, not less than ten days prior to the date fixed for any such meeting, a notice of the time, place and purpose of the meeting shall be given by first-class mail, postage prepaid, to all shareholders of record of this Association. These Articles of Association may be amended at any regular or special meeting of the Shareholders by the affirmative vote of the shareholders owning at least a majority of the stock of this Association, subject to the provisions of the banking laws of the United States. The notice of any shareholders' meeting, at which an amendment to the Articles of Association of this Association is to be considered shall be given as hereinabove set forth.

Articles of Association

EXHIBIT 2

CERTIFICATE

TREASURY DEPARTMENT)
Office of) ss:
Comptroller of the Currency)

I, Thomas G. DeShazo, Deputy Comptroller of the Currency, do hereby certify that:

Pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., the Comptroller of the Currency charters and exercises regulatory and supervisory authority over all national banking associations;

On December 9, 1881, The First National Bank of Ogden, Ogden, Utah was chartered as a National Banking Association under the laws of the United States and under Charter No. 2597;

The document hereto attached is a true and complete copy of the Comptroller Certificate issued to The First National Bank of Ogden, Ogden, Utah, the original of which certificate was issued by this Office on December 9, 1881;

On October 2, 1922, in connection with a consolidation of The First Bank of Ogden, Ogden, Utah, and The Utah National Bank of Ogden, Ogden, Utah, the title was changed to "The First & Utah National Bank of Ogden"; on January 18, 1923, The First & Utah National Bank of Ogden changed its title to "First Utah National Bank of Ogden"; on January 19, 1926, the title was changed to "First National Bank of Ogden"; and on February 24, 1934, the title was changed to "First Security Bank of Utah, National Association"; and

First Security Bank of Utah, National Association, Ogden, Utah, continues to hold a valid certificate to do business as a National Banking Association.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused the seal of Office of the Comptroller of the Currency to be affixed to these presents at the Treasury Department, in the City of Washington and District of Columbia, this fourth day of April, A.D. 1972.

Thomas G. DeShazo

Deputy Comptroller of the Currency

TREASURY DEPARTMENT

Comptroller of the Currency,

Washington, December 9th, 1881

WHEREAS, by satisfactory evidence presented to the undersigned it has been made to appear that "The First National Bank of Ogden" in Ogden City in the County of Weber, and Territory of Utah has complied with all the provisions of the Revised Statutes of the United States, required to be complied with before an association shall be authorized to commence the business of Banking.

Now, therefore, I, John Jay Knox, Comptroller of the Currency, do hereby certify that "The First National Bank of Ogden" in Ogden City in the County of Weber, and Territory of Utah is authorized to commence the business of Banking, as provided in Section Fifty-one hundred and sixty-nine of the Revised Statutes of the United States.

In testimony whereof, witness my hand and seal of office this 9th day of December, 1881.

John Jay Knox

Comptroller of the Currency

EXHIBIT 3

FEDERAL RESERVE BOARD

WASHINGTON, D.C.

I, S.R. Carpenter, Assistant Secretary of the Federal Reserve Board, do hereby certify that it appears from the records of the Federal Reserve Board that:

(1) Pursuant to authority vested in the Federal Reserve Board by an Act of Congress approved December 23, 1913, known as the Federal Reserve Act, as amended, the Federal Reserve Board has heretofore granted to the First National Bank of Ogden, Ogden, Utah, the right to act when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Utah;

(2) On February 24, 1934, the First National Bank of Ogden, Ogden, Utah, changed its title to First Security Bank of Utah, National Association, under the provisions of an Act of Congress approved May 1, 1886, whereby all of the rights, liabilities and powers of such national bank under its old name devolved upon and inured to the bank under its new name; and

(3) Pursuant to the permission heretofore granted by the Federal Reserve Board to the First National Bank of Ogden, Ogden, Utah, as aforesaid, and by virtue of the change in the title of such bank, the First Security Bank of Utah, National Association has authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates of lunatics, or in any other fiduciary capacity in which State

banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Utah, subject to regulations prescribed by the Federal Reserve Board.

IN WITNESS WHEREOF, I have hereunto subscribed my name and caused the seal of the Federal Reserve Board to be affixed at the City of Washington, in the District of Columbia, on the 1st day of March, 1934.

S.R. Carpenter

Assistant Secretary, Federal Reserve Board.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

March 1, 1934.

First Security Bank of Utah, National Association,
Ogden, Utah.

Dear Sirs:

Reference is made to the change in the name of the First National Bank of Ogden, Ogden, Utah, pursuant to the provisions of the Act of May 1, 1886, to First Security Bank of Utah, National Association, and there is inclosed a certificate issued by the Federal Reserve Board showing the trust powers heretofore granted to the bank under its former name and that it is authorized to exercise such powers under its new name.

Very truly yours,

/s/ S.R. Carpenter

S.R. Carpenter,
Assistant Secretary.

Inclosure

EXHIBIT 4

BY-LAWS OF THE
FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION

Organized under the National Banking laws of the United States.

MEETINGS

SECTION 1. Unless otherwise provided by the articles of association a notice of each shareholder's meeting, setting forth clearly the time, place and purpose of the meeting, shall be given, by mail, to each shareholder of record of this bank at least 10 days prior to the date of such meeting. Any failure to mail such notice or any irregularity therein, shall not affect the validity of such meeting or of any of the proceedings thereat.

SECTION 2. A record shall be made of the shareholders represented in person and by proxy, after which the shareholders shall proceed to the transaction of any business that may properly come before the meeting. A record of the shareholder's meeting, giving the names of the shareholders present and the number of shares of stock held by each, the names of the shareholders represented by proxy and the number of shares held by each, and the names of the proxies, shall be entered in the records of the meeting in the minute book of the bank. This record shall show the names of the shareholders and the number of shares voted for each resolution or voted for each candidate for director.

Proxies shall be secured for the annual meeting alone, shall be dated, and shall be filed with the records of the meeting. No officer, director, employee, or attorney for the bank may act as proxy.

The chairman or Secretary of the meeting shall notify the directors-elect of their election and of the time at which they are required to meet at the banking house for the purpose of organizing the new board. At the appointed time, which as closely as possible shall follow their election, the directors-elect shall convene and organize.

The president or cashier shall then forward to the office of the Comptroller of the Currency a letter stating that a meeting of the shareholders was held in accordance with these by-laws, stating the number of shares represented in person and the number of shares represented by proxy, together with a list of the directors elected and the report of the appointment and signatures of officers.

OFFICERS

SECTION 3. Each officer and employee of this bank shall be responsible for all such moneys, funds, valuables, and property of every kind as may be entrusted to his care or otherwise come into his possession, and shall faithfully and honestly discharge his duties and apply and account for all such moneys, funds, valuables and other property that may come into his hands as such officer or employee and pay over and deliver the same to the order of the Board of Directors or to such person or persons as may be authorized to demand and receive same.

SECTION 4. If the Board of Directors shall not require separate bonds, it shall require a blanket bond in an amount deemed by it to be sufficient.

SECTION 5. The following is an impression of the seal adopted by the Board of Directors of this bank: (Here in the original resolution was imprinted the Association's seal).

SECTION 6. The various branches of this bank shall be open for business during such hours as shall be customary in the vicinity, or as shall be fixed, as to any branch, by the clearing house association of which such branch shall be a member.

SECTION 7. The regular meeting of the board of directors shall be held on the first Wednesday after the first Tuesday of each month. When any regular meeting of the board of directors falls upon a holiday, the meeting shall be held on such other day as the board may previously designate. Special meetings may be called by the president, any vice-president, the secretary or the cashier, or at the request of three or more directors.

MINUTE BOOK

SECTION 8. The organization papers of this bank, the returns of the elections, the proceedings of all regular and special meetings of the directors and of the shareholders, the by-laws and any amendments thereto, and reports of the committees of directors shall be recorded in the minute book; and the minutes of each meeting shall be signed by the chairman and attest by the secretary of the meeting.

TRANSFERS OF STOCK

SECTION 9. The stock of this bank shall be assignable and transferable only on the books of this bank, subject to the restrictions and provisions of the national banking laws; and a transfer book shall be provided in which all assignments and transfers of stock shall be made.

SECTION 10. Certificates of stock, signed by the president or vice-president, and the secretary or the cashier or any assistant cashier, may be issued to shareholders, and when stock is transferred the certificates thereof shall be returned to the association, cancelled, preserved, and new certificates issued. Certificates of stock shall state upon the face thereof that the stock is transferable only upon the books of the association, and shall meet the requirements of section 5139, United States Revised Statutes, as amended.

EXPENSES

SECTION 11. All the current expenses of the bank shall be paid by the cashier, except that the current expenses of each branch shall be paid by the manager thereof; and such officer shall, every six months, or more often if required, make to the board a report thereof.

EXAMINATIONS

SECTION 12. There shall be appointed by the board of directors a committee of three members, exclusive of the active officers of the bank, whose duty it shall be to examine, at least once in each period of eighteen months, the affairs of each branch as well as the head office of the association, count its cash, and compare its assets and liabilities with the accounts of the general ledgers, ascertain whether the accounts are correctly kept and that the condition of the bank corresponds therewith, and whether the bank is in a sound and solvent condition, and to recommend to the board such changes in the manner of doing business, etc., as shall seem to be desirable, the result of which examination shall be reported in writing to the board at the next regular meeting thereafter, provided that the appointment of such committee and the examinations by it may be dispensed with if the board shall cause such examination to be made and reported to the board by accountants approved by it.

CHANGES IN BY-LAWS

SECTION 13. These by-laws may be changed or amended by the vote of a majority of the directors at any regular or special meeting of the board, provided, however, that the directors shall have been given 10 days notice of the intention to change or offer an amended thereto.

REPEAL

SECTION 14. All by-laws heretofore adopted are repealed.

Association By-Laws

Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks for March 31, 1995

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC--Balance Sheet

Dollar Amounts in Thousands

ASSETS

1. Cash and balances due from depository institutions (from Schedule RC-A):		
a. Noninterest-bearing balances and currency and coin (1).....		371,272
b. Interest-bearing balances (2).....		0
2. Securities:		
a. Held-to-maturity securities (from Schedule RC-B, column A).....		125,150
b. Available-for-sale securities (from Schedule RC-B, column D).....		1,006,115
3. Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:		
a. Federal funds sold.....		38,368
b. Securities purchased under agreements to resell....		0
4. Loans and lease financing receivables:		
a. Loans and leases, net of unearned income (from Schedule RC-C).....	3,694,859	
b. LESS: Allowance for loan and lease losses.....		57,672
c. LESS: Allocated transfer risk reserve.....		0
d. Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c).....		3,637,187
5. Trading assets (from Schedule RC-D).....		179,652
6. Premises and fixed assets (including capitalized leases).....		87,078
7. Other real estated owned (from Schedule RC-M).....		1,026
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M).....		0
9. Customers' liability to this bank on acceptances outstanding.....		247
10. Intangible assets (from Schedule RC-M).....		123,341
11. Other assets (from Schedule RC-F).....		125,235
12. Total assets (sum of items 1 through 11).....		5,694,671

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.

DOLLAR AMOUNTS IN THOUSANDS

LIABILITIES

13. Deposits:	
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I).....	3,835,531
(1) Noninterest-bearing(1).....	853,580
(2) Interest-bearing.....	2,981,951
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II).....	0
(1) Noninterest-bearing.....	0
(2) Interest-bearing.....	0
14. Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:	
a. Federal funds purchased.....	981,348
b. Securities sold under agreements to repurchase..	501
15. a. Demand notes issued to the U.S. Treasury.....	20,632
b. Trading Liabilities (from Schedule RC-D).....	14,774
16. Other borrowed money.....	
a. With original maturity of one year or less.....	97,223
b. With original maturity of more than one year....	162,975
17. Mortgage indebtedness and obligations under capitalized leases.....	
	0
18. Bank's liability on acceptances executed and outstanding.....	
	247
19. Subordinated notes and debentures.....	
	15,000
20. Other liabilities (from Schedule RC-G).....	
	97,063
21. Total liabilities (sum of items 13 through 20).....	
	5,225,294
22. Limited-life preferred stock and related surplus...	
	0
EQUITY CAPITAL	
23. Perpetual preferred stock and related surplus.....	
	0
24. Common stock.....	
	37,851
25. Surplus (exclude all surplus related to preferred stock).....	
	197,951
26. a. Undivided profits and capital reserves.....	
	247,358
b. Net unrealized holding gains (losses) on available-for-sale securities.....	
	(13,783)
27. Cumulative foreign currency translation adjustments.....	
	0
28. Total equity capital (sum of items 23 through 27)..	
	469,377
29. Total liabilities, limited-life preferred stock, and equity capital (sum of items 21, 22, and 28)...	
	5,694,671

Memorandum

To be reported only with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1994.....
- | | |
|--|--------|
| | Number |
| | 2 |

1=Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank

2=Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)

3=Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

4=Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)

5=Review of the bank's financial statements by external auditors

6=Compilation of the bank's financial statements by external auditors

7=Other audit procedures (excluding tax preparation work)

8=No external audit work

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.