

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 1996 or

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

For the transition period from _____ to _____

Commission File No. 1-6033

UAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

36-2675207

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

Location: 1200 East Algonquin Road, Elk Grove Township, Illinois 60007

Mailing Address: P. O. Box 66919, Chicago, Illinois 60666

(Address of principal executive offices)

(Zip Code)

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

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

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$.01 par value	New York, Chicago and Pacific Stock Exchanges
Depository Shares each representing 1/1,000 of a share of Series B Preferred Stock, without par value	New York Stock Exchange

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

NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

The number of shares of common stock outstanding as of February 28, 1997 was 58,933,372. The aggregate market value of voting stock held by non-affiliates of the Registrant was \$3,324,159,618 as of February 28, 1997.

Documents Incorporated by Reference

Part III of this Form 10-K incorporates by reference certain information from the Registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 21, 1997.

PART I

ITEM 1. BUSINESS.

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

The Company is a holding company and its principal subsidiary is United Air Lines, Inc., a Delaware corporation ("United"), which is

wholly-owned. United accounted for virtually all of the Company's revenues and expenses in 1996. United is a major commercial air transportation company.

Airline Operations

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United has been engaged in the air transportation of persons, property and mail since 1934, and certain of its predecessors began operations as early as 1926. United, which serves the United States, 29 foreign countries and two territories, is the world's largest airline as measured by revenue passenger miles flown. At the end of 1996, United served 139 airports. During 1996, United averaged 2,198 departures daily, flew a total of 117 billion revenue passenger miles, and carried an average of 224,000 passengers per day.

United provides its domestic and international service principally through a system of hub airports at major cities. Each hub provides United flights to a network of spoke destinations as well as flights to the other United hubs. This arrangement permits travelers to fly from point of origin to more destinations without changing carriers. United has a global network of hubs primarily designed to fly travelers between North America and the Pacific, Latin America and Europe. North American hubs include Chicago, Denver, Washington, D.C., San Francisco and Los Angeles. United also operates a major hub operation at Tokyo.

During the last several years, United has strengthened the revenue generating capability of its hub airports by (1) adding new spokes (routes to new cities), (2) adding frequencies on existing segments, and (3) entering into marketing agreements with smaller U.S. air carriers which serve less populated destinations, and with foreign carriers to better serve existing markets as well as provide service to destinations that United could not serve itself for economic or regulatory reasons. See "Alliances and Marketing Arrangements."

Since October 1994, United has operated a service, "Shuttle by United", designed to compete with low cost carriers on routes under 750 miles. While Shuttle by United is concentrated on the West Coast, it has expanded to cover service between Denver and Las Vegas and between Denver and Phoenix in February 1997. As of February 1997, Shuttle by United was operating daily 452 flights on 23 routes between 20 cities in the western U.S. Shuttle by United is strategically important to United by providing critical feed traffic and market presence in the western U.S.

Pacific. Asian traffic is currently served from six U.S. cities via United's Tokyo hub to Bangkok, Beijing, Hong Kong, Seoul, Shanghai and Singapore. In addition, United provides nonstop flights from San Francisco to Hong Kong, Osaka, Seoul and Taipei; from Los Angeles to Hong Kong and Osaka; and from Honolulu and Guam to Osaka. Additionally, United provides service from Osaka to Seoul. United holds significant traffic rights "beyond" Japan and as capacity at Japan's two major airports, Narita and Kansai, increases, United hopes to add service from Japan to other Asian points. During 1996 United began new service from Kansai to Seoul.

South Pacific traffic to Sydney is served from Los Angeles and San Francisco, while traffic to Auckland and Melbourne is served from Los Angeles. Based on reports filed with the Department of Transportation, in 1996, United was the leading U.S. carrier in the Pacific in revenue passenger miles and available seat miles. During 1996, United's Pacific division accounted for 21% of United's revenues.

Europe. Service between the U.S. and Europe is provided by: flights from six U.S. cities to London with connecting service at London to Amsterdam and New Delhi; flights from three U.S. cities to Paris; nonstop service from Washington Dulles to Amsterdam, Brussels, Frankfurt, Milan and Zurich; and nonstop service from Chicago to Dusseldorf and Frankfurt. United plans to initiate a second nonstop flight between Chicago and London Heathrow in April 1997 operating from April to the end of October.

Latin America. Service between the U.S. and Latin America is provided by flights to twelve Latin American cities in ten countries from a number of cities in the U.S. Seven Latin American cities are served nonstop from Miami, three nonstop flights from Los Angeles, three from New York-Kennedy, and one each from Chicago-O'Hare and Washington Dulles. United plans to initiate nonstop service from Chicago to Sao Paulo, Brazil in November 1997.

Operating revenues attributed to United's foreign operations, including service between the U.S. and foreign destinations, were approximately \$5.6 billion in 1996, \$5.3 billion in 1995 and \$4.9 billion in 1994.

Alliances and Marketing Arrangements. United, in cooperation with other airlines, has formed alliances that seek to increase the customer's choice of destinations and simplify the travel experience.

Alliances include "code share" flights which are operated by one airline, but are listed with special flight code numbers as a flight of each airline. Alliances with international carriers have allowed United to participate in markets that it is unable to serve on-line for commercial or governmental reasons and to add new on-line United destinations and frequencies. Through joint frequent flyer participation, code sharing of operations, reservations, baggage handling, flight schedules and other enhanced customer service coordination, the alliance carriers' goal is to provide each of their customers a seamless global travel network.

United's principal global alliance partner is Germany's flag carrier, Lufthansa. Through Lufthansa, United has dramatically increased its trans-Atlantic operations to Europe and beyond, including Eastern Europe and states of the former Soviet Union. United and Lufthansa received antitrust immunity on May 20, 1996 from the U.S. Department of Transportation, allowing the carriers to expand and enhance their level of cooperation.

United also implemented a code-share alliance in 1996 with the Scandinavian flag carrier, SAS. United, Lufthansa and SAS received integrated antitrust immunity for their three-way alliance on November 1, 1996. Other major alliance partners include Air Canada, Ansett (which operates in both Australia and New Zealand) and British Midland. After the U.S. and Thailand entered into a new bilateral agreement, United and Thai Airways International began planning for the implementation of the code-sharing provisions of their comprehensive marketing arrangement; that agreement has been approved in part; final approval is pending before the U.S. Department of Transportation. Also, United has entered into similar alliance arrangements with Air New Zealand and Mexicana which are expected to be implemented in 1997. United's other alliance partners include Aloha Airlines, Gulfstream International Airlines, Inc., TW Express, ALM Antillean Airlines, Emirates, Saudi Arabian Airlines, Cayman Airways, Aeromar and Aeromexico.

In addition, United has a marketing program in North America, known as the United Express program, under which six independent regional carriers, utilizing mainly turboprop equipment, feed United hubs and international gateways. Currently, the carriers in the United Express program provide service on United to 179 airports.

Cargo Service. United's cargo operations accounted for approximately 5% of the Company's operating revenues in 1996. In 1997, United entered the Asian and trans-Pacific cargo markets by introducing all cargo service between the U.S. and Asia operating DC-10-30F aircraft. United began operating two DC-10-30F aircraft in March 1997 serving Chicago, Los Angeles, Anchorage, Osaka, Manila and Taipei; and in September 1997 United plans to operate another two aircraft which will expand service to New York, San Francisco and Tokyo.

Mileage Plus Program. United established the Mileage Plus frequent flyer program to retain and develop passenger loyalty by offering awards to frequent travelers for their business. Mileage Plus members earn mileage credit for flights on United, Shuttle by United, United Express and certain other participating airlines, or by utilizing services of other program participants, including hotels, car rental companies and bank credit card issuers. United sells mileage credits to the other companies participating in the program. Mileage credits can be redeemed for free, discounted or upgraded travel on United and other participating airlines, or for other travel industry awards. The program contains certain restrictive provisions including expiration dates and blackout dates and capacity controlled bookings, which substantially limit the use of the awards on certain flights.

Under the Mileage Plus program, award travel is priced at two levels, Saver Awards which have restrictions and Standard Awards which, for a higher mileage redemption level, carry no restrictions. Saver Awards and Standard Awards require 25,000 and 40,000 miles, respectively, for economy class travel within the continental United States. Effective for travel January 1998 and beyond, United announced a requirement of a Saturday night stay and 14 day advance purchase for Saver Award travel. In addition, flight miles earned on paid Air Canada, Lufthansa, SAS and Thai Airways International flights will be credited toward Mileage Plus Premier status starting in 1997.

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

At December 31, 1996 and 1995, it was estimated that the total number of outstanding awards was approximately 6.1 million and 6.0 million, respectively. United estimated that 4.7 million and 4.6 million, respectively, of such awards could be expected to be

redeemed and, accordingly, had recorded a liability amounting to \$195 million and \$195 million, respectively, at December 31, 1996 and 1995. The difference between the awards expected to be redeemed and the total awards outstanding is the estimate, based on historical data, of awards (1) which will never be redeemed, (2) which will be redeemed for other than free trips, or (3) which will be redeemed on partner carriers.

The number of awards used on United were 1.5 million, 1.8 million and 1.9 million for the years 1996, 1995 and 1994, respectively. Such awards represented 7%, 8.2% and 9.1% of United's total revenue passenger miles for each period, respectively. With these percentages, seat availability and restrictions on the use of free travel awards, the displacement, if any, of revenue passengers by users of Mileage Plus awards is minimal.

Selected Operating Statistics

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

	Year Ended December 31				
	1996	1995	1994	1993	1992
	----	----	----	----	----
Revenue Aircraft Miles (millions) (a)	839	817	776	756	695
Revenue Aircraft Departures	785,820	780,864	731,284	746,665	721,504
Available Seat Miles (millions) (b)	162,843	158,569	152,193	150,728	137,491
Revenue Passenger Miles (millions) (c)	116,697	111,811	108,299	101,258	92,690
Revenue Passengers (thousands)	81,945	78,808	74,241	69,814	66,692
Average Passenger Journey (miles)	1,424	1,419	1,459	1,450	1,390
Average Flight Length (miles)	1,068	1,046	1,062	1,013	964
Passenger Load Factor (d)	71.7%	70.5%	71.2%	67.2%	67.4%
Break-even Load Factor (e)	66.0%	66.1%	68.2%	65.5%	70.6%
Average Yield Per Revenue Passenger Mile (in cents) (f)	12.4	11.8	11.3	11.6	11.3
Cost Per Available Seat Mile Excluding ESOP Charges (in cents) (g)	8.91	8.55	8.64	--	--
Cost Per Available Seat Mile (in cents) (h)	9.3	8.9	8.8	8.5	8.9
Average Fare Per Revenue Passenger	\$176.52	\$167.84	\$165.61	\$169.00	\$153.17
Average Daily Utilization of each Aircraft (hours:minutes) (i)	8:47	8:42	8:28	8:30	8:19

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

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

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

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

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

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

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

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

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

Industry Conditions

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

operating results for United and, thus, the Company, in the second and third quarters.

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

Competition and Fares. The airline industry is highly competitive. In domestic markets, new and existing carriers are free to initiate service on any route. United faces competition from other carriers on virtually every route it serves. In United's domestic markets, these competitors include all of the other major U.S. airlines as well as smaller carriers, some of which have lower cost structures than United. United's response in some markets to these lower cost structures has been the consummation of the employee stock ownership transaction which took place on July 12, 1994 and allowed United to lower its labor costs and introduce Shuttle by United, a short-haul, high frequency operation.

United's marketing strategy is driven by four principal factors: schedule convenience, customer satisfaction, frequent flyer program and price. United seeks to attract travelers through convenient scheduling, high quality service, a frequent flyer program designed to reward and recognize customer loyalty and competitive pricing. From time to time, excess aircraft capacity and other factors such as the cash needs of financially distressed carriers induce airlines to engage in "fare wars." Such factors can have a material adverse impact on the Company's revenues. The Company maintains yield and inventory management programs designed to manage the number of seats offered in various fare categories in order to enhance the effectiveness of fare promotions and maximize revenue production on each flight.

In its international service, United competes not only with U.S. carriers but also with national flag carriers of foreign countries, which in certain instances enjoy forms of governmental support which are not available to U.S. carriers. Competition on certain international routes is subject to varying degrees of governmental regulations (see "Government Regulation"). United has advantages over foreign air carriers in its ability to generate U.S.-origin-destination traffic from its integrated domestic route systems, and because foreign carriers are prohibited by law from carrying local passengers between two points in the United States. On the other hand, U.S. carriers in many cases are constrained from carrying passengers to points beyond designated international gateway cities due to limitations in air service agreements or restrictions imposed unilaterally by foreign governments. To compensate for these structural limitations, U.S. and foreign carriers have entered into alliances and marketing arrangements which allow the carriers to provide feed to each other's flights. (See "Alliances and Marketing Arrangements").

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

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

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

Government Regulation

General. All carriers engaged in air transportation in the United States are subject to regulation by the Department of Transportation ("DOT") and the Federal Aviation Administration ("FAA") under federal aviation laws. The DOT has authority to regulate certain economic and consumer protection aspects of air transportation. It is empowered to issue certificates of public

convenience and necessity for domestic air transportation upon a carrier's showing of fitness; to authorize the provision of foreign air transportation by U.S. carriers; to prohibit unjust discrimination; to prescribe forms of accounts and require reports from air carriers; to regulate methods of competition, including the provision and use of computerized reservation systems; and to administer regulations providing for consumer protection, including regulations governing the accessibility of air transportation facilities for handicapped individuals. United's operations require certificates of public convenience and necessity issued by the DOT (or specific exemptions therefrom), and an air carrier operating certificate and related operations specifications issued by the FAA.

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

In connection with its international services, United is required to file with the DOT and observe tariffs establishing the fares charged and the rules governing the transportation provided. In certain cases, fares and schedules require the approval of the relevant foreign governments. In addition, United's operating authorities in international markets are governed by the aviation agreements between the United States and foreign countries. United's ability to serve some foreign markets and its expansion in many foreign markets is presently restricted by lack of aviation agreements allowing such service or, in some cases, by the restrictive terms of such agreements.

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

Airport Access. United's operations at Chicago-O'Hare International Airport, JFK International, New York LaGuardia and Washington National, are limited by the "high density traffic rule" administered by the FAA. Under this rule, take-off and landing rights ("slots") required for the conduct of domestic flight operations may be bought, sold or traded. Under the high density rule, carriers are required to relinquish slots to the FAA for reallocation if they fail to meet certain minimum use standards.

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

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

Safety. The FAA has regulatory jurisdiction over flight operations generally, including equipment, ground facilities, maintenance, communications and other matters. In order to ensure compliance with its operational and safety standards, the FAA requires air carriers to obtain operating, airworthiness and other certificates. United's aircraft and engines are maintained in accordance with the standards and procedures recommended and approved by the manufacturers and the FAA.

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

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

Environmental Regulations. The Airport Noise and Capacity Act of 1990 ("ANCA") requires the phase-out by December 31, 1999 of Stage 2 aircraft operations, subject to certain waivers. The FAA has issued final regulations which require carriers to modify or reduce the number of Stage 2 aircraft operated by 25% by December 31, 1994, 50% by December 31, 1996, 75% by December 31, 1998 and 100% by December 31, 1999. Alternatively, a carrier could satisfy compliance requirements by operating a fleet that is at least 55% Stage 3 by December 31, 1994, 65% Stage 3 by December 31, 1996, 75% Stage 3 by December 31, 1998 and 100% Stage 3 by December 31, 1999. At December 31, 1996, United operated 427 Stage 3 aircraft representing 72% of United's total operating fleet, and thus is in compliance with these regulations.

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

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

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

United has been identified by the EPA as a potentially responsible party with respect to Superfund and Resource Conservation and Recovery Act sites involving soil and groundwater contamination at the Bay Area Drum Site in San Francisco, California, the Chemsol, Inc. Site in Piscataway, New Jersey, the Petrochem/Ekotek Site in Salt Lake City, Utah, the Monterey Park Site at Monterey Park, California, the West Contra Costa Sanitary Landfill Site in Richmond, California, and the Douglasville Site in Berks County, Pennsylvania. Because of the limited nature of the volume of pollutants allegedly contributed by United to the above sites, the outcome of these matters is not expected to have a material adverse effect on United's financial condition. In addition, United is aware of soil and groundwater contamination present on its leaseholds at several U.S. airports. United is investigating these sites, assessing its obligations under applicable environmental regulations and lease agreements and, where appropriate, remediating these sites. Remediation of these sites, for which United may be responsible, is not expected to have a material adverse effect on United's financial condition.

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

In time of war or during an unlimited national emergency or civil defense emergency declared by the President or the Congress of the United States, or in a situation short of this if approved by the Director of the Office of Emergency Preparedness, the Commander in Chief, the Department of the Air Force Air Mobility Command ("AMC") or any official designated by the President to coordinate all civil and defense mobilization activities, United may be required to provide airlift services to the AMC under the Civil Reserve Air Fleet Program. As of February 1, 1997, up to 26 B747 and 13 DC-10 aircraft in United's fleet could be subject to these requirements.

Fuel

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United's results of operations are significantly affected by the price and availability of jet fuel. Based on 1996 fuel consumption, every \$.01 change in the average annual price-per-gallon of jet fuel caused a change of approximately \$29 million in United's annual fuel costs. The table below shows United's fuel expenses, fuel consumption, average price per gallon and fuel as a percent of total operating expenses for annual periods from 1992 through 1996:

	1996	1995	1994	1993	1992
	----	----	----	----	----
Fuel expense, including tax (in millions)	\$2,082	\$1,680	\$1,585	\$1,718	\$1,679
Gallons consumed (in millions)	2,883	2,822	2,697	2,699	2,529
Average cost per gallon (in cents)	72.2	59.5	58.8	63.6	66.4
% of total operating expenses	14%	12%	12%	13%	14%

United's average fuel cost per gallon in 1996 was 21.3% higher than in 1995. Changes in fuel prices are industry-wide occurrences that benefit or harm United's competitors as well as United although fuel hedging activities may affect the degree to which fuel price changes affect individual companies. Lower fuel prices may be offset by increased price competition and lower revenues for all air carriers, including United. There can be no assurance that United will be able to increase its fares in response to any increases in fuel prices in the future.

United purchases its fuel under supply contracts with U.S. and international oil companies. To assure adequate supplies of fuel and provide a measure of control over fuel costs, United ships fuel on major pipelines and stores fuel close to its major hub locations. Although United has not experienced any problem with fuel availability in the past few years and does not anticipate any in the near future, it is impossible to predict the future availability of jet fuel. If there were major reductions in the availability of jet fuel, United's business would be adversely affected.

Insurance

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

Employees - Labor Matters

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UAL is the world's largest majority employee-owned company. At December 31, 1996, the Company and its subsidiaries had approximately 87,628 employees, of which approximately 85,921 were employed by United (approximately twelve percent of whom are part-time employees) and 1,707 were employed by United's subsidiaries. Approximately 60% of United's employees were represented by various labor organizations.

The employee groups, number of employees, labor organization and current contract status for each of United's major collective bargaining groups as of December 31, 1996 are as follows:

Employee Group	Number of Employees	Union	Contract Open For Amendment
-----	-----	-----	-----
Mechanics, ramp servicemen & other ground employees	23,933	IAM	July 12, 2000 *
Flight attendants	19,419	AFA	March 1, 1996
Pilots	8,432	ALPA	April 12, 2000 *

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

United's relations with these labor organizations are governed by the Railway Labor Act. Under this Act, collective bargaining agreements between United and these organizations become amendable upon the expiration of their stated term. If either party wishes to modify the terms of any such agreement, it must notify the other party before the contract becomes amendable. After receipt of such notice, the parties must meet for direct negotiations and, if no agreement is reached, either party may request that a mediator be

appointed. If no agreement is reached, the National Mediation Board (the "NMB") may determine, at any time, that an impasse exists and may proffer arbitration.

Either party may decline to submit to arbitration. If arbitration is rejected, a 30-day "cooling off" period commences, following which the labor organization may strike and the airline may resort to "self-help," including the imposition of its proposed amendments and the hiring of replacement workers. However, if the NMB determines that a dispute threatens substantially to interrupt interstate commerce and notifies the President, the President can delay a strike for a limited time by creating an emergency board to investigate the dispute and report to the President.

For information regarding the status of the mid-term wage adjustment and other labor agreement negotiations, see "Other Information - Labor Agreements and Wage Adjustments" of Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 2. PROPERTIES.

Flight Equipment

As of December 31, 1996, United's operating aircraft fleet totaled 564 jet aircraft, of which 266 were owned and 298 were leased. These aircraft are listed below:

Aircraft Type	Average No. of Seats	Owned	Leased*	Total	Average Age (Years)
A320-200	144	4	32	36	2
B727-222A	147	59	16	75	18
B737-200	109	38	0	38	28
B737-200A	109	24	0	24	17
B737-300	126	10	91	101	8
B737-500	108	27	30	57	5
B747-100	434	14	0	14	25
B747-200	346	2	7	9	18
B747-400	387	5	21	26	5
B757-200	188	37	55	92	5
B767-200	168	19	0	19	14
B767-300ER	206	3	20	23	4
B777-200	292	3	13	16	1
DC10-10	287	18	8	26	21
DC10-30	298	3	5	8	17
TOTAL OPERATING FLEET		266	298	564	11
		===	===	===	==

* United's aircraft leases have initial terms of 4 to 26 years, and expiration dates range from 1998 through 2020. Under the terms of leases for 289 of the aircraft in the operating fleet, United has the right to purchase the aircraft at the end of the lease term, in some cases at fair market value and in others at fair market value or a percentage of cost.

As of December 31, 1996, 61 of the 266 aircraft owned by United were encumbered under debt agreements.

In 1996 United took delivery of 21 new aircraft, seven A320-200s, two B747-400s, four B757-200s and eight B777-200s. United also retired fifteen aircraft, seven B737-200s, three B747-100s and five DC10-10s.

As of December 31, 1996, United had 24 A319-100s, 14 A320-200s, 20 B777-200s, 21 B747-400s and six B757-200s on order which are scheduled to be delivered between 1997 and 2002. The following table sets forth United's firm aircraft orders and expected delivery schedules as of December 31, 1996:

Aircraft Type	Number	To Be Delivered	Delivery Rate
A319-100	24	1997-1999	0-3 per month
A320-200	14	1997-1998	0-2 per month
B747-400	21	1997-2002	0-2 per month
B757-200	6	1997-1999	0-1 per month
B777-200	20	1997-1999	0-3 per month
	--		
Total	85		

For further information regarding United's leases and commitments, see Notes (9) and (18), respectively, to Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data" and "Liquidity and Capital Resources - Capital

Ground Facilities

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In the vicinity of O'Hare, United owns a 106 acre complex consisting of over one million square feet of office space for its world headquarters, a computer facility and a training center.

United's Maintenance Operation Center ("MOC") at San Francisco International Airport occupies 129 acres of land, three million square feet of floor space and 12 aircraft hangar docks under lease expiring in 2003, with an option to extend for ten years. Heavy maintenance of aircraft and component maintenance for most of United's fleet occurs at the MOC. United has a major facility at the Oakland, California airport which is dedicated to airframe maintenance. United also has line aircraft maintenance facilities at 64 domestic and international locations.

United's Indianapolis Maintenance Center ("IMC") operates under a lease with the Indianapolis Airport Authority which expires in 2031. IMC is a major aircraft maintenance and overhaul facility and is being used for maintenance of Boeing 737 and 757 aircraft. United is expanding its operations at IMC to maintain its fleets of Boeing 767 aircraft at the facility in the future.

United operates under a lease and use agreement expiring in 2025 at Denver International Airport and occupies 44 gates and over one million square feet of exclusive or preferential use terminal building space. United's flight training center located at the former Stapleton International Airport was purchased by United from the City and County of Denver in January, 1997. This flight training center presently consists of four buildings with a total of more than 300,000 square feet located on 22 acres of land. An additional building is currently under construction by United and, when completed, the training center will accommodate 36 flight simulators and over 90 computer-based training stations, as well as cockpit procedures trainers, autoflight system trainers and emergency evacuation trainers.

United has entered into various leases relating to its use of airport landing areas, gates, hangar sites, terminal buildings and other airport facilities in most of the municipalities it serves. Major leases expire at Chicago O'Hare in 2018, San Francisco in 2011, Washington Dulles in 2014 and Los Angeles in 2021. In many cases United has constructed, at its expense, the buildings it occupies on its leased properties. In general, buildings and fixtures constructed by United on leased land are the property of the lessor upon the expiration of such leases. United also has leased and improved ticketing, sales and general office space in the downtown and outlying areas of most of the larger cities in its system.

ITEM 3. LEGAL PROCEEDINGS.

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The Company is involved from time to time in legal proceedings incidental to the ordinary course of its business. Such proceedings include claims brought by and against the Company or its subsidiaries including claims seeking substantial compensatory and punitive damages. Such claims arise from routine commercial disputes as well as incidents resulting in bodily injury and damage to property. The Company believes that the potential liabilities in all of the bodily injury and property damage actions are adequately insured and none of the other actions are expected to have any material adverse effect on the Company or its subsidiaries.

1. Travel Agency Commission Litigation -- United and six other airlines were sued in various courts around the nation by travel agents and the American Society of Travel Agents claiming as a class action that the carriers acted collusively in violation of federal antitrust laws when they imposed a cap on ticket sales commissions payable to travel agencies by the carriers. The cases were consolidated before the federal court in Minneapolis. As relief, the plaintiffs sought an order declaring the carriers' commission cap action to be illegal and the recovery of damages (trebled) to the agencies resulting from that action. On September 3, 1996, the remaining parties (one defendant had settled earlier in the case) agreed to settle the case by defendants' payment of money in return for the plaintiffs' dismissal with prejudice of this lawsuit and a full release. United's share of the settlement is \$19.5 million. The caps on ticket sales commissions were unaffected by this settlement. The court approved the final settlement on January 28, 1997.

2. Summers et al. v. State Street Bank and Trust Company et al. -- On April 14, 1995, plaintiffs filed a class action complaint against State Street Bank and Trust Company ("State Street"), the UAL Corporation Employee Stock Ownership Plan and the UAL Corporation Supplemental ESOP (together, the "Plans") in the United States District Court for the Northern District of Illinois. The complaint

was brought on behalf of a putative class of all persons who are, or were as of July 12, 1994, participants or beneficiaries of the Plans. Plaintiffs alleged that State Street breached various fiduciary duties under the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with the 1994 purchase of UAL preferred stock by the Plans. The Plans were nominal defendants; no relief was sought from them. The complaint sought a declaration that State Street violated ERISA, restoration to the Plans by State Street of the amount of an alleged "overpayment" for stock, and other relief. United is obligated, subject to certain exceptions, to indemnify State Street for part or all of an adverse judgment and State Street's defense costs. The defendants filed a motion to dismiss the complaint in its entirety on July 12, 1995. On March 29, 1996 the judge granted defendants' motion to dismiss in its entirety. On April 15, 1996 the defendants filed with the court a motion for attorneys' fees and costs under ERISA. Thereafter, plaintiffs filed a notice of appeal of the judge's decision in favor of State Street and an opposition to defendants' motion for attorneys' fees and costs. The United States Court of Appeals for the Seventh Circuit upheld the judge's decision in favor of State Street. State Street's motion to recover its attorneys' fees is pending before the district court.

3. GEC-Marconi Claim -- On April 4, 1996 United filed suit in the Circuit Court of Cook County, Illinois, Law Division, against GEC-Marconi Inflight Systems Overseas, Ltd. ("GMIS"), its Boeing 777 inseat video vendor, claiming breach of contract for GMIS's failure to deliver the contracted product in the specified time frame, and seeking monetary and injunctive relief. United also named in the suit GEC-Marconi Inflight Systems, Inc. ("GMIS, Inc."), its 777 video maintenance provider, seeking declaratory relief on the maintenance contract. On July 19, 1996 GMIS and GMIS, Inc. filed a counterclaim against United seeking in excess of \$240 million for various alleged breaches of contract by United, plus consequential damages and attorney's fees and costs, relating to the same product purchase agreement (which, in addition, included a Boeing 747 and 767 retrofit order that United terminated on April 4, 1996) and maintenance service agreement which form the basis of United's complaint, as well as an alleged June 1996 "agreement" that had been the subject of negotiations between the parties but was never signed by United regarding interim arrangements between the parties. GMIS and GMIS, Inc. also seek injunctive relief to enforce the alleged "agreement" and prevent United from obtaining substitute goods from other vendors. On August 1, GMIS and GMIS, Inc. filed an emergency motion on the claims for injunctive relief. On August 28, the judge denied GMIS' and GMIS, Inc.'s motion for a preliminary injunction. On October 28, 1996 GMIS filed a Petition for Replevin seeking to recover certain spare parts and consigned inventory currently in United's possession. On November 26, 1996, the court denied GMIS's petition upon United's motion. On December 23, 1996, United filed an amended complaint, and GMIS filed an amended counterclaim on December 31, 1996. The parties have exchanged preliminary discovery documents.

4. Fry v. UAL Corp. -- On February 21, 1990, a purported class action complaint was filed in the U.S. District Court for the Northern District of Illinois, Eastern Division. This complaint was brought by several UAL stockholders, purportedly on behalf of all of UAL stockholders who sold puts or common stock from October 29, 1987 through December 8, 1987. The complaint alleged that UAL committed common law fraud and violated Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and the Illinois Deceptive Trade Practices Act by falsely announcing that it intended to distribute proceeds of sales of non-core businesses as a special dividend, when in fact it was negotiating a cash tender offer for the buyback of shares. Plaintiffs claimed \$160 million in damages, plus attorneys' fees, fees and costs of plaintiff's accountants and experts and other costs and disbursements. UAL's motion for summary judgment was granted on August 11, 1995, and that decision was affirmed by the Seventh Circuit on May 23, 1996. On October 9, 1996, plaintiffs filed a petition for certiorari with the U.S. Supreme Court. The Court denied the petition on November 12, 1996.

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

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

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

No matter was submitted to a vote of security holders of the

Company during the fourth quarter of 1996.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

GERALD GREENWALD. Age 61. Mr. Greenwald has been Chairman and Chief Executive Officer of the Company and United since July 12, 1994. Prior to joining the Company, he served as Chairman of Tatra Truck Company, Czech Republic (a truck manufacturer) from March 1993 until July 1994. Mr. Greenwald previously served as President of Olympia & York Developments Limited (a real estate development company that was in the process of a financial restructuring at the time Mr. Greenwald agreed to serve as president and certain subsidiaries of which filed for protection under federal bankruptcy laws in connection with such restructuring) from April 1992 until March 1993, and as Managing Director of Dillon Read & Co. Inc. (an investment banking firm) in 1991-1992.

JOHN A. EDWARDSON. Age 47. Mr. Edwardson has been President since July 12, 1994 and Chief Operating Officer since March 30, 1995 of the Company and United and a member of the board of directors of the Company since July 12, 1994. Prior to joining the Company, he served as Executive Vice President and Chief Financial Officer of Ameritech Corporation (a telecommunications company) from 1991 to July 1994.

JOSEPH R. O'GORMAN, JR. Age 53. Mr. O'Gorman has been Executive Vice President of the Company since February 18, 1991 and Executive Vice President - Fleet Operations and Administration of United since April 1, 1995. He served as Executive Vice President - Operations of United from April 30, 1992 to March 31, 1995. He had served as Executive Vice President - Flight Services of United since February 25, 1991.

STUART I. ORAN. Age 46. Mr. Oran has been Executive Vice President - Corporate Affairs and General Counsel of the Company and United since July 12, 1994. Prior to joining the Company, he was a corporate partner with Paul, Weiss, Rifkind, Wharton and Garrison, a law firm he joined in 1974.

DOUGLAS A. HACKER. Age 41. Mr. Hacker has been Senior Vice President and Chief Financial Officer of the Company and United since July 12, 1994 and had been Senior Vice President - Finance of United beginning March 8, 1993. Prior to joining United, Mr. Hacker served as Vice President - Corporate and Fleet Planning at American Airlines, Inc. (an air carrier) since 1991.

CHRISTOPHER D. BOWERS. Age 49. Mr. Bowers has been Senior Vice President - International of United since April 1, 1995. Prior to assuming his current position, he was Vice President and General Sales Manager of the Sales Division since April 1, 1988.

DAVID COLTMAN. Age 54. Mr. Coltman has been Senior Vice President - Marketing of United since April 1, 1995. Previously, Mr. Coltman served as Vice President - Atlantic Division in London since January 25, 1989.

RONO DUTTA. Age 45. Mr. Dutta has been Senior Vice President - Planning of United since November 7, 1994 and became an executive officer of United on April 1, 1995. His prior positions with United include Vice President - Cargo from September to November of 1994, Vice President - U2 Development from April to September of 1994, Vice President - Management Information Systems from July 1993 to April 1994, Senior Vice President - Maintenance Operation from May 1992 to July 1993, and Vice President - Base Maintenance Operations from June 1991 to May 1992.

JAMES E. GOODWIN. Age 52. Mr. Goodwin has been Senior Vice President - North America of United since April 1, 1995. He had served as Senior Vice President - International of United since May 1992. Prior thereto, he was Senior Vice President - Maintenance Operations since January 1991.

WILLIAM P. HOBGOOD. Age 58. Mr. Hobgood has been Senior Vice President - People of United since March 1, 1997. Prior to joining United, he was in private practice as an attorney specializing in mediation and arbitration since 1981, including labor-management issues.

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

PART II

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

STOCKHOLDER MATTERS.

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

COMMON STOCK:

	High ----	Low ---
1996:		
1st quarter	\$53 11/16	\$38 9/16
2nd quarter	60 1/8	50 1/4
3rd quarter	56 5/8	41 1/2
4th quarter	64 3/4	43 1/4
1995:		
1st quarter	26 13/16	21 29/32
2nd quarter	35 3/4	26
3rd quarter	43	34 3/8
4th quarter	52 31/32	41 1/2

On May 6, 1996 UAL's Common Stock split four-for-one in the form of a 300% stock dividend to holders of record at the close of business on that date. The per share prices above have been adjusted for the stock split.

No dividends have been declared on the Company's common stock during the past five years. The payment of any future dividends on the Common Stock and the amount thereof will be determined by the Board of Directors of the Company in light of earnings, the financial condition of the Company and other relevant factors. At March 1, 1997, based on reports by the Company's transfer agent for the Common Stock, there were 12,976 common stockholders of record. In addition, there were 3,878 holders of record of the Company's old common stock, \$5 par value, who have not tendered their stock certificates as a result of the employee stock ownership transaction.

Item 6. Selected Financial Data

(In Millions, Except Per Share)	Year Ended December 31				
	1996 ----	1995 ----	1994 ----	1993 ----	1992 ----
Operating revenues	\$16,362	\$14,943	\$13,950	\$13,325	\$11,853
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	600	378	77	(31)	(417)
Extraordinary loss on early extinguishment of debt, net of tax	(67)	(29)	-	(19)	-
Cumulative effect of accounting changes, net of tax	-	-	(26)	-	(540)
Net earnings (loss)	533	349	51	(50)	(957)
Per share amounts, fully diluted:					
Earnings (loss) before extraordinary item and cumulative effect of accounting changes	5.82	5.18	0.19	(0.66)	(4.34)
Extraordinary loss on early extinguishment of debt	(0.78)	(0.40)	-	(0.19)	-
Cumulative effect of accounting changes	-	-	(0.34)	-	(5.60)
Net earnings (loss)	5.04	4.78	(0.15)	(0.85)	(9.94)
Total assets at year-end	12,677	11,641	11,764	12,840	12,257
Long-term debt and capital lease obligations, including current portion, and redeemable preferred stock	3,385	4,102	4,077	3,735	3,783

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section contains forward-looking statements which are identified with an asterisk (*). Factors that could significantly impact the expected results implied in the forward-looking statements are listed in the last paragraph of the section, "Outlook for 1997."

On July 12, 1994, the shareholders of UAL Corporation ("UAL") approved a plan of recapitalization that provides an approximately 55% equity and voting interest in UAL to certain employees of United Air Lines, Inc. ("United") in exchange for wage concessions and work-rule changes. The employees' equity interest is being allocated to individual employee accounts through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as part of the recapitalization. Since the ESOP shares are being allocated over time, the current ownership interest held by employees is substantially less than 55%. The entire ESOP voting interest is currently exercisable, which generally will be voted by the ESOP trustee at the direction of, and on behalf of, the employees participating in the ESOPs.

Liquidity and Capital Resources

Liquidity -

UAL's total of cash and cash equivalents and short-term investments was \$697 million at December 31, 1996, compared to \$1.143 billion at December 31, 1995. Operating activities during the year generated \$2.453 billion. Cash was used primarily to repay long-term debt and to fund net additions to property and equipment. In addition to the early extinguishment of \$641 million in principal amount of various debt securities, UAL made mandatory repayments of long-term debt totaling \$150 million and payments under capital lease obligations of \$112 million during the year. Financing activities also included payments of \$324 million for conversions of all of UAL's outstanding 6 3/8% convertible debentures, \$84 million for repurchases of UAL's Series B preferred stock and deposits of an equivalent \$110 million in Japanese yen with certain banks in connection with the financing of certain capital lease transactions.

In 1996, United took delivery of seven A320, eight B777, four B757 and two B747 aircraft. Thirteen of these aircraft were purchased, three were acquired under operating leases and five were acquired under capital leases. Property additions, including aircraft, aircraft spare parts, facilities and ground equipment, amounted to \$1.538 billion, while property dispositions resulted in proceeds of \$55 million.

Included in cash and cash equivalents at December 31, 1996 were \$30 million of securities held by third parties under securities lending agreements, as well as collateral in the amount of 102% of the value of the securities lent. United is obligated to reacquire the securities from the borrower at the end of the contract.

As of December 31, 1996, UAL had a working capital deficit of \$2.321 billion as compared to \$1.390 billion at December 31, 1995. Historically, UAL has operated with a working capital deficit and, as in the past, UAL expects to meet all of its obligations as they become due. In addition, UAL may from time to time repurchase on the open market, in privately negotiated purchases or otherwise, debentures or preferred stock as part of its efforts to reduce its obligations and improve its balance sheet.

United has an agreement with a syndicate of banks for a \$750 million revolving credit facility expiring in 2002. Interest on drawn amounts under the facility is calculated at floating rates based on the London interbank offered rate ("LIBOR") plus a margin which is subject to adjustment based on certain changes in the credit ratings of United's long-term senior unsecured debt. Among other restrictions, the credit facility contains a covenant which restricts United's ability to grant liens on or otherwise encumber certain identified assets with a market value of approximately \$1.1 billion.

During the second quarter, United reduced the maximum available borrowings under a separate short-term borrowing facility from \$270 million to \$227 million. This agreement has been extended through February 1998.

Prior Years. Operating activities in 1995 generated cash flows of \$1.624 billion. Cash was used primarily to repay long-term debt, reacquire preferred stock, reduce short-term borrowings and fund net additions to property and equipment. In addition to the early extinguishment of \$750 million in principal amount of various debt securities, UAL made mandatory repayments of long-term debt totaling \$102 million. Payments under capital lease obligations amounted to \$80 million during the year and short-term borrowings were reduced by \$269 million. In addition, UAL spent \$131 million to repurchase Series B preferred stock to be held in treasury. Property additions, including the acquisition of 39 previously leased aircraft, amounted to \$1.111 billion.

Property dispositions resulted in proceeds of \$578 million.

Operating activities in 1994 generated cash flows of \$1.334 billion, which was offset by the distribution of \$2.1 billion to holders of old UAL common stock under the recapitalization. This distribution was partially funded by net proceeds of \$735 million on the issuance of debentures and \$400 million on the issuance of Series B preferred stock. Subsequent to issuance, UAL spent \$87 million to repurchase Series B preferred stock to be held in treasury. Other financing activities included principal payments under debt and capital lease obligations of \$305 million and \$87 million, respectively, and a \$46 million reduction of short-term borrowings. Property additions, including the acquisition of two B747 aircraft and aircraft spare parts, amounted to \$636 million. Property dispositions resulted in proceeds of \$432 million.

Capital Commitments -

At December 31, 1996, commitments for the purchase of property and equipment, principally aircraft, approximated \$6.9 billion, after deducting advance payments. An estimated \$2.9 billion is due to be spent in 1997, \$1.9 billion in 1998, \$1.0 billion in 1999 and \$1.1 billion in 2000 and thereafter. The above amounts reflect firm orders for 21 B747, 6 B757, 20 B777, 14 A320 and 24 A319 aircraft to be delivered through 2002. However, these amounts do not include a recent order for an additional three A320 and four A319 aircraft. Under the Company's current fleet plan, the above aircraft will principally be used to replace older aircraft which will be retired. As a result, the Company expects only modest growth in its passenger fleet through 2002.

During the third quarter, United renegotiated its financing arrangements with Airbus Industrie and International Aero Engines for the acquisition of A320-200 aircraft. In connection therewith, United relinquished its right to return such aircraft upon eleven months' notice. As a result, the Company's capital commitments include the 14 A320s still to be delivered through 1998, and the Company's future minimum lease payment disclosures now include the A320s already delivered under operating lease. This increase in future minimum lease payments of approximately \$1.9 billion has no impact on the reported monthly rent expense for these aircraft.

Consistent with UAL's strategic plan and the Company's focus on attracting more high yield passengers, the Board of Directors has authorized an investment of approximately \$400 million in United's on-board product, including new aircraft seats and other cabin improvements. This amount, which is expected to be spent during the next three years, is not reflected in the above commitments.

In connection with the construction of the Indianapolis Maintenance Center, United agreed to spend an aggregate \$800 million on capital investments by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event such targets are not reached, United may be required to make certain payments to the city of Indianapolis and state of Indiana.

Capital Resources -

Funds necessary to finance aircraft acquisitions are expected to be obtained from internally generated funds, irrevocable external financing arrangements or other external sources.

At December 31, 1996, up to \$631 million of securities could be issued under an effective shelf registration statement UAL and United have on file with the Securities and Exchange Commission. Securities that can be issued under the shelf include secured and unsecured debt, equipment trust and pass through certificates, equity or a combination thereof. UAL's ability to issue equity securities is limited by its restated certificate of incorporation.

At December 31, 1996, United's senior unsecured debt was rated BB by Standard and Poor's ("S & P") and Baa3 by Moody's Investors Service Inc. ("Moody's"). UAL's Series B preferred stock and redeemable preferred securities were rated B+ by S & P and Ba3 by Moody's. In November 1996, S & P revised its ratings outlook for both UAL and United's securities from stable to positive.

In April 1996, the stockholders of UAL Corporation approved an increase in the number of authorized shares of

common stock from 100 million to 200 million shares, in connection with a four-for-one split of the corporation's common stock in the form of a 300% stock dividend effective at the close of business on May 6, 1996. All share and per share data have been restated to give effect to this stock split.

Results of Operations

The results of operations in the airline business historically fluctuate in response to general economic conditions. This is because small fluctuations in yield (passenger revenue per revenue passenger mile) and cost per available seat mile can have a significant effect on operating results. UAL anticipates industrywide fare levels, capacity growth, low-cost competition, general economic conditions, labor and fuel costs, taxes, U.S. and international governmental policies and other factors will continue to affect its operating results.

The July 1994 employee investment transaction and recapitalization resulted in non-cash compensation charges for stock periodically committed to be released to employees during the term of the ESOPs. The amount of the non-cash compensation expense in the future cannot be predicted, because it is based on the future market value of UAL's common stock. Further, it is anticipated that tax provisions (credits) in future periods could be impacted by permanent differences between tax deductions and book expenses related to the ESOPs.

Summary of Results -

UAL's earnings from operations were \$1.123 billion in 1996, compared to operating earnings of \$829 million in 1995. UAL's net earnings in 1996 were \$533 million (\$5.16 per share, primary; \$5.04 per share, fully diluted), compared to net earnings of \$349 million in 1995 (\$5.00 per share, primary; \$4.78 per share, fully diluted). These earnings include extraordinary losses of \$67 million and \$29 million, after tax, on early extinguishment of debt, in 1996 and 1995, respectively.

The per share amounts for 1996 and 1995 include the effects on equity of repurchases of Series B preferred stock and, for 1996, include the effects on equity of the exchange of mandatorily redeemable preferred securities for Series B preferred stock. For 1995, the per share amounts also include the effects on equity of the exchange of convertible debentures for Series A convertible preferred stock. These transactions had no effect on earnings; however, the effects on equity are included as an adjustment to earnings attributable to common shareholders in the computation of earnings per share. Excluding the preferred stock transactions, UAL's 1996 earnings per share were \$6.55, primary, and \$6.39, fully diluted; 1995 earnings per share were \$5.14, primary, and \$4.90, fully diluted.

Management believes that a more complete understanding of UAL's results can be gained by viewing them on a pro forma, "fully distributed" basis. This approach considers all ESOP shares which will ultimately be distributed to employees throughout the ESOP period (rather than just the shares committed to be released) to be immediately outstanding and thus fully distributed. Consistent with this method, the ESOP compensation expense is excluded from fully distributed net earnings, and ESOP convertible preferred stock dividends are not deducted from earnings attributable to common stockholders. A comparison of results reported on a fully distributed basis to results reported under generally accepted accounting principles (GAAP) is as follows:

	December 31, 1996		December 31, 1995	
	GAAP (fully diluted)	Fully Distributed	GAAP (fully diluted)	Fully Distributed
Net Income	\$ 533	\$ 960	\$ 349	\$ 662
Per Share:				
Earnings before extraordinary loss	\$ 5.82	\$ 7.32	\$ 5.18	\$ 5.35
Extraordinary loss, net of tax	(0.78)	(0.51)	(0.40)	(0.22)
	\$ 5.04	\$ 6.81	\$ 4.78	\$ 5.13
	=====	=====	=====	=====

Operating Revenues. Operating revenues increased \$1.419 billion (10%). United's revenue per available seat mile increased 7% to 10.02 cents. Passenger revenues increased \$1.238 billion (9%) due to a 4% increase in United's revenue passenger miles and a 5% increase in yield to 12.35 cents. The following analysis by market is based on information reported to the U.S. Department of Transportation ("DOT"):

Yield increases in the domestic (7%), Atlantic (7%) and Latin American (4%) markets were partially offset by a 4% decrease in Pacific yield. Domestic yield increased as a result of a larger proportion of high yield business traffic and fare levels influenced by the expiration of the Federal passenger excise tax from January through August. (See "Outlook for 1997"). A weaker Japanese yen versus the dollar had a significant negative impact on 1996 Pacific yield. (See "Foreign Operations"). Both domestic and international revenue passenger miles increased by 4%. Available seat miles increased 3% for the system, reflecting increases of 4% in the Pacific and Latin American and 3% in domestic markets. Atlantic available seat miles remained unchanged. As a result, system passenger load factor increased 1.2 points to 71.7%.

Cargo revenues increased \$16 million (2%). Freight ton miles increased 6% and mail ton miles increased 5%. A 6% lower freight yield was only partially offset by a 3% higher mail yield for an overall decrease in cargo yield of 3%.

Other operating revenues increased \$165 million (17%) due to increases in frequent flyer program partner related revenues, contract maintenance and fuel sales to third parties.

Operating Expenses. Operating expenses increased \$1.125 billion (8%). United's cost per available seat mile increased 5% from 8.87 cents to 9.32 cents. ESOP compensation expense increased \$181 million (36%), reflecting a higher average common stock price in 1996. Aircraft fuel increased \$402 million (24%) due to a 2% increase in consumption and a 21% increase in the average price per gallon of fuel from 59.5 cents to 72.2 cents. Without the increases in ESOP compensation expense and aircraft fuel, United's cost per available seat mile would have increased 2%. Salaries and related costs increased \$193 million (4%) due principally to increased staffing in certain customer-oriented positions. Other expenses increased \$166 million (9%) due principally to costs associated with sales to third parties of fuel, contract maintenance and other work. Purchased services increased \$125 million (12%) due principally to volume-related increases in computer reservations fees, credit card discounts and communication charges. Aircraft maintenance increased \$42 million (10%) due to increased purchased maintenance, as well as the timing of maintenance cycles. Depreciation and amortization increased \$35 million (5%) due principally to a \$30 million charge to reduce the carrying value of aircraft seats that will be replaced under a plan to improve the Company's onboard product. Commissions were flat year over year despite an increase in commissionable revenues due to lower average commission rates. These lower rates were partially attributable to the full year effects of a new travel agent commission plan introduced in 1995. Aircraft rent decreased \$57 million (6%) due to the acquisition of 39 aircraft off-lease in the second half of 1995.

Other Income and Expense. Other expense amounted to \$153 million in 1996 compared to \$208 million in 1995. Interest capitalized, primarily on aircraft advance payments, increased \$35 million (83%). Interest expense decreased \$104 million (26%) due to the prepayment of long-term debt in 1995 and 1996 and the conversion of convertible debentures in the second quarter of 1996. Interest income decreased \$41 million (42%) due to lower investment balances. Equity in earnings of affiliates increased \$16 million (33%) due to higher earnings from the Galileo International Partnership resulting from increased booking revenues. Included in other expense for 1996 is a \$20 million charge for the settlement of litigation related to the travel agency commission cap implemented by the Company in 1995. In addition, 1995 included a \$41 million pre-tax gain on disposition of aircraft owned by Air Wisconsin, Inc., a subsidiary of UAL.

1995 Compared with 1994 -

Operating Revenues. Operating revenues increased \$993

million (7%). United's revenue per available seat mile increased 3% to 9.39 cents. Passenger revenues increased \$932 million (8%) due primarily to a 3% increase in United's revenue passenger miles and a 4% increase in yield to 11.79 cents. The following analysis by market is based on information reported to the DOT:

Yield increases in the domestic (4%), Pacific (5%) and Atlantic (9%) markets were offset by a 5% decrease in Latin America yield. Both domestic and international revenue passenger miles increased by 3%. Available seat miles increased 4% systemwide, as increases of 8% and 4% on Pacific and domestic routes, respectively, were partially offset by a decrease of 3% in the Atlantic. As a result, United's system passenger load factor decreased 0.7 points to 70.5%.

Cargo revenues increased \$72 million (11%). Freight ton miles increased 6% and mail ton miles increased 19%. A 3% higher freight yield was offset by a lower mail yield for an overall increase in cargo yield of 2%. Other operating revenues include a \$43 million (30%) increase in Mileage Plus partner related revenues, offset by a \$50 million (24%) decrease in fuel sales to third parties.

Operating Expenses. Operating expenses increased \$685 million (5%). United's cost per available seat mile also increased 1% from 8.79 cents to 8.87 cents, which includes the non-cash ESOP compensation expense. Without this expense, United's cost per available seat mile would have been 8.55 cents versus 8.64 cents in 1994. ESOP compensation expense increased \$322 million, reflecting a higher average common stock price in 1995 combined with a shorter expense period in 1994, as the recapitalization took place on July 12, 1994. Landing fees and other rent increased \$181 million (29%) due to increased facilities rent, primarily due to new facilities at Denver, and increased landing fees as the number of systemwide departures increased 7%. Aircraft rent increased \$76 million (8%) as a result of new A320 and B777 aircraft on operating leases. Purchased services increased \$115 million (12%) due principally to volume-related increases in computer reservations fees and credit card discounts. An increase of \$95 million (6%) in aircraft fuel reflects a capacity related increase in United's consumption of 5% and an increase in United's average price per gallon to 59.5 cents from 58.8 cents. The increase in average price per gallon reflected a charge of approximately \$20 million resulting from the new federal fuel tax that took effect October 1, 1995. Commissions increased \$45 million (3%) due principally to increased commissionable revenues partially offset by the effects of a new travel agents commission payment plan.

Salaries and related costs decreased \$153 million (3%) primarily due to the full-year effect of savings resulting from wage and benefit reductions for employees participating in the ESOPs and to \$48 million of one-time ESOP related costs recorded in 1994, partially offset by higher average wage rates for other employee groups and increased staffing in certain customer-oriented positions. Other operating expenses decreased \$82 million (7%) due mainly to lower fuel sales.

Other Income and Expense. Other expense amounted to \$208 million in 1995 compared to \$350 million in 1994. Interest expense increased \$27 million (7%) due to the issuance of \$600 million principal amount of 6 3/8% convertible subordinated debentures in exchange for Series A preferred stock. Interest income increased \$13 million (15%) due to higher average interest rates earned on investments. Equity in earnings of affiliates increased \$28 million as a result of increased earnings at Galileo. Included in "Miscellaneous, net" in 1995 were foreign exchange losses of \$20 million, a \$60 million gain on property dispositions and a \$23 million charge for minority interests in Apollo Travel Services Partnership ("ATS"). "Miscellaneous, net" in 1994 included charges of \$121 million for fees and costs incurred in connection with the recapitalization, a \$22 million charge for minority interests in ATS and foreign exchange gains of \$15 million.

Income Tax Provision. The income tax provision for 1994 was significantly impacted by the nondeductibility of certain recapitalization costs.

Other Information

Labor Agreements and Wage Adjustments -

The 1994 recapitalization resulted in new labor agreements for certain employee groups and a new corporate

governance structure, which was designed to achieve balance between the various employee-owner groups and public shareholders. The new labor agreements and governance structure could inhibit management's ability to alter strategy in a volatile, competitive industry by restricting certain operating and financing activities, including the sale of assets and the issuance of equity securities and the ability to furlough employees. UAL's ability to react to competition may be hampered further by the fixed long-term nature of these various agreements. The labor agreements with employees represented by the Air Line Pilots Association, International ("ALPA") and the International Association of Machinists and Aerospace Workers ("IAM") become amendable in the year 2000, the end of the ESOP period.

The various agreements supporting the July 1994 recapitalization provide that employees represented by ALPA and the IAM, and non-union United States salaried and management employees ("SAM Employees") may receive mid-term wage increases beginning in 1997. The Company recently announced that it had reached tentative agreements with both the ALPA and the IAM concerning mid-term wage adjustments. Included in the agreements are a 5% increase for each union group in July 1997 and a second 5% increase in July 1998. Further, the agreement with ALPA calls for a corresponding 5% increase in both 1997 and 1998 to "book rates" (book rates are used to compute certain other employee benefits), and the agreement with the IAM also provides for lump sum payments for all IAM employees and increases in hourly license premium and skill pay for mechanics. Although not finalized, management has indicated it expects the SAM Employees to receive an increase patterned after the IAM tentative agreement. Assuming such an increase for SAM Employees, the cost to the Company in 1997 for all of these wage and benefit adjustments will be approximately \$120 million. These costs are included in the Company's outlook for 1997 (See "Outlook for 1997").

In early 1997, management articulated a broader plan for addressing employee compensation at the end of the ESOP period, known as Vision 2000. The goal of Vision 2000 is to put employee compensation costs (including the effects of base pay, benefits and work rules) on a competitive level with peer group compensation elsewhere in the industry at the conclusion of the ESOP period, and the establishment of a universal variable pay plan so that all employees can benefit when the Company prospers.* Within this framework the Company agreed to further changes in wages and benefits as part of the tentative agreements reached with ALPA and the IAM. These agreements also provide for restoration of wage rates for the two groups to levels that existed prior to the recapitalization in July 1994, as well as restoration of the Company's contribution to the pilots defined contribution plan from its current rate of 1% to its pre-ESOP rate of 9%. The restoration of these wages and benefits would become effective at the conclusion of the ESOP period. The ultimate cost to the Company of Vision 2000, particularly given that peer group compensation is subject to change between now and the year 2000, is not determinable, however these costs are expected to be competitive within the industry.

The tentative agreements reached with ALPA and the IAM are subject to ratification by both groups of employees. Employees covered under IAM's "all other agreement" had previously agreed to a mid-term wage adjustment calling for wage increases of 3% in each of 1997 and 1998 and 2% in each of 1999 and 2000 with eligibility for lump-sum profit sharing payments in 1998 and 1999 of up to 2%, depending on the Company's performance in 1997 and 1998, respectively. This group will have an opportunity to ratify the provisions of the new agreement as a substitute for their current negotiated arrangement.

United's contract with the Association of Flight Attendants ("AFA") became amendable March 1, 1996. On April 9, 1996, United announced that the flight attendants had rejected a previously announced tentative agreement. United and the AFA are involved in traditional negotiations under the Railway Labor Act, which historically have taken several years to complete. While negotiations continue, the terms of United's current flight attendant agreement will remain in effect.

Foreign Operations -

United generates revenues and incurs expenses in numerous foreign currencies. These expenses include aircraft leases, commissions, catering, personnel costs, reservation and ticket office services, customer service expenses and aircraft maintenance. Changes in foreign

currency exchange rates impact operating income through changes in foreign currency-denominated operating revenues and expenses. Despite the adverse (favorable) effects a strengthening (weakening) foreign currency will have on U.S. originating traffic, a strengthening (weakening) of foreign currencies tends to increase (decrease) reported revenue and operating income because United's foreign currency-denominated operating revenue generally exceeds its foreign currency-denominated operating expense for each currency. United's biggest net exposures are typically for Japanese yen, Hong Kong dollars and Australian dollars. During 1996, yen-denominated operating revenue net of yen-denominated operating expense was approximately 61 billion yen (approximately \$560 million), Hong Kong dollar-denominated operating revenue net of Hong Kong dollar-denominated operating expense was approximately 1,727 million Hong Kong dollars (approximately \$223 million) and Australian dollar-denominated operating revenue net of Australian dollar-denominated operating expense was approximately 193 million Australian dollars (approximately \$152 million).

Other non-operating income (expense) is also affected by transaction gains and losses resulting from exchange rate fluctuations. The foreign exchange gains and losses recorded by United result from the impact of exchange rate changes on translation of foreign currency-denominated assets and liabilities. To the extent that yen-denominated liability balances are predictable, United currently attempts to minimize transaction gains and losses by investing in yen-denominated time deposits or entering into yen forwards to offset the impact of rate changes. (See "Risk Management"). In addition, United has entered into foreign currency swap and forward contracts to reduce exposure to currency fluctuations in connection with other long-term yen-denominated obligations.

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

Risk Management -

United mitigates its exposure to fluctuations in any single foreign currency by carrying passengers and cargo in both directions between the U.S. and almost every major economic region in the world. Also, United reduces its exposure to transaction gains and losses by converting excess local currencies generated to U.S. dollars. Further, the Company has attempted to minimize some of its exposure to jet fuel price changes by utilizing fixed price contracts with suppliers for up to 10% of its annual consumption needs. With the exception of these efforts, historically the Company has done little to actively manage the impact of these risks on expected future cash flows from operations.

In 1997, United intends to become more active in hedging its risks related to foreign currency fluctuations and movements in jet fuel prices through the use of various derivative financial instruments including, but not limited to, options, forwards, swaps and futures contracts. The Company's Risk Tolerance Committee, a group of senior officers of the Company, is responsible for setting acceptable levels of risk and reviewing risk management activities, subject to oversight by the Board of Director's Audit Committee. United's goal is not to speculate in these areas, but rather to make its financial results more stable and predictable.

Deferred Tax Assets -

UAL's consolidated balance sheet at December 31, 1996 includes a net deferred tax asset of \$359 million, compared to \$474 million at December 31, 1995. The net deferred tax asset is composed of approximately \$1.928 billion of deferred tax assets and \$1.569 billion of deferred tax liabilities. The deferred tax assets include, among other things, \$644 million related to obligations for postretirement and other employee benefits, \$428 million related to gains on sales and leasebacks, \$231 million related to alternative minimum tax ("AMT") credit carryforwards and \$11 million of federal and state net operating loss ("NOL") carryforwards. The AMT credit carryforwards do not expire; the federal NOL carryforwards will expire in 2007 if not utilized prior to that time.

Management believes that a majority of the deferred tax assets will be realized through reversals of existing deferred tax liabilities with similar reversal patterns and the balance will be realized as a result of generating future taxable income.

UAL's ability to generate sufficient amounts of taxable income from future operations is dependent upon numerous factors, including general economic conditions, inflation, fuel costs, the state of the industry and other factors beyond management's control. There can be no assurances that UAL will meet its expectation of future taxable income. However, based on the extended period over which postretirement benefits will be recognized, and the indefinite carryforward period for AMT credits, management believes it is more likely than not that future taxable income will be sufficient to utilize the deferred tax assets at December 31, 1996.

Safety and Security Measures -

During 1996, President Clinton formed a special commission to review aviation safety and airport security. In February 1997, the commission issued its final report calling for increased safety and security measures and improvements in the air traffic control infrastructure. Although the extent of specific programs and their related implementation schedules are still not clear, further increases in government-mandated security measures may have an adverse affect on the Company's results of operations and financial condition depending upon such factors as the ability of United to pass through any new Federal taxes, surcharges or additional operating expenses to customers. Any effective increase in the cost of air transportation may dampen passenger and cargo traffic levels and have a dilutive effect on yield.

Airport Rents and Landing Fees -

United is charged facility rental and landing fees at virtually every airport at which it operates. In recent years, many airports have increased or sought to increase rates charged to airlines as a means of compensating for increasing demands upon airport revenues. Airlines have challenged certain of these increases through litigation and in some cases have not been successful. The Federal Aviation Administration ("FAA") and the DOT have instituted an administrative hearing process to judge whether rate increases are legal and valid. However, to the extent the limitations on such charges are relaxed or the ability of airlines to challenge such charges is restricted, the rates charged by airports may increase substantially. Management cannot predict the magnitude of any such increase.

Environmental and Legal Contingencies -

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

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

Outlook for 1997 -

Real Gross Domestic Product in the U.S. is expected to continue to grow moderately at a rate of 2.0% to 2.5%. U.S. domestic airline industry capacity growth is expected to grow 2% to 3% in 1997, a slight decrease from its 1996 growth rate. The growth rate of small, low-cost carriers is expected to be lower in 1997 than 1996.

The Company anticipates continued strong performance in 1997. Available seat miles are expected to increase 3.5%, with revenue per available seat mile up approximately 3%. Costs per available seat mile excluding ESOP charges are expected to increase approximately 2%. This unit cost forecast reflects lower fuel prices in 1997 than in 1996. It also assumes a mid-term wage adjustment, for all employee groups participating in the ESOP (see "Labor Agreements and Wage Adjustments").

For the first quarter, United expects total system revenue per available seat mile to increase by 6% to 7% versus the same period last year, on 3.5% higher capacity. System load factor should approximate 70%. Costs per available seat mile excluding ESOP charges are expected to increase 4% (excluding fuel also the expected increase is 2% to 3%) over the first quarter of 1996.

United expects the Federal passenger excise tax, which expired again on December 31, 1996 to be reinstated in March 1997. While the authority to collect this tax is scheduled to expire once again at the end of the third quarter, the Company expects a replacement funding mechanism, either reinstatement of the current tax or a substitute user-based fee system, to go into effect at the end of this period. However, the Company is unable to determine what effect, if any, reinstatement of the tax will have on the domestic pricing environment.

In 1997, United expects to introduce a dedicated fleet of four DC10-30 cargo freighters to its cargo operations. All of the aircraft are currently in the Company's passenger fleet, and after being converted to freighters, two will be brought into the cargo operations during the first quarter and two during the third quarter. As a result, cargo revenues and to a lesser extent the related costs are expected to increase significantly in 1997. For the first quarter, cargo revenues are expected to be 8% to 9% higher than the first quarter of 1996.

United expects to take delivery of 31 aircraft in 1997, consisting of 4 A319s, 5 A320s, 6 B747s, 2 B757s and 14 B777s and retire 23 aircraft from its existing passenger fleet.

The information included in the above outlook section, as well as certain statements made throughout the Management's Discussion and Analysis of Financial Condition and Results of Operations that are identified by an asterisk (*), is forward-looking and involves risks and uncertainties that could result in actual results differing materially from expected results. It is not reasonably possible to itemize all of the many factors and specific events that could affect the outlook of an airline operating in the global economy. Some factors that could significantly impact expected capacity, load factors, yields, revenues, expenses, unit costs, capital spending, cash flows and margins include the airline pricing environment, willingness of customers to travel, fuel cost, low-fare carrier expansion, capacity decisions of other carriers, cost of safety and security measures, actions of the U.S. and foreign governments, foreign currency exchange rate fluctuations, inflation, the economic environment of the airline industry, the general economic environment, the price of UAL common stock and other factors discussed herein. With respect to the forward-looking statement set forth in the "Environmental and Legal Contingencies" section, some of the factors that could affect the ultimate disposition of these contingencies are changes in applicable laws, the development of facts in individual cases, settlement opportunities and the actions of plaintiffs, judges and juries. With respect to the forward-looking statements set forth in the "Labor Agreements and Wage Adjustments" section, some of the factors that could affect the ability of the Company to achieve its goals are the ratification of the mid-term wage agreements, wage rates of peer groups at the Company's competitors, compensation levels in the industry and the status of the Company's relationships with the union groups.

Item 8. Financial Statements and Supplementary Data

To the Shareholders and Board of Directors,
UAL Corporation:

We have audited the accompanying statement of consolidated financial position of UAL Corporation (a Delaware corporation) and subsidiary companies as of December 31, 1996 and 1995, and the related statements of consolidated operations, consolidated cash flows and consolidated shareholders' equity for each of the three years in the period ended December 31, 1996. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UAL Corporation and subsidiary companies as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

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

/s/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

Chicago, Illinois
February 26, 1997

UAL Corporation and Subsidiary Companies
Statements of Consolidated Operations
(In Millions, Except Per Share)

	Year Ended December 31		
	1996	1995	1994
Operating revenues:			
Passenger	\$14,465	\$13,227	\$12,295
Cargo	773	757	685
Other operating revenues	1,124	959	970
	16,362	14,943	13,950
Operating expenses:			
Salaries and related costs	4,719	4,526	4,679
ESOP compensation expense	685	504	182
Aircraft fuel	2,082	1,680	1,585
Commissions	1,466	1,471	1,426
Purchased services	1,187	1,062	947
Aircraft rent	952	1,009	933
Landing fees and other rent	846	803	622
Depreciation and amortization	759	724	725
Aircraft maintenance	449	407	410
Other operating expenses	2,094	1,928	1,920
	15,239	14,114	13,429
Earnings from operations	1,123	829	521
Other income (expense):			
Interest expense	(295)	(399)	(372)
Interest capitalized	77	42	41

Interest income	57	98	85
Equity in earnings of affiliates	64	48	20
Miscellaneous, net	(56)	3	(124)
	-----	-----	-----
	(153)	(208)	(350)
	-----	-----	-----
Earnings before income taxes, extraordinary item and cumulative effect of accounting change	970	621	171
Provision for income taxes	370	243	94
	-----	-----	-----
Earnings before extraordinary item and cumulative effect of accounting change	600	378	77
Extraordinary loss on early extinguishment of debt, net of tax	(67)	(29)	-
Cumulative effect of accounting change, net of tax	-	-	(26)
	-----	-----	-----
Net earnings	\$ 533	\$ 349	\$ 51
	=====	=====	=====
Per share, primary:			
Earnings before extraordinary item and cumulative effect of accounting change	\$ 5.96	\$ 5.46	\$ 0.19
Extraordinary loss on early extinguishment of debt, net	(0.80)	(0.46)	-
Cumulative effect of accounting change, net	-	-	(0.34)
	-----	-----	-----
Net earnings (loss)	\$ 5.16	\$ 5.00	\$ (0.15)
	=====	=====	=====
Per share, fully diluted:			
Earnings before extraordinary item and cumulative effect of accounting change	\$ 5.82	\$ 5.18	\$ 0.19
Extraordinary loss on early extinguishment of debt, net	(0.78)	(0.40)	-
Cumulative effect of accounting change, net	-	-	(0.34)
	-----	-----	-----
Net earnings (loss)	\$ 5.04	\$ 4.78	\$ (0.15)
	=====	=====	=====

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
Statements of Consolidated Financial Position
(In Millions)

Assets	December 31	
	1996	1995
	----	----
Current assets:		
Cash and cash equivalents	\$ 229	\$ 194
Short-term investments	468	949
Receivables, less allowance for doubtful accounts (1996-\$24; 1995-\$19)	962	951
Aircraft fuel, spare parts and supplies, less obsolescence allowance (1996-\$31; 1995-\$38)	369	298
Deferred income taxes	227	236
Prepaid expenses and other	427	415
	-----	-----
	2,682	3,043
	-----	-----
Operating property and equipment:		
Owned -		
Flight equipment	8,393	7,778
Advances on flight equipment	943	735
Other property and equipment	2,989	2,700
	-----	-----
	12,325	11,213
Less - Accumulated depreciation and amortization	5,380	5,153
	-----	-----
	6,945	6,060
	-----	-----
Capital leases -		
Flight equipment	1,775	1,362
Other property and equipment	106	102
	-----	-----
	1,881	1,464
Less - Accumulated amortization	583	503
	-----	-----

	1,298	961
	-----	-----
	8,243	7,021
	-----	-----
Other assets:		
Intangibles, less accumulated amortization (1996-\$353; 1995-\$306)	524	763
Deferred income taxes	132	238
Aircraft lease deposits	168	71
Other	928	505
	-----	-----
	1,752	1,577
	-----	-----
	\$12,677	\$11,641
	=====	=====

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
Statements of Consolidated Financial Position
(In Millions)

Liabilities and Shareholders' Equity	December 31	
	1996	1995
	-----	-----
Current liabilities:		
Long-term debt maturing within one year	\$ 165	\$ 90
Current obligations under capital leases	132	99
Advance ticket sales	1,189	1,100
Accounts payable	994	696
Accrued salaries, wages and benefits	906	870
Accrued aircraft rent	800	771
Other accrued liabilities	817	807
	-----	-----
	5,003	4,433
	-----	-----
Long-term debt	1,661	2,919
	-----	-----
Long-term obligations under capital leases	1,325	994
	-----	-----
Other liabilities and deferred credits:		
Deferred pension liability	178	368
Postretirement benefit liability	1,290	1,225
Deferred gains	1,151	1,214
Accrued aircraft rent	352	272
Other	424	336
	-----	-----
	3,395	3,415
	-----	-----
Company-obligated mandatorily redeemable preferred securities of a subsidiary trust	102	-
	-----	-----
Minority interest	31	59
	-----	-----
Preferred stock committed to Supplemental ESOP	165	60
	-----	-----
Shareholders' equity:		
Serial preferred stock - (Note 11)	-	-
ESOP preferred stock - (Note 12)	-	-
Common stock at par, \$0.01 par value; authorized 200,000,000 shares; issued 59,519,096 shares at December 31, 1996 and 51,195,657 shares at December 31, 1995	1	-
Additional capital invested	2,160	1,353
Accumulated deficit	(566)	(1,039)
Unearned ESOP preferred stock	(202)	(175)
Stock held in treasury - Preferred (Note 12)	(302)	(218)
Common, 701,616 shares at December 31, 1996 and 477,233 shares at December 31, 1995	(83)	(64)
Pension liability adjustment	-	(76)
Other	(13)	(20)
	-----	-----
	995	(239)
	-----	-----

Commitments and contingent liabilities (Note 18)

\$12,677 \$11,641
 ===== =====

See accompanying notes to consolidated financial statements.

UAL Corporation and Subsidiary Companies
 Statements of Consolidated Cash Flows
 (In Millions)

	Year Ended December 31	1996	1995	1994
	-----	-----	-----	-----
Cash and cash equivalents at beginning of year	\$ 194	\$ 500	\$ 437	-----
Cash flows from operating activities:				
Net earnings	533	349	51	
Adjustments to reconcile to net cash provided by operating activities -				
ESOP compensation expense	685	504	182	
Cumulative effect of accounting change	-	-	26	
Extraordinary loss on debt extinguishment	67	29	-	
Pension funding in excess of expense	(279)	(275)	(114)	
Deferred postretirement benefit expense	130	125	145	
Depreciation and amortization	759	724	725	
Provision for deferred income taxes	69	214	78	
Undistributed earnings of affiliates	(49)	(38)	(19)	
Decrease (increase) in receivables	(10)	(62)	207	
Decrease (increase) in other current assets	(105)	(109)	40	
Increase (decrease) in advance ticket sales	89	80	(16)	
Increase (decrease) in accrued income taxes	84	(52)	(11)	
Increase (decrease) in accounts payable and accrued liabilities	294	79	(127)	
Amortization of deferred gains	(63)	(79)	(85)	
Other, net	249	135	252	
	-----	-----	-----	
	2,453	1,624	1,334	-----
Cash flows from investing activities:				
Additions to property and equipment	(1,538)	(1,111)	(636)	
Proceeds on disposition of property and equipment	55	578	432	
Decrease in short-term investments	482	83	376	
Other, net	18	(28)	26	
	-----	-----	-----	
	(983)	(478)	198	-----
Cash flows from financing activities:				
Issuance of preferred stock	-	-	400	
Reacquisition of preferred stock	(84)	(131)	(87)	
Proceeds from issuance of long-term debt	-	-	735	
Repayment of long-term debt	(791)	(852)	(305)	
Principal payments under capital leases	(112)	(80)	(87)	
Conversion of subordinated debentures	(324)	-	-	
Recapitalization distribution	(2)	(5)	(2,070)	
Decrease in short-term borrowings	-	(269)	(46)	
Aircraft lease deposits	(110)	(77)	-	
Cash dividends	(22)	(49)	(53)	
Other, net	10	11	44	
	-----	-----	-----	
	(1,435)	(1,452)	(1,469)	-----
Increase (decrease) in cash and cash equivalents during the year	-----	-----	-----	-----
	35	(306)	63	-----
Cash and cash equivalents at end of year	\$ 229	\$ 194	\$ 500	-----
	=====	=====	=====	

See accompanying notes to consolidated financial statements.

Statements of Consolidated Shareholders' Equity
(In Millions, Except Per Share)

	Preferred Stock	Common Stock	Additional Capital Invested	Retained Earnings (Deficit)	Unearned ESOP Preferred Stock	Treasury Stock	Other	Total
Balance at December 31, 1993	\$ 30	\$ 127	\$ 932	\$ 249	\$ -	\$ (65)	\$ (70)	\$1,203
Year ended December 31, 1994:								
Net earnings	-	-	-	51	-	-	-	51
Cash dividends declared on preferred stock (\$6.25 per Series A share; \$1.44 per Series B share)	-	-	-	(59)	-	-	-	(59)
Issuance and amortization of ESOP preferred stock	-	-	265	-	(83)	-	-	182
Issuance of Series B preferred stock	-	-	400	-	-	-	-	400
Reacquisition of Series B preferred stock	-	-	-	-	-	(87)	-	(87)
ESOP Recapitalization	-	(128)	(378)	(1,576)	-	-	-	(2,082)
Pension liability adjustment	-	-	-	-	-	-	37	37
Other	(30)	1	68	-	-	(9)	9	39
Balance at December 31, 1994	-	-	1,287	(1,335)	(83)	(161)	(24)	(316)
Year ended December 31, 1995:								
Net earnings	-	-	-	349	-	-	-	349
Cash dividends declared on preferred stock (\$6.25 per Series A share; \$1.44 per Series B share)	-	-	-	(40)	-	-	-	(40)
Exchange of Series A debentures	-	-	(546)	-	-	-	-	(546)
Issuance and amortization of ESOP preferred stock	-	-	604	-	(100)	-	-	504
Reacquisition of Series B preferred stock	-	-	-	-	-	(131)	-	(131)
ESOP dividend (\$8.89 per share)	-	-	5	(13)	8	-	-	-
Pension liability adjustment	-	-	-	-	-	-	(60)	(60)
Other	-	-	3	-	-	10	(12)	1
Balance at December 31, 1995	-	-	1,353	(1,039)	(175)	(282)	(96)	(239)
Year ended December 31, 1996:								
Net earnings	-	-	-	533	-	-	-	533
Cash dividends declared on preferred stock (\$1.44 per Series B share)	-	-	-	(20)	-	-	-	(20)
Conversion of Series A debentures	-	-	217	-	-	-	-	217
Exchange of Series B preferred stock	-	-	(102)	-	-	-	-	(102)
Issuance and amortization of ESOP preferred stock	-	-	735	-	(50)	-	-	685
Reacquisition of Series B preferred stock	-	-	-	-	-	(86)	-	(86)
ESOP dividend (\$8.89 per share)	-	-	17	(40)	23	-	-	-
Pension liability adjustment	-	-	-	-	-	-	76	76
Other	-	1	(60)	-	-	(17)	7	(69)
Balance at December 31, 1996	\$ -	\$ 1	\$2,160	\$ (566)	\$ (202)	\$ (385)	\$ (13)	\$ 995

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

(a) Basis of Presentation - UAL Corporation ("UAL") is a holding company whose principal subsidiary is United Air Lines, Inc. ("United"). The consolidated financial statements include the accounts of UAL and all of its majority-owned affiliates (collectively "the Company"). All significant intercompany transactions are eliminated. Investments in affiliates are carried on the equity basis.

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

results could differ from those estimates.

(c) Airline Revenues - Passenger fares and cargo revenues are recorded as operating revenues when the transportation is furnished. The value of unused passenger tickets is included in current liabilities.

(d) Foreign Currency Transactions - Monetary assets and liabilities denominated in foreign currencies are converted at exchange rates in effect at the balance sheet date. The resulting foreign exchange gains and losses are charged or credited directly to income. United has entered into foreign currency swap and forward contracts to reduce certain exposure to currency fluctuations. Foreign currency gains and losses on the contracts are included in income currently, offsetting the foreign currency losses and gains on the obligations.

(e) Cash and Cash Equivalents and Short-term Investments - Cash in excess of operating requirements is invested in short-term, highly liquid, income-producing investments. Investments with a maturity of three months or less on their acquisition date are classified as cash and cash equivalents. Other investments are classified as short-term investments. The proceeds from sales of available-for-sale securities are included in interest income for each respective year.

From time to time, United lends certain of its securities classified as cash and cash equivalents and short-term investments to third parties. United requires collateral in an amount exceeding the value of the securities and is obligated to reacquire the securities at the end of the contract. United accounts for these transactions as secured lendings rather than sales, and so does not remove the securities from the balance sheet.

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

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

Depreciation and amortization of owned depreciable assets is based on the straight-line method over their estimated service lives. Leasehold improvements are amortized over the remaining period of the lease or the estimated service life of the related asset, whichever is less. Aircraft are depreciated to estimated salvage values, generally over lives of 10 to 30 years; buildings are depreciated over lives of 25 to 45 years; and other property and equipment are depreciated over lives of 3 to 15 years.

Properties under capital leases are amortized on the straight-line method over the life of the lease, or in the case of certain aircraft, over their estimated service lives. Lease terms are 10 to 30 years for aircraft and flight simulators and 25 years for buildings. Amortization of capital leases is included in depreciation and amortization expense.

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

(h) Intangibles - Intangibles consist primarily of route acquisition costs and intangible pension assets (see Note 15). Route acquisition costs are amortized over 40 years.

(i) Mileage Plus Awards - United accrues the estimated incremental cost of providing free travel awards earned under its Mileage Plus frequent flyer program (including awards earned from mileage credits sold) when such award levels are reached. United, through its wholly-owned subsidiary, Mileage Plus Holdings, Inc., sells mileage credits to participating partners in the Mileage Plus program. The resulting revenue is recorded in other operating revenues during the period in which the credits are sold.

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

(2) Employee Stock Ownership Plans and Recapitalization

On July 12, 1994, the shareholders of UAL approved a plan of recapitalization to provide an approximately 55% equity interest in UAL to certain employees of United in exchange for wage concessions and work-rule changes. The employees' equity interest is being allocated to individual employees through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the recapitalization. Pursuant to the terms of the plan of recapitalization, holders of old UAL common stock received approximately \$2.1 billion in cash and the remaining 45% of the equity in the form of new common stock.

The ESOPs established as part of the recapitalization cover the pilots, U.S. management and salaried employees and U.S. union ground employees. The ESOPs include a "Leveraged ESOP", a "Non-Leveraged ESOP" and a "Supplemental ESOP." Both the Leveraged ESOP and the Non-Leveraged ESOP are tax qualified plans while the Supplemental ESOP is not a tax qualified plan. The purpose of having the three ESOPs is to deliver the agreed-upon shares to employees in a manner which utilizes the tax incentives available to tax qualified ESOPs to the greatest degree possible. Accordingly, shares are delivered to employees primarily through the Leveraged ESOP, secondly, through the Non-Leveraged ESOP, and lastly, through the Supplemental ESOP.

The equity interests are being delivered to employees through two classes of preferred stock (Class 1 and Class 2 ESOP Preferred Stock, collectively "ESOP Preferred Stock"), and the voting interests are being delivered through three separate classes of preferred stocks (Class P, M and S Voting Preferred Stock, collectively "Voting Preferred Stock"). The Class 1 ESOP Preferred Stock is being delivered to an ESOP trust in seven separate sales through January 1, 2000 under the Leveraged ESOP, three of which have already taken place. Based on Internal Revenue Code limitations, shares of the Class 2 ESOP Preferred Stock are either contributed to the Non-Leveraged ESOP or allocated as "book entry" shares to the Supplemental ESOP, annually through the year 2000. The classes of preferred stock are described more fully in Note 12, ESOP Preferred Stock.

The Leveraged ESOP and Non-Leveraged ESOP are being accounted for under AICPA Statement of Position 93-6, "Employers' Accounting for Employee Stock Ownership Plans" ("SOP"). For the Leveraged ESOP, as shares of Class 1 ESOP Preferred Stock are sold to an ESOP trust, the Company reports the issuance as a credit to additional capital invested and a corresponding charge to unearned ESOP preferred stock. Shares are committed to be released to employees on a pro rata basis through April 12, 2000. ESOP compensation expense is recorded for the average fair value of the shares committed to be released during the period with a corresponding credit to unearned ESOP preferred stock for the cost of the shares. Any difference between the fair value of the shares and the cost of the shares is charged or credited to additional capital invested. For the Non-Leveraged ESOP, the Class 2 ESOP Preferred Stock is recorded as additional capital invested as the shares are committed to be contributed, with the offsetting entry to ESOP compensation expense. The ESOP compensation expense is based on the average fair value of the shares committed to be contributed, in accordance with the SOP. The Supplemental ESOP is being accounted for under Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees."

Shares of ESOP Preferred Stock are legally released or allocated to employee accounts as of year-end. Dividends on the ESOP Preferred Stock are also paid at the end of the year. Dividends on unallocated shares are used by the ESOP to pay down the loan from UAL and are not considered dividends for financial reporting purposes. Dividends on allocated shares are satisfied by releasing shares from the ESOP's suspense account to the employee accounts and are charged to equity.

ESOP compensation expense was \$685 million and \$504 million in 1996 and 1995, respectively. During 1994, the Company recorded \$182 million of ESOP compensation expense for the period July 13 through December 31, 1994. During 1996, 2,402,310 shares of Class 1 ESOP Preferred Stock, 359,577 shares of Class 2 ESOP Preferred Stock and 2,735,905 shares of Voting Preferred Stock were allocated to employee accounts, and another 312,086 shares of Class 2 ESOP Preferred Stock were allocated in the form of "book entry" shares, effective December 31, 1995. Another 21,970 shares of Class 2 ESOP preferred stock previously allocated in book entry form were issued and either contributed to the qualified plan or converted and sold on behalf of terminating employees. At December 31, 1996, the year-end allocation of Class 1 ESOP Preferred Stock to employee accounts had not yet been completed. There were 2,345,749 shares of Class 1 ESOP Preferred Stock committed to be released and 1,127,292 shares held in suspense by the ESOP as of December 31, 1996. For the Class 2 ESOP Preferred Stock, 728,224 shares were committed to be contributed to employees at December 31, 1996. The fair value of the unearned ESOP shares recorded on the balance sheet at December 31, 1996 and 1995 was \$309 million and \$230 million, respectively.

For the Class 2 ESOP Preferred Stock committed to be contributed to employees under the Supplemental ESOP, employees can elect to receive their "book entry" shares in cash upon termination of employment. The estimated fair value of such shares at December 31, 1996 was \$206 million.

(3) Other Income (Expense) - Miscellaneous

Other income (expense) - "miscellaneous, net" consisted of the following:

(In Millions)	1996	1995	1994

Foreign exchange gains (losses)	\$ (8)	\$ (20)	\$ 15
Net gains on disposition of property or rights(1)	-	60	10
Minority interests	(21)	(23)	(22)
Recapitalization transaction costs	-	-	(121)
Travel agency litigation settlement	(20)	-	-
Other	(7)	(14)	(6)
	-----	-----	-----
	\$ (56)	\$ 3	\$(124)
	=====	=====	=====

(1) As a result of the Company's adoption of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," net gains on disposition property or rights for 1996, which amounted to \$11 million, are included in operating expenses as a component of depreciation and amortization.

(4) Affiliates

United owns 38% of the Galileo International Partnership ("Galileo") through a wholly-owned subsidiary. United's investment in Galileo, which owns the Apollo and Galileo computer reservations systems, is carried on the equity basis. Included in the Company's accumulated deficit is approximately \$147 million of undistributed earnings of Galileo and its predecessor companies.

Under operating agreements with Galileo, United purchases computer reservations services from Galileo and provides marketing, sales and communication services to Galileo. Revenues derived from the sale of services to Galileo amounted to approximately \$249 million in 1996, \$238 million in 1995 and \$233 million in 1994. The cost to United of services purchased from Galileo amounted to approximately \$114 million in 1996, \$104 million in 1995 and \$94 million in 1994.

United also owns 77% of the Apollo Travel Services Partnership ("ATS"), whose accounts are consolidated. ATS markets the Apollo computer reservations system to travel agencies in the United States, Mexico and the Caribbean. Below is a summary of ATS' contribution to the Company's consolidated results, net of intercompany eliminations and minority interests:

(In Millions)	Year ended December 31,		
	1996	1995	1994
	-----	-----	-----
Operating revenues	\$ 239	\$ 237	\$ 244
Operating income	\$ 86	\$ 90	\$ 92
Earnings before income taxes	\$ 70	\$ 76	\$ 73

(5) Per Share Amounts

Earnings per share are presented on both a primary and a fully diluted basis. Primary earnings per share were computed based on weighted average common shares and common equivalents outstanding, including ESOP shares committed to be released. In addition, fully diluted per share amounts assume the conversion of convertible debentures (for periods not actually converted) and elimination of related interest.

Earnings Attributable to Common Shareholders (Millions)	1996	1995	1994
	-----	-----	-----
Net income	\$ 533	\$ 349	\$ 51
Preferred stock dividends	(60)	(53)	(59)
Preferred stock transactions(1)	(48)	20	(3)
Other	1	2	-
	-----	-----	-----
Earnings attributable to common shareholders (primary)	\$ 426	\$ 318	\$(11)
Interest on convertible debentures, net of tax	2	23	-
Other	-	2	-
	-----	-----	-----
Earnings attributable to common shareholders (fully diluted)	\$ 428	\$ 343	\$(11)
	=====	=====	=====

Shares (Millions)	1996	1995	1994
Average shares outstanding	56.1	49.6	75.2
Common stock equivalents(2)	26.5	13.9	-
Average number of common and common-equivalent shares (primary)	82.6	63.5	75.2
Incremental shares related to convertible debentures and other	2.4	8.2	-
Average number of shares (fully diluted)	85.0	71.7	75.2
	====	====	====
Earnings per share			
Primary	\$5.16	\$5.00	\$(0.15)
Fully diluted	\$5.04	\$4.78	\$(0.15)

(1) In April 1995, UAL issued convertible subordinated debentures in exchange for Series A preferred stock and recorded a non-cash increase of \$45 million in additional capital invested representing the excess of the carrying value of the preferred stock exchanged over the fair value of the debentures. In December 1996, a UAL-controlled trust issued trust-originated preferred securities in exchange for shares of Series B preferred stock and recorded a non-cash decrease of \$27 million in additional capital invested representing the excess of the fair value of the new securities over the carrying value of Series B. Also, during the last three years, the Company repurchased shares of its Series B preferred stock, resulting in increases to additional capital invested representing the excess of amounts paid to reacquire the preferred stock over the liquidation preference of such stock. These transactions had no effect on earnings; however, their net impact on UAL's equity is included in the computation of earnings per share.

(2) Common stock equivalents are not included in 1994 as they are anti-dilutive.

In April 1996, the stockholders of UAL Corporation approved an increase in the number of authorized shares of common stock from 100 million to 200 million shares, in connection with a four-for-one split of the corporation's common stock in the form of a 300% stock dividend effective at the close of business on May 6, 1996. All share and per share data have been restated to give effect to this stock split.

In addition, in connection with the July 1994 recapitalization, each old common share was exchanged for one-half share of new common stock. As required under generally accepted accounting principles for transactions of this type, the historical weighted average shares outstanding were not restated except as mentioned above for the 1996 stock split. Further, the 1995 and 1996 periods include the average number of ESOP preferred shares considered outstanding during each respective period. Thus, direct comparisons between earnings per share amounts are not meaningful.

(6) Income Taxes

In 1996, the regular tax liability of the Company exceeded the alternative minimum tax ("AMT") liability resulting in a utilization of AMT credits. The federal income tax liability is the greater of the tax computed using the regular tax system or the tax under the AMT system. However, if the regular tax liability exceeds the AMT liability and AMT credits are available, the AMT credits are used to reduce the net tax liability to the amount of the AMT liability. During 1996, UAL utilized \$34 million of AMT credits.

The provision for income taxes is summarized as follows:

(In Millions)	1996	1995	1994
Current -			
Federal	\$ 281	\$ 29	\$ 12
State	20	-	4
	301	29	16
Deferred -			
Federal	47	187	73
State	22	27	5
	69	214	78
	\$ 370	\$ 243	\$ 94
	====	====	====

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

(In Millions)	1996	1995	1994
Income tax provision at statutory rate	\$ 339	\$ 217	\$ 60
State income taxes, net of federal income tax benefit	28	18	6
ESOP dividends	(13)	(5)	-
Nondeductible employee meals	25	23	22
Nondeductible ESOP transaction costs	-	-	21
Foreign tax credits	(2)	(2)	(3)
Rate change effect	-	-	(14)
Other, net	(7)	(8)	2
	-----	-----	-----
	\$ 370	\$ 243	\$ 94
	=====	=====	=====

Temporary differences and carryforwards which give rise to a significant portion of deferred tax assets and liabilities for 1996 and 1995 are as follows:

(In Millions)	1996		1995	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Employee benefits, including postretirement medical	\$ 644	\$ 93	\$ 594	\$ 92
Depreciation, capitalized interest and transfers of tax benefits	-	1,172	-	1,077
Gains on sale and leasebacks	428	-	450	-
Rent expense	351	-	310	-
AMT credit carryforward	231	-	265	-
Net operating loss carryforwards	11	-	123	-
Other	263	304	183	282
	-----	-----	-----	-----
	\$1,928	\$1,569	\$1,925	\$1,451
	=====	=====	=====	=====

At December 31, 1996, UAL and its subsidiaries had \$231 million of federal AMT credit carryforwards available for an indefinite period, \$4 million of general business credit carryforwards which expire between 2003 and 2007, \$5 million of foreign tax credit carryforwards expiring between 2000 and 2001, \$8 million of state tax benefit from net operating loss carryforwards expiring between 1999 and 2011 and \$3 million of federal tax benefit from net operating loss carryforwards expiring in 2007.

UAL's ability to generate sufficient amounts of taxable income from future operations is dependent upon numerous factors, including general economic conditions, inflation, fuel costs, the state of the industry and other factors beyond management's control. There can be no assurances that UAL will meet its expectation of future taxable income. However, based on the extended period over which postretirement benefits will be recognized, and the indefinite carryforward period for AMT credits, management believes it is more likely than not that future taxable income will be sufficient to utilize the deferred tax assets at December 31, 1996.

(7) Short-Term Borrowings

United has an agreement with a syndicate of banks for a \$750 million revolving credit facility expiring in 2002. Interest on drawn amounts under the facility is calculated at floating rates based on the London interbank offered rate ("LIBOR") plus a margin which is subject to adjustment based on certain changes in the credit ratings of United's long-term senior unsecured debt. Among other restrictions, the credit facility contains a covenant which restricts United's ability to grant liens on or otherwise encumber certain identified assets with a market value of approximately \$1.1 billion.

During the second quarter of 1996, United reduced the maximum available amount of borrowings under a separate short-term borrowing facility from \$270 million to \$227 million. This agreement has been extended through February 1998.

(8) Long-Term Debt

A summary of long-term debt, including current maturities, as of December 31 is as follows (interest rates are as of December 31, 1996):

(In Millions)	1996	1995
Secured notes, 6.78% to 8.90%, averaging 8.12%, due through 2014	\$ 819	\$ 975
Debentures, 6.75% to 11.21%, averaging 9.61%, due 1997 to 2021	936	1,419
Convertible subordinated debentures, 6.375%	-	597
Convertible debentures, 7.75%, due 2010	16	25
Promissory notes, 6.10% to 11.00%, averaging 6.44%, due 1997 to 2000	64	61
	-----	-----
	1,835	3,077
	-----	-----
Less: Unamortized discount on debt	(9)	(68)
Current maturities	(165)	(90)
	-----	-----
	\$1,661	\$2,919
	=====	=====

In addition to scheduled principal payments, in 1996 and 1995 the Company repaid \$149 million and \$228 million, respectively, in principal amount of secured notes and \$492 million and \$327 million, respectively, in principal amount of debentures prior to maturity. These obligations were scheduled to mature at various times from 2000 through 2021. Extraordinary losses of \$67 million and \$29 million, respectively, net of tax benefits of \$40 million and \$18 million, respectively, were recorded, reflecting amounts paid in excess of the debt carrying value.

In April 1995, UAL issued \$600 million aggregate principal amount of 6 3/8% convertible subordinated debentures, due 2025, for all outstanding shares of its Series A convertible preferred stock. On March 20, 1996, UAL issued a redemption notice for all outstanding 6 3/8% convertible subordinated debentures. Prior to the May 1 redemption date, debenture holders elected to convert all of their outstanding debentures into an aggregate of \$324 million in cash and 7,623,092 shares of common stock. These conversions resulted in a net reduction to long-term debt of \$545 million and an increase of \$218 million in additional capital invested.

At December 31, 1996, there was outstanding \$16 million in convertible debentures, which are obligations of Air Wis Services, Inc. ("Air Wis"), a wholly owned subsidiary of UAL. The debentures are convertible into shares of UAL common stock at the conversion price of \$87.13. During 1996 and 1995, Air Wis reacquired \$8 million and \$5 million, respectively, of these debentures, resulting in insignificant gains.

At December 31, 1996, United had outstanding a total of \$197 million of long-term debt bearing interest at rates 85 to 128 basis points over LIBOR. In connection with certain of these debt financings, United has entered interest rate swap agreements to effectively fix interest rates at December 31, 1996 at 8.554% on \$33 million of notional amount (see Note 17).

Maturities of long-term debt for each of the four years after 1997 are: 1998 - \$78 million; 1999 - \$47 million; 2000 - \$51 million; and 2001 - \$43 million. Various assets, principally aircraft, having an aggregate book value of \$865 million at December 31, 1996, were pledged as security under various loan agreements.

At December 31, 1996, UAL and United had an effective shelf registration statement on file with the Securities and Exchange Commission to offer up to \$631 million of securities, including secured and unsecured debt, equipment trust and pass through certificates, equity or a combination thereof. UAL's ability to issue equity securities is limited by its restated certificate of incorporation.

(9) Lease Obligations

The Company leases aircraft, airport passenger terminal space, aircraft hangars and related maintenance facilities, cargo terminals, other airport facilities, real estate, office and computer equipment and vehicles.

Future minimum lease payments as of December 31, 1996, under capital leases (substantially all of which are for aircraft) and operating leases having initial or remaining

noncancelable lease terms of more than one year are as follows:

(In Millions)	Operating Leases		Capital Leases
	Aircraft	Non-aircraft	
Payable during -			
1997	\$ 943	\$ 473	\$ 233
1998	942	463	236
1999	939	447	210
2000	957	435	186
2001	939	459	261
After 2001	13,403	7,871	1,036
Total minimum lease payments	\$18,123	\$10,148	2,162
Imputed interest (at rates of 5.3% to 12.2%)			(705)
Present value of minimum lease payments			1,457
Current portion			(132)
Long-term obligations under capital leases			\$ 1,325

As of December 31, 1996, United leased 298 aircraft, 54 of which were under capital leases. These leases have terms of 4 to 26 years, and expiration dates range from 1997 through 2020.

In connection with the financing of certain aircraft accounted for as capital leases, United had on deposit at December 31, 1996 an aggregate 19 billion yen (\$168 million) in certain banks and had pledged an irrevocable security interest in such deposits to the aircraft lessors. These deposits will be used to pay off an equivalent amount of recorded capital lease obligations.

Amounts charged to rent expense, net of minor amounts of sublease rentals, were \$1.424 billion in 1996, \$1.439 billion in 1995, and \$1.222 billion in 1994. Included in 1996 rent expense was \$15 million in contingent rentals, resulting from changes in interest rates for operating leases under which the rent payments are based on variable interest rates. In connection with certain of these leases, United has entered into interest rate swap agreements (see Note 17).

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

In December 1996, UAL Corporation Capital Trust I (the "Trust") issued \$75 million of its 13 1/4% Trust Originated Preferred Securities (the "Preferred Securities") in exchange for 2,999,304 depository shares of the Company, each representing 1/1000 of one share of Series B 12 1/4% preferred stock (see Note 11). Concurrent with the issuance of the Preferred Securities and the related purchase by UAL of the Trust's common securities, the Company issued to the Trust \$77 million aggregate principal amount of its 13 1/4% Junior Subordinated Debentures (the "Debentures") due 2026. The Debentures are and will be the sole assets of the Trust. The interest and other payment dates on the Debentures correspond to the distribution and other payment dates on the Preferred Securities. Upon maturity or redemption of the Debentures, the Preferred Securities will be mandatorily redeemed. The Debentures are redeemable at UAL's option, in whole or in part, on or after July 12, 2004, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to the redemption date. Upon the repayment of the Debentures, whether at maturity, upon redemption or otherwise, the proceeds thereof will be applied to redeem the Preferred Securities.

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

The transaction resulted in a reduction of approximately \$102 million to paid in capital as the fair value of the

Preferred Securities issued exceeded the carrying value (\$75 million) of the exchanged Series B preferred stock. The difference between the assigned value of the Preferred Securities and their redemption value (\$27 million) will be amortized against distributions on the Preferred Securities over their term.

(11) Serial Preferred Stock

In connection with the July 1994 recapitalization, UAL issued 16,416,000 depositary shares, each representing 1/1000 of one share of Series B 12 1/4% preferred stock, resulting in net proceeds of \$400 million, which was recorded as additional capital invested. The shares issued had an aggregate liquidation preference of \$410 million, or \$25 per depositary share (\$25,000 per Series B preferred share), and a stated capital of \$164 (\$0.01 per Series B preferred share). Under its terms, any portion of the Series B preferred stock or the depositary shares is redeemable for cash after July 11, 2004, at UAL's option, at the equivalent of \$25 per depositary share, plus accrued dividends. The Series B preferred stock is not convertible into any other securities, has no stated maturity and is not subject to mandatory redemption.

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

As discussed in Note 10, in December 1996, UAL Corporation Capital Trust I, a Delaware statutory business trust controlled by UAL, exchanged mandatorily redeemable preferred securities of the subsidiary trust for 2,999,304 depositary shares of Series B preferred stock of UAL.

Series B preferred stock issued and outstanding consisted of the following (dollars in millions):

	Shares	Depositary Shares	Liquidation Value
	-----	-----	-----
			(millions)
Balance January 1, 1994	-	-	\$ -
Issuance of Series B preferred stock	16,416	16,416,000	410
Repurchase of Series B	(3,336)	(3,336,400)	(83)
	-----	-----	-----
Balance December 31, 1994	13,080	13,079,600	\$ 327
Repurchase of Series B	(4,260)	(4,259,709)	(107)
	-----	-----	-----
Balance December 31, 1995	8,820	8,819,891	\$ 220
Repurchase of Series B	(2,553)	(2,553,110)	(64)
Exchange of Series B	(3,000)	(2,999,304)	(75)
	-----	-----	-----
Balance December 31, 1996	3,267	3,267,477	\$ 81
	=====	=====	=====

UAL is authorized to issue up to 15,986,584 additional shares of serial preferred stock. The repurchased shares are held in treasury by UAL.

(12) ESOP Preferred Stock

The following activity relates to UAL's outstanding ESOP preferred stocks (see Note 2 for a description of the ESOPs):

	Class 1 ESOP	Class 2 ESOP	ESOP Voting
	-----	-----	-----
Balance December 31, 1994	1,789,585	-	3
	-----	-----	-----
Shares issued	2,850,103	304,882	1,448,384
Converted to common	(7,183)	(2,811)	(9,994)
	-----	-----	-----
Balance December 31, 1995	4,632,505	302,071	1,438,393
	-----	-----	-----

Shares issued	2,367,575	381,044	3,073,970
Converted to common	(49,618)	(38,605)	(89,927)
	-----	-----	-----
Balance December 31, 1996	6,950,462	644,510	4,422,436
	=====	=====	=====

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

Class P, M and S Voting Preferred Stocks were established to provide the voting power to the employee groups participating in the ESOPs. Additional Voting Preferred Stock is issued as shares of the Class 1 and Class 2 ESOP Preferred Stock are allocated to employees. In the aggregate, 17,675,345 shares of Voting Preferred Stock will be issued through the year 2000. The Voting Preferred Stock at any time outstanding commands voting power for approximately 55% of the vote of all classes of capital stock in all matters requiring a stockholder vote, other than for the election of members of the Board of Directors. The Voting Preferred Stock will generally continue to represent approximately 55% of the aggregate voting power until the "Sunset." The "Sunset" will occur when the common shares issuable upon conversion of the outstanding Class 1 and Class 2 ESOP Preferred Stock, plus any common equity (generally common stock issued or issuable at the time of the recapitalization) and available unissued ESOP shares held in the ESOPs or any other employee benefit plans sponsored by the Company for the benefit of its employees, represent, in the aggregate less than 20% of the common equity and available unissued ESOP shares of the Company. For purposes of defining the "Sunset" employee ownership is approximately 62% at December 31, 1996. The Voting Preferred Stock has a par value and liquidation preference of \$0.01 per share. The stock is not entitled to receive any dividends and is convertible into .0004 shares of UAL common stock.

Class Pilot MEC, IAM, SAM and I junior preferred stock (collectively "Director Preferred Stocks") were established to effectuate the election of one or more members to UAL's Board of Directors. One share each of Class Pilot MEC and Class IAM junior preferred stock is authorized and issued. The Company is authorized to issue ten shares each of Class SAM and Class I junior preferred stocks. There are three shares of Class SAM and four shares of Class I issued. Each of the Director Preferred Stocks has a par value and liquidation preference of \$0.01 per share. The stock is not entitled to receive any dividends and Class I will be redeemed automatically upon the transfer of the shares to any person not elected to the Board of Directors or upon the occurrence of the "Sunset."

(13) Common Shareholders' Equity

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

	1996	1995	1994	
	----	----	----	
Shares outstanding at beginning of year	50,718,424	49,756,424	98,275,748	
Old shares -				
Stock options exercised	-	-	319,056	
Shares issued from treasury under compensation arrangements	-	-	4,400	
Shares acquired for treasury	-	-	(353,044)	
Forfeiture of restricted stock	-	-	(39,200)	- (39,200)
Other	-	-	(1,516)	
	-----	-----	-----	
Effect of recapitalization	50,718,424	49,756,424	98,205,444	
			(49,102,720)	
New shares -				
Stock options exercised	500,174	722,744	950,020	
Shares issued from treasury under compensation arrangements	25,949	932,584	451,068	
Shares acquired for treasury	(180,565)	(504,444)	(747,592)	

Forfeiture of restricted stock	(70,488)	(43,000)	-
Conversion of Series A debentures	7,623,092	38,304	-
Conversion of ESOP preferred stock	352,929	39,976	-
Other	(152,035)	(224,164)	204
	-----	-----	-----
Shares outstanding at end of year	58,817,480	50,718,424	49,756,424
	=====	=====	=====

At December 31, 1996 and 1995, UAL held 701,616 and 477,233 shares, respectively, of common stock in treasury.

(14) Stock Options and Awards

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

As a result of the 1994 recapitalization, all outstanding options became fully vested at the time of the transaction and the holders of such options became eligible to utilize the cashless exercise features of stock options. Under a cashless exercise, the Company withholds, at the election of the optionee, from shares that would otherwise be issued upon exercise, that number of shares having a fair market value equal to the exercise price and/or related income taxes. For outstanding options eligible for cashless exercise, changes in the market price of the stock are charged to earnings currently. The expense recorded for such eligible options was \$15 million for 1996, \$27 million in 1995, and \$15 million in 1994.

Stock options which were outstanding at the time of the recapitalization are exercisable for shares of old common stock, each of which is in turn converted into two shares of new common stock and \$84.81 in cash upon exercise. Subsequent to the recapitalization, the Company granted stock options which are exercisable for shares of new common stock.

The Company has also awarded shares of restricted stock to officers and key employees. These shares generally vest over a five-year period and are subject to certain transfer restrictions and forfeiture under certain circumstances prior to vesting. Unearned compensation, representing the fair market value of the stock at the measurement date for the award, is amortized to salaries and related costs over the vesting period. As a result of the 1994 recapitalization, all outstanding nonvested shares of restricted stock became vested at the time of the transaction and \$12 million of compensation expense was recorded for the remaining balance of unearned compensation attributable to the outstanding shares at that time.

In 1994, subsequent to the recapitalization, 451,068 restricted shares of new common stock were issued from treasury, and in 1995, an additional 892,852 restricted shares were issued from treasury. As of December 31, 1996, 619,120 shares were restricted and still nonvested. Additionally, 353,200 shares were reserved for future awards under the plan. In 1996, 1995 and 1994, 70,488, 43,000 and 39,200 shares, respectively, were forfeited and returned to treasury stock.

In October 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123 establishes a fair value based method of accounting for stock options. The Company has elected to continue using the intrinsic value based method of accounting prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," as permitted by SFAS No. 123. If the fair-value based method accounting provisions of SFAS No. 123 had been adopted as of the beginning of 1995, the effect on 1995 and 1996 net earnings would have been immaterial. The effects on 1995 and 1996 may not be representative of the effects SFAS No. 123 may have in future years, because no grants prior to January 1, 1995 have been considered.

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

	1996	1995	1994
Old Share Options:	Wtd Avg	Wtd Avg	Wtd Avg

	Shares	Exer Price	Shares	Exer Price	Shares	Exer Price
Outstanding at beginning of year	480,610	\$119.95	1,081,100	\$132.77	1,673,782	\$120.21
Exercised	(124,117)	\$117.49	(295,671)	\$113.61	(554,771)	\$ 95.32
Surrendered upon exercise of SARs	-	-	(12,927)	\$ 75.68	(1,000)	\$ 83.31
Terminated	(375)	\$124.00	(291,892)	\$175.24	(36,911)	\$118.30
Outstanding at end of year	356,118	\$120.80	480,610	\$119.95	1,081,100	\$132.77
Options exercisable at year-end	356,118	\$120.80	480,610	\$119.95	1,081,100	\$132.77

New Share Options:	1996		1995		1994	
	Shares	Wtd Avg Exer Price	Shares	Wtd Avg Exer Price	Shares	Wtd Avg Exer Price
Outstanding at beginning of year	3,767,624	\$23.47	3,784,000	\$22.59	-	\$ -
Granted	1,319,800	\$53.46	344,000	\$32.40	3,838,000	\$22.59
Exercised	(251,934)	\$23.52	(136,376)	\$22.61	-	\$ -
Terminated	(6,500)	\$32.03	(224,000)	\$22.91	(54,000)	\$22.53
Outstanding at end of year	4,828,900	\$31.64	3,767,624	\$23.47	3,784,000	\$22.59
Options exercisable at year-end	1,881,686	\$22.89	1,133,140	\$22.55	600,000	\$22.59
Reserved for future grants at year-end	4,782,700		1,696,000		1,816,000	

The following information relates to stock options outstanding as of December 31, 1996:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Outstanding at December 31, 1996	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Exercisable at December 31, 1996	Weighted-Average Exercise Price
Old Share Options:					
\$79 to 177	356,118	4.6 years	\$120.80	356,118	\$120.80
New Share Options:					
\$20 to 29	3,377,190	7.6 years	\$ 22.77	1,854,186	\$ 22.61
\$37 to 61	1,451,800	9.3 years	\$ 52.33	27,500	\$ 41.61
	4,828,990			1,881,686	

(15) Retirement Plans

The Company has various retirement plans which cover substantially all employees. Defined benefit plans covering certain employees (primarily union ground employees) provide a stated benefit for specified periods of service, while defined benefit plans for other employees provide benefits based on employees' years of service and average compensation for a specified period of time before retirement. The Company's goal is to fully fund the estimated present value of its accumulated benefit obligation under the plans. The Company also provides several defined contribution plans which cover substantially all U.S. employees who have completed one year of service. For certain groups of employees (primarily pilots, salaried employees hired after February 1, 1994 and employees of Mileage Plus, Inc.), the Company contributes an annual amount on behalf of each participant, calculated as a percentage of the participants' earnings or a percentage of the participants' contributions.

The following table sets forth the defined benefit plans' funded status and amounts recognized in the statements of financial position as of December 31:

(In Millions)	1996	1995
Assets Exceed	Accumulated	Accumulated

-----	Accumulated Benefits	Benefits Exceed Assets	Benefits Exceed Assets
-----	-----	-----	-----
Actuarial present value of accumulated benefit obligation	\$(5,344)	\$ (235)	\$(5,309)
Actuarial present value of projected benefit obligation	\$(5,812)	\$ (335)	\$(5,774)
Plan assets at fair value	5,850	60	4,947
	-----	-----	-----
Projected benefit obligation in excess of plan assets	\$ 38	\$ (275)	\$ (827)
Unrecognized net loss	138	(70)	356
Prior service cost not yet recognized in net periodic pension cost	230	216	482
Remaining unrecognized net asset	(16)	37	15
Adjustment required to recognize minimum liability	-	(86)	(400)
	-----	-----	-----
Pension asset (liability) recognized in the statements of consolidated financial position	\$ 390	\$ (178)	\$ (374)
	=====	=====	=====
Actuarial assumptions:			
Weighted average discount rate	7.75%		7.25%
Rate of increase in compensation	3.15%		3.15%

Total pension expense for all retirement plans (including defined contribution plans) was \$252 million in 1996, \$193 million in 1995, and \$350 million in 1994.

Plan assets are invested primarily in governmental and corporate debt instruments and corporate equity securities.

The net periodic pension cost of defined benefit plans included the following components:

(In Millions)	1996	1995	1994
-----	----	----	----
Service cost - benefits earned during the year	\$ 237	\$ 173	\$ 216
Interest cost on projected benefit obligation	440	396	379
Actual (return) loss on plan assets	(703)	(934)	28
Net amortization and deferral	268	545	(351)
	----	----	----
Net periodic pension cost	\$ 242	\$ 180	\$ 272
	====	====	====
Expected average long-term rate of return	9.75%	9.75%	9.75%

Changes in interest rates or rates of inflation may impact the assumptions used in the valuation of pension obligations, including discount rates and rates of increase in compensation, resulting in increases or decreases in United's pension liability and net periodic pension cost.

(16) Other Employee Benefits

The Company provides certain health care benefits, primarily in the U.S., to retirees and eligible dependents. Benefits are generally funded from Company assets on a current basis, although amounts sufficient to pay claims incurred, but not yet paid, are held in trust at year-end. Certain plan benefits are subject to co-payments, deductibles and other limits described in the plans and the benefits are reduced once a retiree becomes eligible for Medicare. The Company also provides certain life insurance benefits to retirees. The assets to fund retiree life insurance benefits are being held in a deposit trust administration fund with a major insurance company. The Company has reserved the right, subject to collective bargaining agreements, to modify or terminate the health care and life insurance benefits for both current and future retirees.

Information on the plans' funded status, on an aggregate basis at December 31, follows:

(In Millions)	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$ 498	\$ 536
Other fully eligible participants	193	210
Other active participants	648	676
Total accumulated postretirement benefit obligation	1,339	1,422
Unrecognized net gain (loss)	109	(54)
Fair value of plan assets	(103)	(99)
Accrued postretirement benefit obligation	\$1,345	\$1,269
Discount rate	7.75%	7.25%

Net postretirement benefit costs included the following components:

(In Millions)	1996	1995	1994
Service cost - benefits attributed to service during the period	\$ 44	\$ 37	\$ 46
Amortization of unrecognized net loss (gain)	(5)	(5)	3
Actual return on assets	(7)	(7)	-
Interest cost on benefit obligation	98	100	95
Net postretirement benefit costs	\$ 130	\$ 125	\$ 144

The assumed health care cost trend rates were 7.4% and 8.5% for 1996 and 1995, respectively, declining annually to a rate of 4% by the year 2001 and remaining level thereafter. The effect of a 1% increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation at December 31, 1996, by \$79 million and the aggregate of the service and interest cost components of net postretirement benefit cost for 1996 by \$10 million.

The Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," effective January 1, 1994. SFAS No. 112 requires recognition of the liability for postemployment benefits during the period of employment. Such benefits include company paid continuation of group life insurance and medical and dental coverage for certain employees after employment but before retirement. The effect of adopting SFAS No. 112 was a cumulative charge for recognition of the transition liability of \$42 million, before tax benefits of \$16 million. The ongoing expenses related to postemployment benefits will vary based on actual claims experience.

Changes in interest rates or rates of inflation may impact the assumptions used in the valuation of postretirement and postemployment obligations, including discount rates, resulting in increases or decreases in United's liability and net periodic cost.

(17) Financial Instruments and Risk Management

During 1996, the Company attempted to manage its exposure to interest rates, foreign exchange rates and jet fuel prices through certain operational decisions and the limited use of various derivative financial instruments. Except for minor investments in certain futures and options contracts to assist in opportunistic purchases of jet fuel, the Company used derivative financial instruments only for the purpose of hedging existing commitments or obligations, not for hedging expected future operating cash flows or for generating trading profits. In 1997, the Company expects to more actively hedge the risks associated with foreign exchange rates and jet fuel prices on expected future operating cash flows through a greater use of derivative financial instruments.

Credit Exposures of Derivatives

The Company's theoretical risk in the derivative financial instruments described below is the cost of replacing the contracts at current market rates in the event of default by any of the counterparties. However, the Company does not anticipate such default as counterparties are selected based on credit ratings and the relative market positions with each counterparty are monitored. Furthermore, the risk of such

default is mitigated by provisions in the contracts which require either party to post increasing amounts of collateral as the value of the contract moves against them, subject to certain thresholds, or through the use of mutual put options where contracts are terminated at certain predefined intervals. Counterparty credit risk is further minimized by settlements throughout the duration of the contract.

Interest Rate Risk Management

United has entered into interest rate swap agreements in order to manage the interest rate exposure associated with certain variable rate debt and leases. The swap agreements have remaining terms averaging 14 years, corresponding to the terms of the related debt or lease obligations. Under the agreements, United makes payments to counterparties at fixed rates and in return receives payments based on variable rates indexed to LIBOR. At December 31, 1996, a notional amount of \$53 million of interest rate swap agreements effectively fixed interest rates between 8.55% and 8.65% on such obligations. The notional amounts of the swaps do not represent amounts exchanged between the parties and, therefore, are not a measure of the Company's exposure resulting from its use of the swaps. Rather, the amounts exchanged are based on interest rates applied to the notional amounts. The fair values to United of interest rate swap agreements at December 31, 1996 and 1995 were \$(4) million and \$(46) million, respectively, taking into account interest rates in effect at the time.

Foreign Exchange Risk Management

A strengthening (weakening) of foreign currencies versus the U.S. dollar tends to increase (decrease) reported revenue and operating income because United's foreign currency-denominated operating revenue generally exceeds its foreign currency-denominated operating expense for each currency. United attempts to mitigate its exposure to fluctuations in any single currency by carrying passengers and cargo in both directions between the U.S. and almost every major economic region in the world. In addition, United reduces its exposure to foreign exchange fluctuations by converting excess local currencies generated into U.S. dollars. As a result of rate fluctuations, United is also exposed to transaction gains and losses which it attempts to manage as follows:

United is party to foreign currency swap and forward contracts to reduce exposure to currency fluctuations in connection with 15.3 billion of Japanese yen-denominated debt and lease obligations. The swap contract effectively fixes future lease principal payments at an indirect yen exchange rate of 95.63. At December 31, 1996, the swap contract had a notional amount of \$84 million, which will reduce periodically through 2004 as payments are made under the leases. The fair value of the currency swap contract to United at December 31, 1996 was approximately \$1.8 million based on the change in the yen to dollar exchange rate and interest rates in the U.S. and Japan. The forward contracts effectively fix future debt payments at an indirect exchange rate of 116.14. At December 31, 1996, the forward contracts had a notional amount of \$67 million, which will reduce periodically through 2001, as payments are made under the debt agreements. The fair value of the currency forward contract to United at December 31, 1996 was approximately \$(1.9) million.

United incurs certain other identifiable Japanese yen-denominated liabilities as a result of operations (commissions) and financing activities (accrued rent on aircraft operating leases and interest on capital leases). United minimizes transaction gains and losses by investing in yen-denominated time deposits and by entering into yen forward contracts to offset the impact of rate changes. At December 31, 1996, these forward contracts had a notional amount of \$54 million and a fair value to United of \$(1.4) million.

Fuel Price Risk Management

United enters into contracts from time to time, with certain fuel suppliers to purchase fuel at a fixed average price over a given period of time, typically one year, to protect against increases in jet fuel prices. At December 31, 1996, the level of 1997 fuel needs contracted at fixed average prices was insignificant.

At December 31, 1996, the fair values of futures contracts used for opportunistic purchases of jet fuel were insignificant.

Balance Sheet Financial Instruments: Fair Values

At December 31, 1996 and 1995, \$418 million and \$606 million, respectively, of investments in debt securities included in cash and cash equivalents and short-term investments were classified as available-for-sale, and \$232 million and \$530 million, respectively, were classified as

held-to-maturity. Investments in debt securities classified as available-for-sale are stated at fair value based on the quoted market prices for the securities, which does not differ significantly from their cost basis. Investments classified as held-to-maturity are stated at cost which approximates market due to their short-term maturities.

The fair value of long-term debt, including debt due within one year, is primarily based on the quoted market prices for the same or similar issues or on the then current rates offered for debt with similar terms and maturities. The fair value of long-term debt, including debt due within one year, at December 31, 1996 and 1995 was \$2.041 billion and \$3.435 billion, respectively, compared with carrying values of \$1.835 billion and \$3.077 billion.

Financial Guarantees

Special facility revenue bonds have been issued by certain municipalities to build or improve airport and maintenance facilities leased by United. Under the lease agreements, United is required to make rental payments in amounts sufficient to pay the maturing principal and interest payments on the bonds. At December 31, 1996, \$1.060 billion principal amount of such bonds was outstanding. As of December 31, 1996, UAL and United had jointly guaranteed \$35 million of such bonds and United had guaranteed \$1.041 billion of such bonds, including accrued interest.

Transfers of the tax benefits of accelerated depreciation and investment tax credits associated with the acquisition of certain equipment have been made previously by United to various tax lessors through tax lease transactions. Proceeds from tax benefit transfers were recognized as income in the year the lease transactions were consummated. The subject equipment is being depreciated for book purposes. United has agreed to indemnify (guaranteed in some cases by UAL) the tax lessors against loss of such benefits in certain circumstances and has agreed to indemnify others for loss of tax benefits in limited circumstances for certain used aircraft purchased by United subject to previous tax lease transactions. Certain tax lessors have required that letters of credit be issued in their favor by financial institutions as security for United's indemnity obligations under the leases. The outstanding balance of such letters of credit totaled \$49 million at December 31, 1996. At that date, United had granted mortgages on aircraft and engines having a total book value of \$187 million as security for indemnity obligations under tax leases and letters of credit.

Concentration of Credit Risk

The Company does not believe it is subject to any significant concentration of credit risk. Most of the Company's receivables result from sales of tickets to individuals through geographically dispersed travel agents, company outlets or other airlines, often through the use of major credit cards. These receivables are short term, generally being settled shortly after the sale.

(18) Commitments, Contingent Liabilities and Uncertainties

The Company has certain contingencies resulting from litigation and claims (including environmental issues) incident to the ordinary course of business. Management believes, after considering a number of factors, including (but not limited to) the views of legal counsel, the nature of contingencies to which the Company is subject and its prior experience, that the ultimate disposition of these contingencies is not expected to materially affect UAL's consolidated financial position or results of operations. UAL records liabilities for legal and environmental claims against it in accordance with generally accepted accounting principles. These amounts are recorded based on the Company's assessments of the likelihood of their eventual settlements. The amounts of these liabilities could increase in the near term, based on revisions to estimates relating to the various claims.

At December 31, 1996, commitments for the purchase of property and equipment, principally aircraft, approximated \$6.9 billion, after deducting advance payments. An estimated \$2.9 billion is due to be spent in 1997, \$1.9 billion in 1998, \$1.0 billion in 1999 and \$1.1 billion in 2000 and thereafter. The above amounts reflect firm orders for 21 B747, 6 B757, 20 B777, 14 A320 and 24 A319 aircraft to be delivered through 2002. However, these amounts do not include a recent order for an additional three A320 and four A319 aircraft. Under the Company's current fleet plan, the above aircraft will principally be used to replace older aircraft which will be retired. As a result, the Company expects only modest growth in its passenger fleet through 2002.

Consistent with UAL's strategic plan and the Company's focus on attracting more high yield passengers, the Board of Directors has authorized an investment of approximately \$400 million in United's onboard product, including new aircraft seats and other cabin improvements. This amount, which is expected to be spent in the next three years, is not reflected in the above commitments.

In connection with the construction of the Indianapolis Maintenance Center, United agreed to spend an aggregate \$800 million on capital investments by the year 2001 and employ at least 7,500 individuals by the year 2004. In the event such targets are not reached, United may be required to make certain payments to the city of Indianapolis and state of Indiana.

Approximately 60% of United's employees are represented by various labor organizations. In connection with the 1994 employee investment transaction, members of the Air Line Pilots' Association and the International Association of Machinists and Aerospace Workers entered into labor contracts with United which become amendable in 2000.

United's contract with the Association of Flight Attendants ("AFA") became amendable March 1, 1996. On April 9, 1996, United announced that the flight attendants had rejected a previously announced tentative agreement. United and the AFA are involved in traditional negotiations under the Railway Labor Act, which historically have taken several years to complete. While negotiations continue, the terms of United's current flight attendant agreement will remain in effect.

(19) Foreign Operations

Operating authorities in international markets are governed by bilateral aviation agreements between the U.S. and foreign countries. Under generally accepted accounting principles, ("GAAP"), foreign operations are defined as operations that exist outside the U.S. United derives an insignificant amount of its operating revenues and operating income from such operations. However, the Company's results are significantly impacted by revenues produced from international flights between the U.S. and foreign destinations. Based on allocation guidelines provided by the U.S. Department of Transportation ("DOT"), which classifies flights between the U.S. and foreign destinations as part of each respective foreign entity, and thus, differs from the definition of foreign operations under GAAP, United reported the following results by geographic entity to the DOT for each of the last three years:

(In Millions)	1996		1995		1994	
	Operating Revenue	Operating Income	Operating Revenue	Operating Income	Operating Revenue	Operating Income
Domestic	\$10,717	\$ 738	\$ 9,586	\$ 460	\$ 8,966	\$ 261
Pacific	3,438	288	3,336	348	3,009	310
Atlantic	1,412	86	1,287	10	1,190	(102)
Latin America	750	18	686	14	722	44
Total	\$16,317	\$1,130	\$14,895	\$ 832	\$13,887	\$ 513

Additionally, United has sizable intangible assets related to acquisitions of foreign route authorities. Changes in U.S. or foreign government aviation policies can lead to the alteration or termination of existing air service agreements that could diminish the value of United's international route authority.

(20) Statement of Consolidated Cash Flows - Supplemental Disclosures

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

(In Millions)	1996	1995	1994
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$ 244	\$ 346	\$ 302
Income taxes	242	65	69
Non-cash transactions:			
Capital lease obligations incurred	503	376	-
Long-term debt incurred in connection with additions			

to equipment	82	26	21
Long-term debt issued in connection with the exchange of Series A convertible preferred stock	-	546	-
Net unrealized gain (loss) on investments	(1)	4	(3)
Increase (decrease) in pension intangible	(191)	2	13
Increase in additional capital invested in connection with the conversion of subordinated debentures to common stock	217	1	-
Decrease in additional capital invested in connection with the conversion of subordinated debentures to mandatorily redeemable preferred securities	(102)	-	-

(21) Selected Quarterly Financial Data (Unaudited)

(In Millions)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
1996:					
Operating revenues	\$3,735	\$4,164	\$4,488	\$3,976	\$16,362
Earnings from operations	62	398	610	53	1,123
Earnings (loss) before extraordinary item	6	226	347	20	600
Extraordinary loss on early extinguishment of debt	(29)	(30)	(7)	(1)	(67)
Net earnings (loss)	\$ (23)	\$ 196	\$ 340	\$ 19	\$ 533
Per share amounts, primary:					
Earnings (loss) before extraordinary item	\$(0.32)	\$ 2.37	\$ 3.85	\$(0.35)	\$ 5.96
Extraordinary loss on early extinguishment of debt	(0.58)	(0.36)	(0.08)	(0.01)	(0.80)
Net earnings (loss)	\$(0.90)	\$ 2.01	\$ 3.77	\$(0.36)	\$ 5.16
Net earnings (loss) per share, fully diluted	\$(0.90)	\$ 1.99	\$ 3.77	\$(0.36)	\$ 5.04
1995:					
Operating revenues	\$3,334	\$3,815	\$4,127	\$3,667	\$14,943
Earnings from operations	38	302	467	22	829
Earnings (loss) before extraordinary item	3	151	243	(19)	378
Extraordinary loss on early extinguishment of debt	-	-	-	(29)	(29)
Net earnings (loss)	\$ 3	\$ 151	\$ 243	\$ (48)	\$ 349
Per share amounts, primary:					
Earnings (loss) before extraordinary item	\$(0.26)	\$ 3.00	\$ 3.52	\$(1.04)	\$ 5.46
Extraordinary loss on early extinguishment of debt	-	-	-	(0.58)	(0.46)
Net earnings (loss)	\$(0.26)	\$ 3.00	\$ 3.52	\$(1.62)	\$ 5.00
Net earnings (loss) per share, fully diluted	\$(0.26)	\$ 2.73	\$ 3.22	\$(1.62)	\$ 4.78

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1997 Annual Meeting of Stockholders. Information regarding the

executive officers is included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1997 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

AND MANAGEMENT.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1997 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required by this item is incorporated by reference from the Company's definitive proxy statement for its 1997 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS

ON FORM 8-K.

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

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

Schedule II - Valuation and Qualifying Accounts for the years ended December 31, 1996, 1995 and 1994

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

3. Exhibits. The exhibits required by this item are listed in the Exhibit Index which immediately precedes the exhibits filed with this Form 10-K, and is incorporated herein by this reference. Each of Exhibits 10.26 through 10.36 and 10.38 through 10.40 listed in the Exhibit Index is a management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

(b) Reports on Form 8-K.

Form 8-K dated November 27, 1996 to report a press release issued regarding United's announcement of a tentative mid-term wage agreement with ALPA.

Form 8-K dated December 4, 1996 to report a cautionary statement for purposes of the "Safe Harbor for Forward Looking Statements" provision of the Private Securities Litigation Reform Act.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 27th day of February, 1997.

UAL CORPORATION

By: /s/ Gerald Greenwald

Gerald Greenwald
Chairman of the Board and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of

1934, this report has been signed below on the 27th day of February, 1997 by the following persons on behalf of the registrant and in the capacities indicated.

/s/ Gerald Greenwald

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

/s/ James J. O'Connor

James J. O'Connor
Director

/s/ John A. Edwardson

John A. Edwardson
Director

/s/ John F. Peterpaul

John F. Peterpaul
Director

/s/ Duane D. Fitzgerald

Duane D. Fitzgerald
Director

/s/ Paul E. Tierney, Jr.

Paul E. Tierney, Jr.
Director

/s/ Michael H. Glawe

Michael H. Glawe
Director

/s/ John K. Van de Kamp

John K. Van de Kamp
Director

/s/ Richard D. McCormick

Richard D. McCormick
Director

/s/ Joseph V. Vittoria

Joseph V. Vittoria
Director

/s/ John F. McGillicuddy

John F. McGillicuddy
Director

/s/ Paul A. Volcker

Paul A. Volcker
Director

/s/ Douglas A. Hacker

Douglas A. Hacker
Senior Vice President and Chief
Financial Officer (principal
financial and accounting
officer)

UAL Corporation and Subsidiary Companies
Schedule II - Valuation and Qualifying Accounts
For the Year Ended December 31, 1996

(In Millions) ----- Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$19 ===	\$23 ===	\$ - ===	\$18(1) ===	\$24 ===
Obsolescence allowance - Flight equipment spare parts	\$38 ===	\$14 ===	\$ 2 ===	\$23(1) ===	\$31 ===

F-1

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

UAL Corporation and Subsidiary Companies
Schedule II - Valuation and Qualifying Accounts
For the Year Ended December 31, 1995

(In Millions) ----- Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Other Accounts	Deductions	Balance at End of Year
Reserve deducted from asset to which it applies:					
Allowance for doubtful accounts	\$22 ===	\$20 ===	\$ - ===	\$23(1) ===	\$19 ===
Obsolescence allowance - Flight equipment spare parts	\$44 ===	\$14 ===	\$ 3 ===	\$23(1) ===	\$38 ===

F-2

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

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

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

F-3

- 1 Deduction from reserve for purpose for which reserve was created.
2 Includes deduction from reserve for parts dispositions and write-offs and \$22 million of reserves transferred in connection with parts transferred to non-operating property.

EXHIBIT INDEX

- 3.1 Restated Certificate of Incorporation of UAL Corporation ("UAL"), as amended.
- 3.2 By-laws (filed as Exhibit 3.2 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 4.1 Deposit Agreement dated as of July 12, 1994 between UAL Corporation and holders from time to time of Depository Receipts described herein (filed as Exhibit 4.2 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 4.2 Indenture dated as of December 20, 1996 between UAL Corporation and The First National Bank of Chicago, as Trustee.
- 4.3 Officer's Certificate relating to UAL's 13-1/4% Junior Subordinated Debentures due 2026.
- 4.4 Form of UAL's 13-1/4% Junior Subordinated Debenture due 2026.
- 4.5 Guarantee Agreement dated as of December 30, 1996 with respect to the 13-1/4% Trust Originated Preferred Securities of UAL Corporation Capital Trust I.
- 4.6 Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of December 30, 1996.

UAL's indebtedness under any single instrument does not

exceed 10% of UAL's total assets on a consolidated basis. Copies of such instruments will be furnished to the Securities and Exchange Commission upon request.

- 10.1 Amended and Restated Agreement and Plan of Recapitalization, dated as of March 25, 1994 (the "Recapitalization Agreement"), as amended, among UAL Corporation, the Air Line Pilots Association, International ("ALPA") and the International Association of Machinists and Aerospace Workers ("IAM") (filed as Exhibit A to Exhibit 10.1 of UAL's Form 8-K dated June 2, 1994 and incorporated herein by reference; amendment thereto filed as Exhibit 10.1 of UAL's Form 8-K dated June 29, 1994 and incorporated herein by reference).
- 10.2 Waiver and Agreement, dated as of December 23, 1994, to the Recapitalization Agreement among UAL, ALPA and IAM (filed as Exhibit 10.2 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.3 Third Amendment, dated as of March 15, 1995, to the Recapitalization Agreement among UAL, ALPA and IAM (filed as Exhibit 10.3 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.4 Agreement, dated as of July 16, 1996, pursuant to Section 1.6(q) of the Recapitalization Agreement among UAL, ALPA and IAM (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference).
- 10.5 UAL Corporation Employee Stock Ownership Plan, effective as of July 12, 1994 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.6 First Amendment to UAL Corporation Employee Stock Ownership Plan, dated December 28, 1994 (filed as Exhibit 10.39 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.7 Second Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of August 17, 1995 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1995 and incorporated herein by reference).
- 10.8 Third Amendment to UAL Corporation Employee Stock Ownership Plan, dated as of December 28, 1995 (filed as Exhibit 10.7 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.9 Fourth Amendment to UAL Corporation Employee Stock Ownership Plan dated as of July 16, 1996 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference).
- 10.10 Fifth Amendment to UAL Corporation Employee Stock Ownership Plan dated as of December 31, 1996.
- 10.11 UAL Corporation Employee Stock Ownership Plan Trust Agreement between UAL Corporation and State Street Bank and Trust Company ("State Street"), effective July 12, 1994 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.12 UAL Corporation Supplemental ESOP, effective as of July 12, 1994 (filed as Exhibit 10.3 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.13 First Amendment to UAL Corporation Supplemental ESOP, dated February 22, 1995 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 1995, as amended, and incorporated herein by reference).
- 10.14 Second Amendment to UAL Corporation Supplemental ESOP, dated as of August 17, 1995 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended September 30, 1995 and incorporated herein by reference).
- 10.15 Third Amendment to UAL Corporation Supplemental ESOP, dated as of December 28, 1995 (filed as Exhibit 10.12 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.16 Fourth Amendment to UAL Corporation Supplemental ESOP

dated as of July 16, 1996 (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended June 30, 1996 and incorporated herein by reference).

- 10.17 Fifth Amendment to UAL Corporation Supplemental ESOP dated as of December 31, 1996.
- 10.18 UAL Corporation Supplemental ESOP Trust Agreement between UAL Corporation and State Street, effective July 12, 1994 (filed as Exhibit 10.4 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.19 Preferred Stock Purchase Agreement, dated as of March 25, 1994, between UAL Corporation and State Street (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.20 Amendment No. 1 to Preferred Stock Purchase Agreement, dated as of June 2, 1994, between UAL Corporation and State Street (filed as Exhibit 10.6 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.21 Preferred Stock Purchase Agreement, dated as of August 11, 1995, between UAL Corporation and State Street (filed as Exhibit 10.16 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.22 Preferred Stock Purchase Agreement, dated as of August 12, 1996, between UAL Corporation and State Street.
- 10.23 Class I Junior Preferred Stockholders' Agreement dated as of June 12, 1994 (filed as Exhibit 10.12 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.24 Class SAM Preferred Stockholders' Agreement dated as of July 12, 1994 (filed as Exhibit 10.13 to UAL's Form 10-Q for the quarter ended September 30, 1994 and incorporated herein by reference).
- 10.25 First Refusal Agreement dated as of July 12, 1994, as amended.
- 10.26 UAL Corporation 1981 Incentive Stock Plan (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended March 31, 1996 and incorporated herein by reference).
- 10.27 UAL Corporation 1988 Restricted Stock Plan (filed as Exhibit 10.22 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 10.28 UAL Corporation Incentive Compensation Plan (filed as Exhibit 10.15 to UAL's Form 10-K for the year ended December 31, 1994, as amended, and incorporated herein by reference).
- 10.29 Description of Complimentary Travel and Cargo Carriage Benefits for UAL Directors.
- 10.30 UAL Corporation 1995 Directors Plan, as amended and restated September 26, 1996 (filed as Exhibit 10.1 to UAL's Form 10-Q for the quarter ended September 30, 1996 and incorporated herein by reference).
- 10.31 Employment Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.5 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.32 Amendment No. 1 to Employment Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.6 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.33 Restricted Stock Deposit Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.7 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.34 Non-Qualified Stock Option Agreement between UAL Corporation and Gerald Greenwald (filed as Exhibit 10.9 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
- 10.35 Restricted Stock Deposit Agreement between UAL Corporation and John A. Edwardson (filed as Exhibit 10.10 to UAL's Form 10-Q for the quarter ended June 30,

- 1994 and incorporated herein by reference).
- 10.36 Restricted Stock Deposit Agreement between UAL Corporation and Stuart I. Oran (filed as Exhibit 10.12 to UAL's Form 10-Q for the quarter ended June 30, 1994 and incorporated herein by reference).
 - 10.37 United Supplemental Retirement Plan (filed as Exhibit 10.42 to UAL's Form 10-K for the year ended December 31, 1992, and incorporated herein by reference).
 - 10.38 Description of Officer Benefits (filed as Exhibit 10.34 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
 - 10.39 Form of Severance Agreement between UAL Corporation and certain officers of United Air Lines, Inc. (filed as Exhibit 10.27 to UAL's Form 10-Q for the quarter ended June 30, 1993 and incorporated herein by reference).
 - 10.40 Letter Agreement dated April 28, 1995 between UAL Corporation, United Air Lines, Inc. and Joseph R. O'Gorman (filed as Exhibit 10.2 to UAL's Form 10-Q for the quarter ended June 30, 1995 and incorporated herein by reference).
 - 11 Calculation of fully diluted net earnings per share.
 - 12.1 Computation of Ratio of Earnings to Fixed Charges.
 - 12.2 Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.
 - 21 List of Registrant's subsidiaries (filed as Exhibit 21 to UAL's Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
 - 23 Consent of Independent Public Accountants.
 - 27 Financial Data Schedule.
 - 99 Annual Report on Form 11-K for Employees' Stock Purchase Plan of UAL Corporation.

As Amended
May 6, 1996

RESTATED CERTIFICATE OF INCORPORATION

OF

UAL CORPORATION

The present name of the corporation is UAL Corporation (the "Corporation"). The Corporation was incorporated under the name of UAL, Inc., the original Certificate of Incorporation having been filed with the Secretary of State of the State of Delaware on December 30, 1968. This Restated Certificate of Incorporation of the Corporation, which both restates and further amends the provisions of the Corporation's Certificate of Incorporation as heretofore amended, restated or supplemented, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

FIRST. The name of the Corporation is UAL CORPORATION

SECOND. The registered office of the Corporation in the State of Delaware is located at 1013 Centre Road, in the City of Wilmington, County of Newcastle. The name and address of its registered agent is Corporation Service Company, 1013 Centre Road, in the City of Wilmington, County of Newcastle, Delaware 19805-1297.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of capital stock of all classes of which the Corporation shall have authority to issue is 291,100,022, divided into eleven (11) classes, as follows: 16,000,000 shares of Preferred Stock, without par value (hereinafter referred to as "Serial Preferred Stock"), 25,000,000 shares of Class 1 ESOP Convertible Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class 1 ESOP Convertible Preferred Stock"), 25,000,000 shares of Class 2 ESOP Convertible Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class 2 ESOP Convertible Preferred Stock"), 11,600,000 shares of Class P ESOP Voting Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class P Voting Preferred Stock"), 9,300,000 shares of Class M ESOP Voting Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class M Voting Preferred Stock"), 4,200,000 shares of Class S ESOP Voting Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class S Voting Preferred Stock"), one (1) share of Class Pilot MEC Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class Pilot MEC Preferred Stock"), one (1) share of Class IAM Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class IAM Preferred Stock"), ten (10) shares of Class SAM Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class SAM Preferred Stock"), ten (10) shares of Class I Junior Preferred Stock, of the par value of \$0.01 per share (hereinafter referred to as "Class I Preferred Stock" and, together with the Serial Preferred Stock, the Class 1 ESOP Convertible Preferred Stock, the Class 2 ESOP Convertible Preferred Stock, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock, the Class S Voting Preferred Stock, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock, and the Class SAM Preferred Stock, collectively, as "Preferred Stock") and 200,000,000 shares of Common Stock, of the par value of \$0.01 per share (hereinafter referred to as "Common Stock").

PART I

Serial Preferred Stock

The Board of Directors is expressly authorized to adopt, from time to time, a resolution or resolutions providing for the issue of Serial Preferred Stock in one or more series, to fix the number of shares in each such series and to fix the designations and the powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, of each such series. The authority of the Board of Directors with respect to each such series shall include a determination of the following (which may vary as between the different series of Serial Preferred Stock):

(a) The number of shares constituting the series and the distinctive designation of the series;

(b) The dividend rate on the shares of the series, the conditions and dates upon which dividends thereon shall be payable, the extent, if any, to which dividends thereon shall be cumulative, and the relative rights of preference, if any, of payment of dividends thereon;

(c) Whether or not the shares of the series are redeemable and, if redeemable, the time or times during which they shall be redeemable and the amount per share payable on redemption thereof, which amount may, but need not, vary according to the time and circumstances of such redemption;

(d) The amount payable in respect of the shares of the series, in the event of any liquidation, dissolution or winding up of the Corporation, which amount may, but need not, vary according to the time or circumstances of such action, and the relative rights of preference, if any, of payment of such amount;

(e) Any requirement as to a sinking fund for the shares of the series, or any requirement as to the redemption, purchase or other retirement by the Corporation of the shares of the series;

(f) The right, if any, to exchange or convert shares of the series into other securities or property, and the rate or basis, time, manner and condition of exchange or conversion;

(g) The voting rights, if any, to which the holders of shares of the series shall be entitled in addition to the voting rights provided by law; and

(h) Any other term, condition or provision with respect to the series not inconsistent with the provisions of this Article Fourth or any resolution adopted by the Board of Directors pursuant thereto.

A. DESIGNATION, PREFERENCES AND RIGHTS OF SERIES A CONVERTIBLE PREFERRED STOCK

Unless otherwise indicated, any reference in this Article FOURTH, Part I.A to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part I.A.

Section 1. Number of Shares and Designations. Six million (6,000,000) shares of the Serial Preferred Stock, without par value, of the Corporation are constituted as a series thereof designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock").

Section 2. Definitions. For purposes of the Series A Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Accrued Dividends" shall have the meaning set forth in Section 4.1 hereof.

2.2 "Aggregate Involuntary Liquidation Amount" shall mean the limitation on the aggregate amount payable upon an involuntary liquidation, dissolution or winding up in respect of all shares of Serial Preferred Stock outstanding at any one time contained in Article FOURTH, Part I, paragraph (h) of the Corporation's Restated Certificate of Incorporation, as the same may be increased or eliminated from time to time.¹

2.3 "Board of Directors" shall mean the board of directors of the Corporation or any committee authorized by such board of directors to perform any of its responsibilities with respect to the Series A Preferred Stock.

2.4 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.5 "Common Stock" shall mean the common stock of the Corporation, par value \$5.00 per share.²

2.6 "Constituent Person" shall have the meaning set forth in Section 7.5 hereof.

2.7 "Conversion Price" shall mean the conversion price per share of Common Stock for which the Series A Preferred Stock is convertible, as such Conversion Price may be adjusted pursuant to Section 7. The initial conversion price will be \$156.50.

2.8 "Current Market Price" of publicly traded shares of Common Stock or any other class of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted for trading on the New York Stock Exchange ("NYSE"), on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if such security is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

2.9 "Dividend Payment Date" shall mean May 1, August 1, November 1 and February 1 in each year, commencing on May 1, 1993; provided, however, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date.

2.10 "Dividend Periods" shall mean quarterly dividend periods commencing on May 1, August 1, November 1 and February 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Issue Date and end on and include April 30, 1993).

1 Article FOURTH, Part I, paragraph (h) was amended, and the limitation on amounts payable upon an involuntary liquidation was repealed, pursuant to a Certificate of Amendment dated May 6, 1993.

2 The Common Stock, par value \$5.00 per share, was reclassified pursuant to the Agreement and Plan of Recapitalization dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and the International Association of Machinists and Aerospace Workers, as amended from time to time, a copy of which is on file in the office of the Secretary of the Corporation, and this Restated Certificate.

2.11 "Fair Market Value" shall mean the average of the daily Current Market Prices of a share of Common Stock during the five (5) consecutive Trading Days selected by the Corporation commencing not more than 20 Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "ex" date," when used with respect to any issuance or distribution, means the first day on which the Common Stock trades regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

2.12 "Involuntary Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.13 "Issue Date" shall mean the first date on which shares of Series A Preferred Stock are issued and sold.

2.14 "Junior Stock" shall mean the Common Stock, the Series C Preferred Stock and any other class or series of shares of the Corporation over which the Series A Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation. The Common Stock shall be deemed Junior Stock notwithstanding that it may participate in distributions upon an involuntary liquidation, dissolution or winding up without the Series A Preferred Stock receiving the Voluntary Liquidation Preference.

2.15 "non-electing share" shall have the meaning set forth in Section 7.5 hereof.

2.16 "Person" shall mean any individual, firm, partnership, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

2.17 "Redemption Date" shall have the meaning set forth in Section 5.3 hereof.

2.18 "Restated Certificate" or "Certificate of Incorporation" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.19 "Rights" shall mean the rights of the Corporation which are issuable under the Corporation's Rights Agreement dated as of December 11, 1986, and as amended from time to time, or rights to purchase any capital stock of the Corporation under any successor shareholder rights plan or plans adopted in replacement of the Corporation's Rights Agreement.

2.20 "Securities" shall have the meaning set forth in Section 7.4(c) hereof.

2.21 "Series A Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.22 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.B of this Certificate.

2.23 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of Junior Stock or any class or series of stock ranking on a parity with the Series A Preferred Stock as to the payment of dividends are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series A Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.24 "Stated Value" shall have the meaning set forth in Section 4.1 hereof.

2.25 "Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the National Market System of the NASDAQ, or if such securities are not quoted on such National Market System, in the applicable securities market in which the securities are traded.

2.26 "Transaction" shall have the meaning set forth in Section 7.5 hereof.

2.27 "Transfer Agent" means First Chicago Trust Company of New York or such other agent or agents of the Corporation as may be designated by the Board of Directors as the transfer agent for the Series A Preferred Stock.

2.28 "Voluntary Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

Section 3. Dividends.

3.1 The holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$6.25 per share of Series A Preferred Stock. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if declared by the Board of Directors, in arrears on Dividend Payment Dates, commencing on May 1, 1993. Each such dividend shall be payable in arrears to the holders of record of shares of the Series A Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates, which shall not be more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors or a duly authorized committee thereof. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Directors.

3.2 The amount of dividends payable for each full Dividend Period for the Series A Preferred Stock shall be computed by dividing the annual dividend rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series A Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Holders of shares of Series A Preferred Stock shall not be entitled to any dividends, whether

payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series A Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

3.3 So long as any shares of the Series A Preferred Stock are outstanding, no dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any class or series of stock of the Corporation ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with the Series A Preferred Stock, for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividend on such class or series of parity stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series A Preferred Stock and all dividends declared upon any other class or series of stock ranking on a parity as to dividends and amounts distributable upon liquidation, dissolution or winding up shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Stock and accumulated and unpaid on such parity stock.

3.4 So long as any shares of the Series A Preferred Stock are outstanding, no dividends (other than (i) the Rights and (ii) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Stock) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Stock, nor shall any Junior Stock or any series of stock of the Corporation ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with Series A Preferred Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Stock), unless in each case the full cumulative dividends on all outstanding shares of the Series A Preferred Stock and any other stock of the Corporation ranking on a parity with the Series A Preferred Stock, as to dividends and amounts distributable upon liquidation, dissolution or winding up shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such parity stock.

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary liquidation, dissolution or winding up of the Corporation before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Stock, the holders of the shares of Series A Preferred Stock shall be entitled to receive One Hundred Dollars (\$100) per share of Series A Preferred Stock (the "Stated Value") plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders (the "Voluntary Liquidation Preference"); but such holders shall not be entitled to any further payment. In the event of any involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Stock, the holders of the shares of Series A Preferred Stock shall be entitled to receive an amount per share of Series A Preferred Stock (the "Involuntary Liquidation Preference") equal to the Voluntary Liquidation Preference or, in the event the Corporation's Restated Certificate of Incorporation contains an Aggregate Involuntary Liquidation Amount, the lesser of (i) the Voluntary Liquidation Preference or (ii) an amount equal to the product of (a) the Voluntary Liquidation Preference and (b) a fraction, the numerator of which is the Aggregate Involuntary Liquidation Amount less the aggregate maximum amounts distributable upon liquidation of all classes or series of stock of the Corporation ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, prior to the Series A Preferred Stock and the denominator of which is the aggregate amount of the voluntary liquidation preference (including accrued dividends) of all shares of the Series A Preferred Stock and any other stock of the Corporation ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with the Series A Preferred Stock; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation,

the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series A Preferred Stock shall be insufficient to pay in full the Voluntary Liquidation Preference or the Involuntary Liquidation Preference, as the case may be, and the liquidation preference on all other shares of any class or series of stock ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with the Series A Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Series A Preferred Stock and any such other stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, or (ii) a sale or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Series A Preferred Stock as to dividends and amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Series A Preferred Stock, as and to the fullest extent provided in this Section 4, any other series or class or classes of Junior Stock shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series A Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation.

5.1 The shares of Series A Preferred Stock will be redeemable at the option of the Corporation by resolution of its Board of Directors, in whole, or, from time to time, in part, at any time on or after May 1, 1996, at the following redemption prices per share, if redeemed during the twelve-month period beginning May 1 of the year indicated below, plus, in each case, all dividends accrued and unpaid on the shares of Series A Preferred Stock up to the date fixed for the redemption, upon giving notice as provided hereinbelow:

	Price

1996	\$104.375
1997	103.750
1998	103.125
1999	102.500
2000	101.875
2001	101.250
2002	100.625
2003 and thereafter	100.000

5.2 If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be determined pro rata or by lot or in such other manner and subject to such regulations as the Board of Directors in its sole discretion shall prescribe.

5.3 At least 30 days, but not more than 60 days, prior to the date fixed for the redemption of shares of Series A Preferred Stock, a written notice shall be mailed in a postage prepaid envelope to each holder of record of the shares of Series A Preferred Stock to be redeemed, addressed to such holder at his post office address as shown on the records of the Corporation, notifying such holder of the election of the Corporation to redeem such shares, stating the date fixed for redemption thereof (the "Redemption Date"), and calling upon such holder to surrender to the Corporation, on the Redemption Date at the place designated in such notice, his certificate or certificates representing the number of shares specified in such notice of redemption.

On or after the Redemption Date, each holder of shares of Series A Preferred Stock to be redeemed shall present and surrender his certificate or certificates for such shares to the Corporation at the place designated in such notice and thereupon the redemption price of such shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In case less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares.

From and after the Redemption Date (unless default shall be

made by the Corporation in payment of the redemption price), all dividends on the shares of Series A Preferred Stock designated for redemption in such notice shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation, except the right to receive the redemption price of such shares (including all accrued and unpaid dividends up to the Redemption Date) upon the surrender of certificates representing the same, shall cease and terminate and such shares shall not thereafter be transferred (except with the consent of the Corporation) on the books of the Corporation, and such shares shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Corporation, prior to the Redemption Date, may deposit the redemption price (including all accrued and unpaid dividends up to the Redemption Date) of shares of Series A Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company (having a capital surplus and undivided profits aggregating not less than \$50,000,000) in the Borough of Manhattan, City and State of New York, or in any other city in which the Corporation at the time shall maintain a transfer agency with respect to such shares, in which case the aforesaid notice to holders of shares of Series A Preferred Stock to be redeemed shall state the date of such deposit, shall specify the office of such bank or trust company as the place of payment of the redemption price, and shall call upon such holders to surrender the certificates representing such shares at such place on or after the date fixed in such redemption notice (which shall not be later than the Redemption Date) against payment of the redemption price (including all accrued and unpaid dividends up to the Redemption Date). Any interest accrued on such funds shall be paid to the Corporation from time to time. Any moneys so deposited which shall remain unclaimed by the holders of such shares of Series A Preferred Stock at the end of two years after the Redemption Date shall be returned by such bank or trust company to the Corporation.

If a notice of redemption has been given pursuant to this Section 5 and any holder of shares of Series A Preferred Stock shall, prior to the close of business on the day preceding the Redemption Date, give written notice to the Corporation pursuant to Section 7 below of the conversion of any or all of the shares to be redeemed held by such holder (accompanied by a certificate or certificates for such shares, duly endorsed or assigned to the Corporation, and any necessary transfer tax payment, as required by Section 7 below), then such redemption shall not become effective as to such shares to be converted, such conversion shall become effective as provided in Section 7 below, and any moneys set aside by the Corporation for the redemption of such shares of converted Series A Preferred Stock shall revert to the general funds of the Corporation.

Section 6. Shares to be Retired. All shares of Series A Preferred Stock which shall have been issued and reacquired in any manner by the Corporation (excluding, until the Corporation elects to retire them, shares which are held as treasury shares) shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series.

Section 7. Conversion. Holders of shares of Series A Preferred Stock shall have the right to convert all or a portion of such shares into shares of Common Stock, as follows:

7.1 Subject to and upon compliance with the provisions of this Section 7, a holder of shares of Series A Preferred Stock shall have the right, at his or her option, at any time after 40 days after the Issue Date, to convert such shares into the number of fully paid and nonassessable shares of Common Stock obtained by dividing the aggregate Stated Value of such shares by the Conversion Price (as in effect on the date provided for in the last paragraph of Section 7.2) by surrendering such shares to be converted, such surrender to be made in the manner provided in Section 7.2; provided, however, that the right to convert shares called for redemption pursuant to Section 5 shall terminate at the close of business on the day preceding the Redemption Date, unless the Corporation shall default in making payment of the cash payable upon such redemption under Section 5 hereof. Certificates will be issued for the remaining shares of Series A Preferred Stock in any case in which fewer than all of the shares of Series A Preferred Stock represented by a certificate are converted.

7.2 In order to exercise the conversion right, the holder of shares of Series A Preferred Stock to be converted shall surrender the certificate or certificates representing such shares, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent in the Borough of Manhattan, City of New York, accompanied by written notice to the Corporation that the holder thereof elects to convert Series A Preferred Stock. Unless the shares issuable on conversion are to be issued in the same name as the name in which such share of Series A Preferred Stock is registered, each share surrendered

for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid).

Holders of shares of Series A Preferred Stock at the close of business on a dividend payment record date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such dividend payment record date and prior to such Dividend Payment Date. However, shares of Series A Preferred Stock surrendered for conversion during the period between the close of business on any dividend payment record date and the opening of business on the corresponding Dividend Payment Date (except shares converted after the issuance of a notice of redemption with respect to a Redemption Date during such period, which shall be entitled to such dividend on the Dividend Payment Date) must be accompanied by payment of an amount equal to the dividend payable on such shares on such Dividend Payment Date. A holder of shares of Series A Preferred Stock on a dividend payment record date who (or whose transferee) tenders any such shares for conversion into shares of Common Stock on such Dividend Payment Date will receive the dividend payable by the Corporation on such shares of Series A Preferred Stock on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of shares of Series A Preferred Stock for conversion. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Common Stock issued upon such conversion.

As promptly as practicable after the surrender of certificates for shares of Series A Preferred Stock as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or on his or her written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with provisions of this Section 7, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in Section 7.3.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series A Preferred Stock shall have been surrendered and such notice (and if applicable, payment of an amount equal to the dividend payable on such shares) received by the Corporation as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Price in effect at such time on such date, unless the stock transfer books of the Corporation shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such shares shall have been surrendered and such notice received by the Corporation.

7.3 No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Series A Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one share shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered.

7.4 The Conversion Price shall be adjusted from time to time as follows:

(a) If the Corporation shall after the Issue Date (A) pay a dividend or make a distribution on its capital stock in shares of its Common Stock, (B) subdivide its outstanding Common Stock into a greater number of shares, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Price in effect at the opening of business on the day next following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business

on the day next following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any share of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this subparagraph (a) shall become effective immediately after the opening of business on the day next following the record date (except as provided in Section 7.8 below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(b) If the Corporation shall issue after the Issue Date rights or warrants (in each case, other than the Rights) to all holders of Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Stock at a price per share less than the Fair Market Value per share of Common Stock on the record date for the determination of stockholders entitled to receive such rights or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the opening of business on the day next following the date fixed for such determination by (II) a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of shares that the aggregate proceeds to the Corporation from the exercise of such rights or warrants for Common Stock would purchase at such Fair Market Value, and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (B) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights or warrants. Such adjustment shall become effective immediately after the opening of business on the day next following such record date (except as provided in Section 7.8 below). In determining whether any rights or warrants entitle the holders of Common Stock to subscribe for or purchase shares of Common Stock at less than such Fair Market Value, there shall be taken into account any consideration received by the Corporation upon issuance and upon exercise of such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) If the Corporation shall distribute to all holders of its Common Stock any shares of capital stock of the Corporation (other than Common Stock) or evidence of its indebtedness or assets (excluding cash dividends or distributions paid from profits or surplus of the Corporation) or rights or warrants (in each case, other than the Rights) to subscribe for or purchase any of its securities (excluding those rights and warrants issued to all holders of Common Stock entitling them for a period expiring within 45 days after the record date referred to in subparagraph (b) above to subscribe for or purchase Common Stock, which rights and warrants are referred to in and treated under subparagraph (b) above (any of the foregoing being hereinafter in this subparagraph (c) called the "Securities"), then in each such case the Conversion Price shall be adjusted so that it shall equal the price determined by multiplying (I) the Conversion Price in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such distribution by (II) a fraction, the numerator of which shall be the Fair Market Value per share of the Common Stock on the record date mentioned below less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the capital stock or assets or evidences of indebtedness so distributed or of such rights or warrants applicable to one share of Common Stock, and the denominator of which shall be the Fair Market Value per share of the Common Stock on the record date mentioned below. Such adjustment shall become effective immediately at the opening of business on the Business Day next following (except as provided in Section 7.8 below) the record date for the determination of shareholders entitled to receive such distribution. For the purposes of this clause (c), the distribution of a Security,

which is distributed not only to the holders of the Common Stock on the date fixed for the determination of stockholders entitled to such distribution of such security, but also is distributed with each share of Common Stock delivered to a person converting a share of Series A Preferred Stock after such determination date, shall not require an adjustment of the Conversion Price pursuant to this clause (c); provided that on the date, if any, on which a Person converting a share of Series A Preferred Stock would no longer be entitled to receive such Security with a share of Common Stock (other than as a result of the termination of all such Securities), a distribution of such Securities shall be deemed to have occurred and the Conversion Price shall be adjusted as provided in this clause (c) (and such day shall be deemed to be "the date fixed for the determination of the stockholders entitled to receive such distribution" and "the record date" within the meaning of the two preceding sentences).

(d) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this subparagraph (d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this Section 7 (other than this subparagraph (d)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Notwithstanding any other provisions of this Section 7, the Corporation shall not be required to make any adjustment of the Conversion Price for the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends on securities of the Corporation. All calculations under this Section 7 shall be made to the nearest cent (with \$.005 being rounded upward) or to the nearest 1/10 of a share (with .05 of a share being rounded upward), as the case may be. Anything in this Section 7.4 to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Price, in addition to those required by this Section 7.4, as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to its stockholders shall not be taxable.

7.5 If the Corporation shall be a party to any transaction (including without limitation a merger, consolidation, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock and excluding any transaction as to which Section 7.4(a) applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each share of Series A Preferred Stock which is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereafter be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon the consummation of such Transaction by a holder of that number of shares or fraction thereof of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such Transaction, assuming such holder of Common Stock (i) is not a Person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such sale or transfer was made, as the case may be ("Constituent Person"), or an affiliate of a Constituent Person and (ii) failed to exercise his rights of election, if any, as to the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction (provided that if the kind or amount of stock, securities and other property (including cash) receivable upon such Transaction is not the same for each share of Common Stock of the Corporation held immediately prior to such Transaction by other than a Constituent Person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this Section 7.5 the kind and amount of stock, securities and other property (including cash) receivable upon such Transaction by each non-electing share shall be deemed to be the kind and amount so receivable per share by the plurality of the non-electing shares). The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this Section 7.5 and it shall not consent or agree to the occurrence of any Transaction until the Corporation has entered into an agreement

with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Series A Preferred Stock that will contain provisions enabling the holders of the Series A Preferred Stock that remains outstanding after such Transaction to convert into the consideration received by holders of Common Stock at the Conversion Price in effect immediately prior to such Transaction. The provisions of this Section 7.5 shall similarly apply to successive Transactions.

7.6 If:

(a) the Corporation shall declare a dividend (or any other distribution) on the Common Stock (other than in cash out of profits or surplus and other than the Rights); or

(b) the Corporation shall authorize the granting to the holders of the Common Stock of rights or warrants (other than the Rights) to subscribe for or purchase any shares of any class or any other rights or warrants (other than the Rights); or

(c) there shall be any reclassification of the Common Stock (other than an event to which Section 7.4(a) applies) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation as an entirety; or

(d) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Corporation,

then the Corporation shall cause to be filed with the Transfer Agent and shall cause to be mailed to the holders of shares of the Series A Preferred Stock at their addresses as shown on the stock records of the Corporation, as promptly as possible, but at least 15 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

7.7 Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be prima facie evidence of the correctness of such adjustment. Promptly after delivery of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date of such adjustment and shall mail such notice of such adjustment of the Conversion Price to the holder of each share of Series A Preferred Stock at such holder's last address as shown on the stock records of the Corporation.

7.8 In any case in which Section 7.4 provides that an adjustment shall become effective on the day next following a record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Series A Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 7.3.

7.9 For purposes of this Section 7, the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation. The Corporation shall not pay a dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.

7.10 There shall be no adjustment of the Conversion Price in case of the issuance of any stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7. If any action or transaction would require adjustment of the Conversion Price

pursuant to more than one paragraph of this Section 7, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value.

7.11 If the Corporation shall take any action affecting the Common Stock, other than action described in this Section 7, that in the opinion of the Board of Directors would materially adversely affect the conversion rights of the holders of the shares of Series A Preferred Stock, the Conversion Price for the Series A Preferred Stock may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors may determine to be equitable in the circumstances.

7.12 The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, for the purpose of effecting conversion of the Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of Series A Preferred Stock not theretofore converted. For purposes of this Section 7.12, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Series A Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Corporation covenants that any shares of Common Stock issued upon conversion of the Series A Preferred Stock shall be validly issued, fully paid and non-assessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then-par value of the shares of Common Stock deliverable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action that, in the opinion of its counsel, may be necessary in order that the Corporation may validly and legally issue fully-paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

The Corporation shall endeavor to list the shares of Common Stock required to be delivered upon conversion of the Series A Preferred Stock, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery.

Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

7.13 The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion of the Series A Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the Series A Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting any issue or delivery has paid to the Corporation the amount of any such tax or established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

Section 8. Ranking. Any class or series of stock of the Corporation shall be deemed to rank:

(A) prior to the Series A Preferred Stock, as to the payment of dividends and as to distributions of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Series A Preferred Stock;

(B) on a parity with the Series A Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Stock if the holders of such class of stock or series and the Series A Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other; and

(C) junior to the Series A Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock or series shall be Common Stock or Series C Preferred Stock or if the holders of Series A Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such stock or series. Common Stock shall be deemed junior to the Series A Preferred Stock notwithstanding that it may participate in distributions upon an involuntary liquidation, dissolution or winding up without the Series A Preferred Stock receiving the Voluntary Liquidation Preference.

Section 9. Voting.

9.1 Unless the affirmative vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3 % of all of the outstanding shares of Series A Preferred Stock and all other affected series of Serial Preferred Stock ranking on a parity with the Series A Preferred Stock as to dividends and amounts distributable upon liquidation, dissolution and winding up, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose, at which the holders of shares of Series A Preferred Stock and such other series of Serial Preferred Stock shall vote together as a single class without regard to series, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designations, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would materially adversely affect the preferences, rights, powers or privileges of the Series A Preferred Stock; provided, however, that the amendment of the provisions of this Restated Certificate so as to authorize or create, or to increase the authorized amount of, any Junior Stock or any shares of any class ranking on a parity with the Series A Preferred Stock shall not be deemed to materially adversely affect the preferences, rights, powers or privileges of Series A Preferred Stock; and provided, further, that the amendment of the provisions of the Restated Certificate of Incorporation so as to increase or eliminate the Aggregate Involuntary Liquidation Amount shall not be deemed to materially adversely affect the preferences, rights, powers or privileges of Series A Preferred Stock.

9.2 Unless the affirmative vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3 % of all of the outstanding shares of Series A Preferred Stock and all other series of Serial Preferred Stock ranking on a parity with the Series A Preferred Stock as to dividends and amounts distributable upon liquidation, dissolution or winding up, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of shares of Series A Preferred Stock and such other series of Serial Preferred Stock shall vote together as a single class without regard to series, shall be necessary for authorizing, effecting or validating the creation, authorization or issue of any shares of any class of stock of the Corporation ranking prior to the Series A Preferred Stock as to dividends or upon liquidation, dissolution or winding up, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such prior shares.

9.3 If at the time of any annual meeting of stockholders for the election of directors a default in preference dividends (as defined below) on the Series A Preferred Stock and any other series of Serial Preferred Stock with respect to which such a default exists shall exist, the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series A Preferred Stock and such other series shall have the right at such meeting, voting together as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the Serial Preferred Stock. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of Serial Preferred Stock, voting together as a single class without regard to series, at a meeting of the stockholders, or of the holders of shares of Serial Preferred Stock as to which a default exists, called for the purpose. So long as a default in any preference dividends on the Serial Preferred Stock shall exist, (a) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (b)) by an instrument in writing signed by the remaining Preferred Director and filed

with the Corporation and (b) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding shares of Serial Preferred Stock as to which a default exists, voting together as a single class without regard to series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director. Whenever a default in preference dividends shall no longer exist, the term of office of each Preferred Director shall terminate and the number of directors constituting the Board of Directors of the Corporation shall be reduced by two. For the purposes hereof, a "default in preference dividends" on any series of Serial Preferred Stock shall be deemed to exist whenever the equivalent of six quarterly dividends have not been declared and paid or set apart for payment, whether or not consecutive, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all shares of Serial Preferred Stock of each and every series then outstanding shall have been declared and paid or set apart for payment to the end of the last preceding dividend period.

For purposes of the foregoing provisions of this Section 9, each share of Series A Preferred Stock shall have one (1) vote per share. Except as otherwise required by applicable law or as set forth herein, the shares of Series A Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Section 10. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any shares of Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

B. DESIGNATION, PREFERENCES AND RIGHTS OF SERIES B PREFERRED STOCK

Unless otherwise indicated, any reference in this Article FOURTH, Part I.B to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part I.B.

Section 1. Number of Shares and Designations. Fifty thousand (50,000) shares of the Serial Preferred Stock, without par value, of the Corporation are hereby constituted as a series designated as Series B Preferred Stock (the "Series B Preferred Stock").

Section 2. Definitions. For purposes of the Series B Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Board of Directors" shall mean the board of directors of the Corporation or any committee of such board of directors authorized to perform any of its responsibilities with respect to the Series B Preferred Stock.

2.2 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.3 "Common Stock" shall mean the common stock of the Corporation, par value \$0.01 per share.

2.4 "default in preference dividends" shall have the meaning set forth in Section 8.3 hereof.

2.5 "Dividend Payment Date" shall mean February 1, May 1, August 1 and November 1 in each year, commencing on August 1, 1994; provided that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment due on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date.

2.6 "Dividend Periods" shall mean quarterly dividend periods commencing on February 1, May 1, August 1 and November 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period (other than the initial Dividend Period, which shall commence on the Issue Date and end on and include July 31, 1994.)

2.7 "Issue Date" shall mean the first date on which shares of Series B Preferred Stock are issued.

2.8 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.9 "Preferred Director" shall mean any director of the Corporation elected or appointed pursuant to Section 8.3 hereof.

2.10 "Redemption Date" shall have the meaning set forth in Section 5.3 hereof.

2.11 "Restated Certificate" shall mean this Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.12 "Rights" shall mean the rights of the Corporation that are issuable under the Corporation's Rights Agreement dated as of December 11, 1986, and as amended from time to time, or rights to purchase any capital stock of the Corporation under any successor shareholder rights plan or plans adopted in replacement of the Corporation's Rights Agreement.

2.13 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry that indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided that if any funds for any class or series of stock ranking on a parity with or junior to the Series B Preferred Stock as to the payment of dividends are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Series B Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.14 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated by the Board of Directors as the transfer agent for the Series B Preferred Stock.

Section 3. Dividends.

3.1 The holders of shares of the Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of assets legally available for that purpose, dividends payable in cash at the rate per annum of \$3,062.50 per share of Series B Preferred Stock. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such dividends, and shall be payable quarterly, when, as and if declared by the Board of Directors, in arrears on Dividend Payment Dates, commencing on August 1, 1994. Each such dividend shall be payable in arrears to the holders of record of shares of the Series B Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates, which shall not be more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors or a duly authorized committee thereof. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Directors.

3.2 The amount of dividends payable for each full Dividend Period for the Series B Preferred Stock shall be computed by dividing the annual dividend rate by four. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series B Preferred Stock shall be computed on the basis of twelve-30-day months and a 360-day year. Holders of shares of Series B Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series B Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears.

3.3 So long as any shares of the Series B Preferred Stock are outstanding, no dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any class or series of stock of the Corporation ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with the Series B Preferred Stock, for any period unless full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Series B Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividend on such class or series of parity stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series B Preferred Stock and all dividends declared upon any other class or series of stock ranking on a parity as to

dividends and amounts distributable upon liquidation, dissolution or winding up shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series B Preferred Stock and accumulated and unpaid on such parity stock.

3.4 So long as any shares of the Series B Preferred Stock are outstanding, no dividends (other than (i) the Rights and (ii) dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, any class or series of stock of the Corporation that is junior to the Series B Preferred Stock as to the payment of dividends and as to distributions upon liquidation, dissolution or winding up of the Corporation) shall be declared or paid or set apart for payment or other distribution declared or made upon any class or series of stock of the Corporation that is junior to the Series B Preferred Stock as to the payment of dividends, nor shall any class or series of stock of the Corporation ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with or junior to the Series B Preferred Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for any class or series of stock of the Corporation that is junior to the Series B Preferred Stock as to payment of dividends and as to distributions upon liquidation, dissolution or winding up of the Corporation), unless in each case the full cumulative dividends on all outstanding shares of the Series B Preferred Stock and any other stock of the Corporation ranking on a parity with the Series B Preferred Stock, as to dividends and amounts distributable upon liquidation, dissolution or winding up shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series B Preferred Stock and all past dividend periods with respect to such parity stock.

Section 4. Payments upon Liquidation.

4.1 In the event of any liquidation, dissolution or winding up of the Corporation before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any class or series of stock of the Corporation that ranks junior to the Series B Preferred Stock as to the receipt of amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Series B Preferred Stock shall be entitled to receive Twenty-Five Thousand Dollars (\$25,000) per share of Series B Preferred Stock plus an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders (the "Liquidation Preference"); but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series B Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with the Series B Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series B Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Series B Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, neither (i) a consolidation or merger of the Corporation with or into one or more corporations nor (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Series B Preferred Stock as to dividends and amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Series B Preferred Stock, as and to the fullest extent provided in this Section 4, any other class or series of stock of the Corporation that ranks junior to the Series B Preferred Stock as to amounts distributable upon dissolution, liquidation or winding up of the Corporation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series B Preferred Stock shall not be entitled to share therein.

Section 5. Redemption at the Option of the Corporation.

5.1 The shares of Series B Preferred Stock shall be redeemable at the option of the Corporation by resolution of its Board of Directors, in whole, or, from time to time, in part, at any time on or after July 12, 2004, at the redemption price of \$25,000.00 per share plus all dividends accrued and unpaid on the shares of Series B Preferred Stock up to the date fixed for the redemption, upon giving notice as provided herein below.

5.2 If fewer than all of the outstanding shares of Series B Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be determined pro rata or by lot or in such other manner and subject to such regulations as the Board of Directors in its sole discretion shall prescribe.

5.3 At least 30 days, but not more than 60 days, prior to the date fixed for the redemption of shares of Series B Preferred Stock, a written notice shall be mailed in a postage prepaid envelope to each holder of record of the shares of Series B Preferred Stock to be redeemed, addressed to such holder at his post office address as shown on the records of the Corporation, notifying such holder of the election of the Corporation to redeem such shares, stating the date fixed for redemption thereof (the "Redemption Date") and calling upon such holder to surrender to the Corporation, on the Redemption Date at the place designated in such notice, the certificate or certificates representing the number of shares specified in such notice of redemption. On or after the Redemption Date, each holder of shares of Series B Preferred Stock to be redeemed shall present and surrender such certificate or certificates for such shares to the Corporation at the place designated in such notice and thereupon the redemption price of such shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled. In case less than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the shares not redeemed.

From and after the Redemption Date (unless default shall be made by the Corporation in payment of the redemption price), all dividends on the shares of Series B Preferred Stock designated for redemption in such notice shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation, except the right to receive the redemption price of such shares (including all accrued and unpaid dividends up to the Redemption Date) upon the surrender of certificates representing the same, shall cease and terminate and such shares shall not thereafter be transferred (except with the consent of the Corporation) on the books of the Corporation, and such shares shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Corporation, prior to the Redemption Date, may deposit the redemption price (including all accrued and unpaid dividends up to the Redemption Date) of shares of Series B Preferred Stock called for redemption in trust for the holders thereof with a bank or trust company (having a capital surplus and undivided profits aggregating not less than \$50,000,000) in the Borough of Manhattan, City and State of New York, or in any other city in which the Corporation at the time shall maintain a transfer agency with respect to such shares, in which case the aforesaid notice to holders of shares of Series B Preferred Stock to be redeemed shall state the date of such deposit, shall specify the office of such bank or trust company as the place of payment of the redemption price, and shall call upon such holders to surrender the certificates representing such shares at such place on or after the date fixed in such redemption notice (which shall not be later than the Redemption Date). Any interest accrued on such funds shall be paid to the Corporation from time to time. Any moneys so deposited that shall remain unclaimed by the holders of such shares of Series B Preferred Stock at the end of two years after the Redemption Date shall be returned by such bank or trust company to the Corporation.

Section 6. Shares to be Retired.

All shares of Series B Preferred Stock that have been issued and reacquired in any manner by the Corporation (excluding, until the Corporation elects to retire them, shares that are held as treasury shares) shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series.

Section 7. Ranking.

7.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series B Preferred Stock, as to the payment of dividends and as to distributions of assets upon liquidation, dissolution or winding up, if the holders of

such class or series shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Series B Preferred Stock;

(b) on a parity with the Series B Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series B Preferred Stock, if the holders of such class of stock or series and the Series B Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series B Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Series B Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

7.2 The Series A Convertible Preferred Stock and the Series D Redeemable Preferred Stock shall each be deemed to rank on a parity with the Series B Preferred Stock. The Class 1 ESOP Convertible Preferred Stock, the Class 2 ESOP Convertible Preferred Stock, the Class M ESOP Voting Junior Preferred Stock, the Class P ESOP Voting Junior Preferred Stock, the Class S ESOP Voting Junior Preferred Stock, the Class I Junior Preferred Stock, the Class IAM Junior Preferred Stock, the Class Pilot MEC Junior Preferred Stock, the Class SAM Junior Preferred Stock, the Series C Junior Participating Preferred Stock and the Common Stock shall each be deemed to rank junior to the Series B Preferred Stock as to receipt of dividends and as to amounts distributable upon liquidation, dissolution or winding up.

Section 8. Voting.

8.1 Unless the affirmative vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3 % of all of the outstanding shares of Series B Preferred Stock, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designations, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) that would materially adversely affect the preferences, rights, powers or privileges of the Series B Preferred Stock; provided that the amendment of the provisions of this Restated Certificate so as to authorize or create, or to increase the authorized amount of, any shares of any class or series ranking on a parity with or junior to the Series B Preferred Stock shall not be deemed to materially adversely affect the preferences, rights, powers or privileges of Series B Preferred Stock.

8.2 Unless the affirmative vote or consent of the holders of a greater number of shares shall then be required by law, the consent of the holders of at least 66 2/3 % of all of the outstanding shares of Series B Preferred Stock, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose shall be necessary for authorizing, effecting or validating the creation, authorization or issue of any shares of any class or series of stock of the Corporation ranking prior to the Series B Preferred Stock as to dividends or upon liquidation, dissolution or winding up, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such prior shares.

8.3 If at the time of any annual meeting of stockholders for the election of directors a default in preference dividends (as defined below) on the Series B Preferred Stock and any other series of Serial Preferred Stock with respect to which such a default exists shall exist, then (without duplication of the provisions of Article FOURTH, Part 1.A, Section 9.3 of this Restated Certificate) the number of directors constituting the Board of Directors of the Corporation shall be increased by two, and the holders of the Series B Preferred Stock and such other series shall have the right at such meeting, voting together as a single class without regard to series, to the exclusion of the holders of common stock, to elect two directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the

Serial Preferred Stock. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of Serial Preferred Stock, voting together as a single class without regard to series, at a meeting of the stockholders, or of the holders of shares of Serial Preferred Stock as to which a default exists, called for the purpose. So long as a default in any preference dividends on the Serial Preferred Stock shall exist, (a) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (b)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (b) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding shares of Serial Preferred Stock as to which a default exist, voting together as a single class without regard to series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director. Whenever a default in preference dividends shall no longer exist, the term of office of each Preferred Director shall terminate and the number of directors constituting the Board of Directors of the Corporation shall be reduced by two. For the purposes hereof, a "default in preference dividends" on any series of Serial Preferred Stock shall be deemed to exist whenever the equivalent of six quarterly dividends have not been declared and paid or set apart for payment, whether or not consecutive, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all shares of Serial Preferred Stock of each and every series then outstanding shall have been declared and paid or set apart for payment to the end of the last preceding dividend period.

8.4 For purposes of the foregoing provisions of this Section 8, each share of Series B Preferred Stock shall have one thousand (1,000) votes per share. Except as otherwise required by applicable law or as set forth herein, the shares of Series B Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Section 9. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any shares of Series B Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

C. DESIGNATION, PREFERENCES AND RIGHTS OF SERIES C JUNIOR PARTICIPATING PREFERRED STOCK

Unless otherwise indicated, any reference in this Article FOURTH, Part I.C to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part I.C.

Section 1. Designation and Amount. The shares of such series shall be designated as "Series C Junior Participating Preferred Stock" (the "Series C Preferred Stock") and the number of shares constituting such series shall be 1,250,000.

Section 2. Dividends and Distributions. The holders of shares of Series C Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series C Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$10 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value \$0.01 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series C Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such

case the amount to which holders of shares of Series C Preferred Stock then outstanding were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

The Corporation shall declare a dividend or distribution on the Series C Preferred Stock as provided in this Section 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$10.00 per share on the Series C Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

Dividends shall begin to accrue and be cumulative on outstanding shares of Series C Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series C Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series C Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series C Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series C Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series C Preferred Stock shall have the following voting rights:

3.1 Subject to the provision for adjustment hereinafter set forth, each share of Series C Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series C Preferred Stock then outstanding were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

3.2 Except as otherwise provided herein or by law, the holders of shares of Series C Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

3.3 If the equivalent of six quarterly dividends payable on the Series C Preferred Stock or any other series of Serial Preferred Stock of the Corporation are in default, the number of directors of the Corporation shall be increased by two and the holders of all such series in respect of which such a default exists, voting as a class without regard to series, will be entitled to elect two additional directors at the next annual meeting and each subsequent meeting, until all cumulative dividends have been paid in full or until noncumulative dividends have been paid regularly for at least one year.

3.4 Except as set forth herein, holders of Series C Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

4.1 Whenever quarterly dividends or other dividends or

distributions payable on the Series C Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series C Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(a) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock;

(b) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, except dividends paid ratably on the Series C Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(c) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior as to dividends and as to distributions upon dissolution, liquidation or winding up to the Series C Preferred Stock; or

(d) purchase or otherwise acquire for consideration any shares of Series C Preferred Stock, or any shares of stock ranking on a parity with the Series C Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

4.2 The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under Section 4.1, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series C Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Serial Preferred Stock and may be reissued as part of a new series of the Serial Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. Subject to (a) the rights of the holders of preferred stock of the Corporation ranking senior to the Series C Preferred Stock as to dividends and amounts payable upon any voluntary or involuntary liquidation, dissolution or winding up and (b) any other provision of the Restated Certificate of Incorporation of the Corporation (as amended from time to time, the "Restated Certificate"), upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon any voluntary or involuntary liquidation, dissolution or winding up) to the Series C Preferred Stock unless, prior thereto, the holders of shares of the Series C Preferred Stock shall have received \$100.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series C Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (2) to the holders of stock ranking on a parity (either as to dividends or upon any voluntary or involuntary liquidation, dissolution or winding up) with the Series C Preferred Stock, except distributions made ratably on the Series C Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such voluntary or involuntary liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or

effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series C Preferred Stock then outstanding were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series C Preferred Stock then outstanding shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series C Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series C Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series C Preferred Stock shall rank junior to all other series of the Corporation's preferred stock, whether now or hereafter outstanding, as to dividends and amounts payable upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series C Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series C Preferred Stock, voting together as a single class.

D. DESIGNATION, PREFERENCES AND RIGHTS OF SERIES D REDEEMABLE PREFERRED STOCK

Unless otherwise indicated, any reference in this Article FOURTH, Part I.D to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part I.D.

Section 1. Number of Shares and Designations.

Fifty thousand (50,000) shares of the Serial Preferred Stock, without par value, of the Corporation are hereby constituted as a series designated as Series D Redeemable Preferred Stock (the "Series D Preferred Stock").

Section 2. Definitions. For purposes of the Series D Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Common Stock" shall mean the common stock of the Corporation, par value \$0.01 per share.

2.2 "Redemption Consideration" shall mean (subject to Section 6 hereof) \$84.81 in cash, such Redemption Consideration to be distributed by the Corporation in respect of each 1/1,000th of a share of Series D Preferred Stock to the holder thereof upon the redemption of such fraction of a share as provided in Section 6 hereof and as adjusted as provided in Section 6 hereof.

2.3 "Series D Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.4 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated by the Board of Directors of the Corporation (or any committee of such board of directors authorized to perform any of its responsibilities with respect to the Series D Preferred Stock) as the transfer agent for the Series D Preferred Stock.

Section 3. Dividends. The holders of shares of the Series D Preferred Stock or fractions thereof shall not be entitled to receive any dividends.

Section 4. Payments upon Liquidation.

4.1 In the event of any liquidation, dissolution or winding up of the Corporation before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any class or series of stock of the Corporation that ranks junior to the Series D Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Series D Preferred Stock or fractions thereof shall be entitled to receive the Redemption Consideration per 1/1,000th of a share of Series D Preferred Stock (the "Liquidation Preference"); but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series D Preferred Stock and fractions thereof shall be insufficient to pay in full the Liquidation Preference, and the liquidation preference on all other shares of any class or series of stock ranking, as to dividends and amounts distributable upon liquidation, dissolution or winding up, on a parity with the Series D Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series D Preferred Stock or fractions thereof and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Series D Preferred Stock or fractions thereof and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, neither (i) a consolidation or merger of the Corporation with or into one or more corporations nor (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets shall be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class or classes of stock ranking on a parity with or prior to the Series D Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Series D Preferred Stock, as and to the fullest extent provided in this Section 4, any other series or class or classes of stock of the Corporation that ranks junior to the Series D Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Series D Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Series D Preferred Stock and fractions thereof that shall have been issued and reacquired in any manner by the Corporation (excluding, until the Corporation elects to retire them, shares that are held as treasury shares) shall be restored to the status of authorized but unissued shares of Serial Preferred Stock, without designation as to series.

Section 6. Redemption. Each 1/1,000th of a share of Series D Preferred Stock is redeemable, and immediately following the issuance thereof, the Corporation, to the extent that it may legally do so and subject to the other provisions of this Restated Certificate, shall redeem each 1/1,000th of a share of Series D Preferred Stock, for the Redemption Consideration. If for any reason the Corporation is not able to redeem any portion of the Series D Preferred Stock so issued, such shares and fractions thereof that remain outstanding shall continue to exist and remain outstanding and shall thereafter represent the right to receive the Redemption Consideration as soon as the Corporation is legally and hereunder permitted to redeem such shares and fractions thereof.

At the time of the redemption pursuant to this Section 6, the rights of holders of Series D Preferred Stock so redeemed shall cease with respect to such shares or fractions thereof (except the right to receive cash as provided above), and the person entitled to receive the cash upon redemption shall be treated for all purposes as the owner of such cash as of the date of such redemption.

With respect to any shares of the Series D Preferred Stock or fractions thereof that are redeemed by the Corporation immediately following the issuance thereof, the Corporation need not distribute a certificate to the person otherwise entitled to receive such shares or fractions thereof but may instead distribute the Redemption Consideration to such person or persons directly. If certificates representing shares of the Series D Preferred Stock or fractions thereof are issued, the Corporation may require the surrender of such certificates as a condition precedent to the issuance of the Redemption Consideration.

Section 7. Ranking.

7.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Series D Preferred Stock, as to distributions of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Series D Preferred Stock;

(b) on a parity with the Series D Preferred Stock, as to distribution of assets upon liquidation, dissolution or winding up, whether or not the redemption or liquidation prices per share thereof be different from those of the Series D Preferred Stock, if the holders of such class of stock or series and the Series D Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Series D Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Series D Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

7.2 The Series A Convertible Preferred Stock and the Series B Preferred Stock shall each be deemed to rank on a parity with the Series D Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Class 1 ESOP Convertible Preferred Stock, the Class 2 ESOP Convertible Preferred Stock, the Class M ESOP Voting Junior Preferred Stock, the Class P ESOP Voting Junior Preferred Stock, the Class S ESOP Voting Junior Preferred Stock, the Class I Junior Preferred Stock, the Class IAM Junior Preferred Stock, the Class Pilot MEC Junior Preferred Stock, the Class SAM Junior Preferred Stock, the Series C Junior Participating Preferred Stock and the Common Stock shall each be deemed to rank junior to the Series D Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 8. Voting. Except as otherwise required by applicable law, the shares of Series D Preferred Stock shall not have any voting rights and the consent of the holders thereof shall not be required for the taking of any corporate action. For each matter as to which shares of the Series D Preferred Stock shall have voting rights, each share of Series D Preferred Stock shall have one (1) vote per share.

Section 9. Record Holders. The Corporation and the Transfer Agent may deem and treat the record holder of any shares of Series D Preferred Stock as the true and lawful owner thereof for all purposes, and except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART II

Class 1 ESOP Convertible Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part II to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part II.

Section 1. Number of Shares; Designation; Issuance and Automatic Conversion.

1.1 The Class 1 ESOP Convertible Preferred Stock of the Corporation (the "Class 1 ESOP Preferred Stock") shall consist of 25,000,000 shares, par value \$0.01 per share.

1.2 Shares of Class 1 ESOP Preferred Stock shall be issued only to a trustee or trustees acting on behalf of the UAL

Corporation Employee Stock Ownership Plan (the "ESOP"). In the event of any sale, transfer or other disposition (including, without limitation, upon a foreclosure or other realization upon shares of Class 1 ESOP Preferred Stock pledged as security for any loan or loans made to the ESOP or to the trustee or the trustees acting on behalf of the ESOP) (hereinafter a "transfer") of shares of Class 1 ESOP Preferred Stock to any person (including, without limitation, any participant in the ESOP) other than (x) any trustee or trustees of the ESOP or (y) any pledgee of such shares acquiring such shares as security for any loan or loans made to the ESOP or to any trustee or trustees acting on behalf of the ESOP, the shares of Class 1 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the transferee, shall be automatically converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 6 hereof and thereafter such transferee shall not have any of the voting powers, preferences or relative, participating, optional or special rights ascribed to shares of Class 1 ESOP Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class 1 ESOP Preferred Stock shall have been so converted. In the event of any such automatic conversion provided for in this Section 1.2, such transferee shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class 1 ESOP Preferred Stock shall have been converted as of the date of such conversion. Certificates representing shares of Class 1 ESOP Preferred Stock shall be legended to reflect such consequences of a transfer. Notwithstanding the foregoing provisions of this Section 1, shares of Class 1 ESOP Preferred Stock may be converted into shares of Common Stock as provided by Section 6 hereof and the shares of Common Stock issued upon any conversion in accordance with Section 6 hereof or this Section 1.2 may be transferred by the holder thereof as permitted by law.

Section 2. Definitions. For purposes of the Class 1 ESOP Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Affiliate" shall have the meaning defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, or any successor thereto.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee authorized by such board of directors to perform any of its responsibilities with respect to the Class 1 ESOP Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.4 "Class 1 ESOP Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.5 "Class 2 ESOP Preferred Stock" shall mean the Class 2 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.10 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.12 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.13 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.14 "Common Stock" shall mean the common stock of the

Corporation, par value \$0.01 per share.

2.15 "Conversion Rate" shall have the meaning set forth in Section 6.1 hereof.

2.16 "Current Market Price" of publicly traded shares of Common Stock or any other class or series of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted for trading on the New York Stock Exchange, Inc. ("NYSE"), on the principal national securities exchange on which such security is listed or admitted for trading or quoted or, if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or, if such security is not quoted on such National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

2.17 "Director Preferred Stocks" shall mean collectively, the Class I Preferred Stock, the Class IAM Preferred Stock, the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock.

2.18 "Dividend Payment Date" shall mean the penultimate Business Day in each year, commencing on such penultimate Business Day in 1994; provided that, with respect to the Dividend Period beginning on January 1, 2000 and ending on March 31, 2000, the Dividend Payment Date shall be the penultimate Business Day in the calendar quarter ending March 31, 2000.

2.19 "Dividend Periods" shall mean annual dividend periods commencing on the last Business Day of each year and ending on and including the penultimate Business Day of the next succeeding year (other than the initial Dividend Period, which shall commence on the Issue Date and end on and include the penultimate Business Day in 1994, the Dividend Period commencing on the last Business Day of 1999, which shall commence on such date and end on the penultimate Business Day in the calendar quarter ending March 31, 2000 and the Dividend Period commencing on the last Business Day of the calendar quarter ending on March 31, 2000, which shall commence on such date and end on the penultimate Business Day in the year 2000).

2.20 "Equity Securities" shall mean the Common Stock or any debt, equity or other security or contractual right convertible into or exercisable or exchangeable for, or based on the value of, the Common Stock or any warrants, options or other rights to purchase the Common Stock or other Equity Securities (other than the Rights).

2.21 "ESOP Preferred Stocks" shall mean, collectively, the Class 1 ESOP Preferred Stock and the Class 2 ESOP Preferred Stock.

2.22 "Extraordinary Distribution" shall mean any single dividend or other distribution (including by reclassification of shares or recapitalization of the Corporation, as well as any such dividend or distribution made in connection with a merger or consolidation in which the Corporation is the continuing corporation and the Common Stock is not changed or exchanged) to holders of Common Stock (effected while any of the shares of Class 1 ESOP Preferred Stock are outstanding) (i) of cash, where the aggregate amount of such single cash dividend or distribution together with the amount of all cash dividends and distributions made to holders of Common Stock during the period from the latest to occur of the Issue Date or the most recent Dividend Payment Date until the payment date for such cash dividend or distribution to holders of Common Stock, when combined with the aggregate amount of all previous Pro Rata Repurchases during such period (for this purpose, including only that portion of the aggregate purchase price of each such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the Business Day prior to the public announcement of such Pro Rata Repurchase made during such period), exceeds twelve and one-half percent (12 1/2%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the record date for determining the shareholders entitled to receive such Extraordinary Distribution and (ii) of any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in Sections 6.4(b) and 6.4(c)

hereof), evidences of indebtedness of the Corporation or any other person or any other property (including, without limitation, shares of capital stock of any subsidiary of the Corporation), or any combination thereof. The Fair Market Value of any such single dividend or other distribution that, pursuant to clause (i), constitutes an Extraordinary Distribution shall for purposes of the first paragraph of Section 6.4(d) hereof be the sum of the Fair Market Value of such Extraordinary Distribution plus the amount of any other cash dividends and distributions made within the relevant period referred to above to holders of Common Stock to the extent such other dividends and distributions were not previously included in the calculation of an adjustment pursuant to the first paragraph of Section 6.4(d) hereof within such period.

2.23 "Fair Market Value" shall mean the average of the daily Current Market Prices of the security in question during the five (5) consecutive Trading Days before the earlier of the day in question and the "ex" date with respect to the issuance or distribution requiring such computation. The term "'ex' date," when used with respect to any issuance or distribution, means the first day on which the Common Stock trades regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price. With respect to any asset or security for which there is no Current Market Price, the Fair Market Value of such asset or security shall be determined in good faith by the Board of Directors.

2.24 "Issue Date" shall mean the first date on which shares of Class 1 ESOP Preferred Stock are issued.

2.25 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.26 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.27 "Non-Dilutive Amount" in respect of an issuance, sale or exchange by the Corporation of any Equity Securities (other than Common Stock) shall mean the excess of (i) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon the exercise, conversion or exchange in full of such Equity Securities (and any Equity Securities receivable upon exercise, conversion or exchange thereof), whether or not then exercisable, convertible or exchangeable at such date, over (ii) the aggregate amount payable pursuant to the exercise, conversion or exchange of such Equity Securities, whether or not then exercisable, convertible or exchangeable, to purchase or acquire such maximum number of shares of Common Stock (and any Equity Securities receivable upon exercise, conversion or exchange thereof); provided, however, that in no event shall the Non-Dilutive Amount be less than zero. For purposes of the foregoing sentence, the amount payable pursuant to the exercise, conversion or exchange of such Equity Securities to purchase or acquire shares of Common Stock shall be deemed to be the Fair Market Value of the consideration payable pursuant to the exercise, conversion or exchange of such Equity Securities on the date of the issuance, sale or exchange of such Equity Securities by the Corporation (excluding for that purpose the Fair Market Value of the Equity Security to be so exercised, converted or exchanged).

2.28 "Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Corporation or any Affiliate thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including, without limitation, shares of capital stock, other securities or evidences of indebtedness of a subsidiary of the Corporation), or any combination thereof, effected while any of the shares of Class 1 ESOP Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock; provided, however, that "Pro Rata Repurchase" shall not include any purchase of shares by the Corporation or any subsidiary thereof made in open market transactions substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act or on such other terms and conditions as the Board of Directors shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock. The "Effective Date" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

2.29 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.30 "Rights" shall mean the rights of the Corporation issued or issuable under the Corporation's Rights Agreement dated as of December 11, 1986, and as amended from time to time (the "Rights Agreement"), or rights to purchase any capital stock of the Corporation issued or issuable under any successor shareholder rights plan or plans adopted in replacement of the Rights Agreement.

2.31 "Series A Debentures" shall mean the Series A Debentures due 2004 of United Air Lines, Inc.

2.32 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.33 "Series B Debentures" shall mean the Series B Debentures due 2014 of United Air Lines, Inc.

2.34 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.35 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.36 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.37 [Reserved]

2.38 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class 1 ESOP Preferred Stock as to the payment of dividends or distributions are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class 1 ESOP Preferred Stock shall mean, with respect to such dividends or distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.39 "Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.40 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class 1 ESOP Preferred Stock.

2.41 "Voting Preferred Stocks" shall mean collectively, the Class M Voting Preferred Stock, the Class P Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends.

3.1 The holders of shares of the Class 1 ESOP Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of assets legally available for that purpose, dividends payable in cash at the rate per annum of (i) an amount per share of Class 1 ESOP Preferred Stock with respect to any Dividend Period ending on or before March 31, 2000 equal to seven percent of the result of dividing (x) the Purchase Price (as defined in and determined pursuant to Section 1 of the Preferred Stock Purchase Agreement, dated as of March 25, 1994, as amended, between the Corporation and State Street Bank and Trust Company as trustee for the UAL Corporation Employee Stock Ownership Plan Trust (the "Agreement"), a copy of which is on

file in the office of the Secretary of the Corporation) of the shares of Class 1 ESOP Preferred Stock purchased pursuant to Section 1 of the Agreement by (y) the number of shares of Class 1 ESOP Preferred Stock purchased pursuant to Section 1 of the Agreement and (ii) zero thereafter (the "Fixed Dividend"). Such Fixed Dividends shall be cumulative from the Issue Date until the penultimate Business Day in the calendar quarter ending March 31, 2000, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such Fixed Dividends and whether or not the Board of Directors shall have declared such Fixed Dividends, and shall be payable annually (except as otherwise provided herein) when, as and if declared by the Board of Directors, in arrears on Dividend Payment Dates, commencing on the penultimate Business Day of 1994. Each such Fixed Dividend shall be payable in arrears to the holders of record of shares of the Class 1 ESOP Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates, which shall not be more than 60 days nor less than 10 days preceding the Dividend Payment Dates thereof, as shall be fixed by the Board of Directors. Accrued and unpaid Fixed Dividends for any past Dividend Periods ending on or prior to the penultimate Business Day in the calendar quarter ending March 31, 2000 may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Directors. Holders of the Class 1 ESOP Preferred Stock shall be entitled to the cumulative Fixed Dividend provided in this Section 3.1 and the additional cumulative dividends provided in Section 3.5 and shall not be entitled to any other dividends in excess thereof.

3.2 The amount of Fixed Dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Class 1 ESOP Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. Except as provided in Section 3.5, holders of shares of Class 1 ESOP Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative Fixed Dividends, as herein provided, on the Class 1 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Fixed Dividend payment or payments on the Class 1 ESOP Preferred Stock that may be in arrears.

3.3 So long as any shares of the Class 1 ESOP Preferred Stock are outstanding, no dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any other class or series of stock of the Corporation ranking on a parity with the Class 1 ESOP Preferred Stock as to the payment of dividends for any period unless full cumulative Fixed Dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Class 1 ESOP Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividends on such class or series of parity stock. When Fixed Dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class 1 ESOP Preferred Stock and such parity stock shall be declared ratably in proportion to the respective amounts of Fixed Dividends accumulated and unpaid on the Class 1 ESOP Preferred Stock and dividends accumulated and unpaid on such parity stock. Notwithstanding the foregoing to the contrary, cumulated Fixed Dividends that remain unpaid on April 1, 2000 shall not prevent the payment of a dividend on any other security on or after April 1, 2000 to the extent that, on the Dividend Payment Date occurring on or prior to April 1, 2000 with respect to the Class 1 ESOP Preferred Stock that immediately followed the last payment of a dividend on the Series A Preferred Stock or the Series B Preferred Stock, (a) the unpaid current and cumulated dividends on the Class 1 ESOP Preferred Stock as of such Dividend Payment Date exceeds (b) the surplus of the Corporation available on such Dividend Payment Date to pay Fixed Dividends on the Class 1 ESOP Preferred Stock after (I) the payment in full of all unpaid current and cumulated dividends in respect of all other classes or series of stock of the Corporation ranking senior to the Class 1 ESOP Preferred Stock as to the payment of dividends and (II) the payment on a pro rata basis of all unpaid current and cumulated dividends in respect of all other classes or series of stock of the Corporation ranking on a parity with the Class 1 ESOP Preferred Stock as to the payment of dividends, provided that an amount equal to the lesser of the amounts described in clause (a) and clause (b) must be paid as a dividend in respect of the Class 1 ESOP Preferred Stock before any amount may be paid as a dividend in respect of any class or series of stock of the Corporation that ranks junior to the Class 1 ESOP Preferred Stock as to the payment of dividends (the amount of such excess, the "Designated Amount"), provided further that the Designated Amount plus all unpaid Fixed Dividends on the Class 1 ESOP Preferred Stock that accrue in respect of Dividend Payment Dates that occurred after such

Dividend Payment Date shall remain part of the accrued and unpaid dividends on the Class 1 ESOP Preferred Stock for the purpose of Section 4.

3.4 So long as any shares of the Class 1 ESOP Preferred Stock are outstanding, no dividends (other than (i) the Rights and (ii) dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, any class or series of stock of the Corporation that is junior to the Class 1 ESOP Preferred Stock as to the payment of dividends) shall be declared or paid or set apart for payment or other distribution declared or made upon any class or series of stock of the Corporation that is junior to the Class 1 ESOP Preferred Stock as to the payment of dividends, nor shall any other class or series of stock of the Corporation ranking on a parity with or junior to the Class 1 ESOP Preferred Stock as to the payment of dividends or as to distributions upon liquidation, dissolution or winding up of the Corporation, be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for any class or series of stock of the Corporation that is junior to the Class 1 ESOP Preferred Stock as to the payment of dividends and as to distributions upon liquidation, dissolution or winding up of the Corporation), unless in each case the full cumulative Fixed Dividends on all outstanding shares of the Class 1 ESOP Preferred Stock shall have been paid or set apart for payment for all past Dividend Periods with respect to the Class 1 ESOP Preferred Stock and such parity stock. Notwithstanding the foregoing to the contrary, cumulated Fixed Dividends that remain unpaid on April 1, 2000 shall not prevent the payment of a dividend on any other security on or after April 1, 2000 to the extent that, on the Dividend Payment Date occurring on or prior to April 1, 2000 with respect to the Class 1 ESOP Preferred Stock that immediately followed the last payment of a dividend on the Series A Preferred Stock or the Series B Preferred Stock, (a) the unpaid current and cumulated dividends on the Class 1 ESOP Preferred Stock as of such Dividend Payment Date exceeds (b) the surplus of the Corporation available on such Dividend Payment Date to pay Fixed Dividends on the Class 1 ESOP Preferred Stock after (I) the payment in full of all unpaid current and cumulated dividends in respect of all other classes or series of stock of the Corporation ranking senior to the Class 1 ESOP Preferred Stock as to the payment of dividends and (II) the payment on a pro rata basis of all unpaid current and cumulated dividends in respect of all other classes or series of stock of the Corporation ranking on a parity with the Class 1 ESOP Preferred Stock as to the payment of dividends, provided that an amount equal to the lesser of the amounts described in clause (a) and clause (b) must be paid as a dividend in respect of the Class 1 ESOP Preferred Stock before any amount may be paid as a dividend in respect of any class or series of stock of the Corporation that ranks junior to the Class 1 ESOP Preferred Stock as to the payment of dividends, provided further that the Designated Amount plus all unpaid Fixed Dividends on the Class 1 ESOP Preferred Stock that accrue in respect of Dividend Payment Dates that occurred after such Dividend Payment Date shall remain part of the accrued and unpaid dividends on the Class 1 ESOP Preferred Stock for the purpose of Section 4.

3.5 If, during the period ending upon the most recent Dividend Payment Date and beginning on the immediately prior Dividend Payment Date or, if none, the Issue Date, cash dividends have been paid to the holders of Common Stock which, if paid at the same rate (per outstanding share of Common Stock) with respect to the shares of Common Stock into which the Class 1 ESOP Preferred Stock is convertible, would be in excess of the sum of the amounts of the Fixed Dividends which have been or will have been paid during such period ending on such Dividend Payment Date, the holders of shares of Class 1 ESOP Preferred Stock shall be entitled to receive on such Dividend Payment Date, in addition to the Fixed Dividends payable on such Dividend Payment Date, an additional dividend equal to the excess of (a) the dividends which would have been received during such period with respect to the shares of Common Stock which would have been issued upon conversion of the Class 1 ESOP Preferred Stock had the Class 1 ESOP Preferred Stock been outstanding as Common Stock at each relevant time in order to receive such dividends (but only to the extent such dividends do not constitute an Extraordinary Distribution under clause (i) of the definition thereof), over (b) the sum of the amount of (i) the Fixed Dividends which have been or will have been paid during such period and (ii) the amount previously paid pursuant to this Section 3.5 during such period, which additional dividends (hereinafter referred to as "Participating Dividends") shall be paid in cash, pro-rata to each holder of Class 1 ESOP Preferred Stock. In the event that an adjustment is made pursuant to the second paragraph of Section

6.4(d) with respect to shares of Class 1 ESOP Preferred Stock converted during the period referred to above, the amount of Participating Dividend to be paid in accordance with the preceding sentence shall be reduced by an amount equal to the product of (x) the number of shares of Common Stock into which such converted shares of Class 1 ESOP Preferred Stock would have been converted in the absence of such adjustment and (y) the amount of the cash dividend or distributions per share of Common Stock in respect of which such adjustment was made.

3.6 In respect of any Dividend Payment Date on which both Fixed Dividends and Participating Dividends are due, or at any time that both Fixed Dividends and Participating Dividends are unpaid, dividend payments made on the Class 1 ESOP Preferred Stock shall be applied first to unpaid Participating Dividends and, after all Participating Dividends are paid in full, then to unpaid Fixed Dividends.

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class 1 ESOP Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class 1 ESOP Preferred Stock shall be entitled to receive an amount per share of Class 1 ESOP Preferred Stock equal to the sum of (a) the result of dividing (i) the Purchase Price (as defined in and determined pursuant to Section 1 of the Preferred Stock Purchase Agreement, dated as of March 25, 1994, as amended, between the Corporation and State Street Bank and Trust Company as trustee for the UAL Corporation Employee Stock Ownership Plan Trust (the "Agreement"), a copy of which is on file in the office of the Secretary of the Corporation) of the shares of Class 1 ESOP Preferred Stock purchased pursuant to Section 1 of the Agreement by (ii) the number of shares of Class 1 ESOP Preferred Stock purchased pursuant to Section 1 of the Agreement and (b) an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders (collectively, the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Class 1 ESOP Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class 1 ESOP Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Class 1 ESOP Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class 1 ESOP Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any class or series of stock ranking prior to or on a parity with the Class 1 ESOP Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class 1 ESOP Preferred Stock, as and to the fullest extent provided in this Section 4, any other class or series of stock of the Corporation that ranks junior to the Class 1 ESOP Preferred Stock as to amounts distributable upon dissolution, liquidation or winding up of the Corporation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class 1 ESOP Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Class 1 ESOP Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be retired and shall not be reissued.

Section 6. Conversion. Holders of shares of Class 1 ESOP Preferred Stock shall have the right to convert all or a portion of such shares into shares of Common Stock as follows:

6.1 Subject to and upon compliance with the provisions of this Section 6, a holder of shares of Class 1 ESOP Preferred

Stock shall have the right, at such holder's option, at any time and from time to time, to convert all or any of such shares into fully paid and nonassessable shares of Common Stock at a rate of one share of Common Stock for one share of Class 1 ESOP Preferred Stock subject to adjustment as provided in this Section 6 (as so adjusted, the "Conversion Rate") by surrendering such shares to be converted, such surrender to be made in the manner provided in Section 6.2. Certificates shall be issued for the remaining shares of Class 1 ESOP Preferred Stock if fewer than all of the shares of Class 1 ESOP Preferred Stock represented by a certificate are converted.

6.2 In order to exercise the conversion right, the holder of shares of Class 1 ESOP Preferred Stock to be converted shall surrender the certificate or certificates representing such shares, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent in the Borough of Manhattan, City of New York, accompanied by written notice to the Corporation that the holder thereof elects to convert Class 1 ESOP Preferred Stock. Unless the shares issuable on conversion are to be issued in the same name as the name in which such share of Class 1 ESOP Preferred Stock is registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid or that no such taxes are payable).

Holders of shares of Class 1 ESOP Preferred Stock at the close of business on a dividend payment record date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such dividend payment record date. The Corporation shall make no payment or allowance for unpaid dividends on the shares of Common Stock issued upon such conversion.

As promptly as practicable after the surrender of certificates for shares of Class 1 ESOP Preferred Stock as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or on such holder's written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with provisions of this Section 6, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in Section 6.3.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Class 1 ESOP Preferred Stock shall have been surrendered and such notice (and if applicable, payment of an amount equal to the dividend payable on such shares) received by the Corporation as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Rate in effect at such time on such date, unless the stock transfer books of the Corporation shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the date upon which such shares shall have been surrendered and such notice received by the Corporation.

6.3 No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Class 1 ESOP Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Class 1 ESOP Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one certificate shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Class 1 ESOP Preferred Stock so surrendered.

6.4 The Conversion Rate shall be adjusted from time to time as follows:

(a) In case the Corporation shall, at any time or from time to time while any of the shares of Class 1 ESOP Preferred Stock are outstanding, (i) pay a dividend or make a distribution on its capital stock in shares of its Common Stock, (ii) subdivide its outstanding Common Stock into a greater number of shares, (iii) combine its outstanding

Common Stock into a smaller number of shares or (iv) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Rate in effect at the opening of business on the day next following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business on the day next following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any share of Class 1 ESOP Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock or other capital stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this subparagraph (a) shall become effective immediately after the opening of business on the day next following the record date (except as provided in Section 6.7 below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(b) In case the Corporation shall, at any time or from time to time while any of the shares of Class 1 ESOP Preferred Stock are outstanding, issue Equity Securities (other than Common Stock and the Rights) (the "Issued Equity Securities") to all holders of shares of its Common Stock entitling them (for a period expiring within 45 days after the record date for such issuance) to subscribe for or purchase (whether by exercise, conversion, exchange or otherwise) shares of Common Stock (or other Equity Securities) at a price per share less than the Fair Market Value of the Common Stock (or the other Equity Security to be acquired) at such record date (treating the price per share of the Equity Securities to be acquired as equal to (x) the sum of (i) the Fair Market Value of the consideration payable for a unit of the Equity Security plus (ii) the Fair Market Value of any additional consideration initially payable upon the exercise, conversion or exchange of such security into Common Stock divided by (y) the number of shares of Common Stock initially underlying or that may be acquired upon the exercise, conversion or exchange of such Equity Security), the Conversion Rate shall be adjusted so that it shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the date of issuance of such Issued Equity Securities by a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the date of issuance of such Issued Equity Securities plus (B) the number of additional shares of Common Stock offered for subscription or purchase (including, without limitation, the security underlying or that may be acquired upon the exercise, conversion or exchange of the Equity Securities so offered) and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the date of issuance of such Issued Equity Securities plus (B) the number of shares of Common Stock that the aggregate offering price of the total number of shares so offered for subscription or purchase (including, without limitation, the Fair Market Value of the consideration payable for a unit of the Equity Securities so offered plus the Fair Market Value of any additional consideration payable upon exercise, conversion or exchange of such Equity Securities) would purchase at such Fair Market Value of the Common Stock as of the record date for such issuance. Such adjustment shall become effective as of the record date for the determination of stockholders entitled to receive such Issued Equity Securities (except as provided in Section 6.6 below).

(c) In case the Corporation shall, at any time or from time to time while any of the shares of Class 1 ESOP Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any Rights, Equity Securities issued in connection with any employee or director incentive or benefit plan or arrangement of the Corporation or any subsidiary or any Equity Security theretofore outstanding entitling the holder to purchase or acquire shares of Common Stock) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Fair Market Value of such shares of Common Stock on the date of such issuance, sale or exchange, then the Conversion Rate in effect immediately prior to such issuance, sale or exchange shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus

the number of shares of Common Stock so issued, sold or exchanged by the Corporation, and the denominator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock. In case the Corporation shall, at any time or from time to time while any of the shares of Class 1 ESOP Preferred Stock are outstanding, issue, sell or exchange any Equity Security (other than any Rights, Equity Securities issued in connection with any employee or director incentive or benefit plan or arrangement of the Corporation or any subsidiary or Common Stock) other than any such issuance to all holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Non-Dilutive Amount, then the Conversion Rate shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock underlying or which could be acquired pursuant to such Equity Security at the time of the issuance, sale or exchange of such Equity Security (assuming shares of Common Stock could be acquired pursuant to such Equity Security at such time), and the denominator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of such Equity Security plus (iii) the Fair Market Value as of the time of such issuance of the consideration which the Corporation would receive upon exercise, conversion or exchange in full of all such Equity Securities.

(d) In case the Corporation shall, at any time or from time to time while any of the shares of Class 1 ESOP Preferred Stock are outstanding, make an Extraordinary Distribution in respect of the Common Stock or effect a Pro Rata Repurchase of Common Stock, the Conversion Rate in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Dividend or Pro Rata Repurchase (minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation) multiplied by (ii) the Fair Market Value of a share of Common Stock on the record date with respect to such Extraordinary Distribution or on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect a Pro Rata Repurchase, as the case may be, and the denominator of which shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (y) the Fair Market Value of a share of Common Stock on the record date with respect to such Extraordinary Distribution, or on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect a Pro Rata Repurchase, as the case may be, minus (ii) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be (provided that such denominator shall never be less than 1.0); provided, however, that no Pro Rata Repurchase shall cause an adjustment to the Conversion Rate unless the amount of all cash dividends and distributions made to holders of Common Stock during the period from the latest to occur of the Issue Date or the most recent Dividend Payment Date preceding the Effective Date of such Pro Rata Repurchase, when combined with the aggregate amount of all Pro Rata Repurchases, including such Pro Rata Repurchase (for all purposes of this Section 7.4(d), including only that portion of the Fair Market Value of the aggregate purchase price of each Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect each such Pro Rata Repurchase), the Effective Dates of which fall within such period, exceeds twelve and one-half percent (12 1/2%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the Trading Day immediately

preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect such Pro Rata Repurchase. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such Extraordinary Distribution or immediately after the Effective Date of such Pro Rata Repurchase.

Solely as an adjustment applicable to shares of Class 1 ESOP Preferred Stock that are being converted into Common Stock as of a given date, and not as a permanent adjustment to the Conversion Rate, the Conversion Rate in effect immediately prior to such conversion shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such conversion multiplied by (ii) the Fair Market Value of a share of Common Stock on the date of such conversion, and the denominator of which shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such conversion multiplied by (y) the Fair Market Value of a share of Common Stock on the date of such conversion minus (ii) the Fair Market Value of the cash dividends and distributions made on or before the date of such conversion with a record date after the later of the Issue Date or the most recent Dividend Payment Date upon which Participating Dividends were paid in full, but only to the extent that such cash dividends and distributions (a) would entitle the holders of the shares of Class 1 ESOP Preferred Stock outstanding on such conversion date to a dividend under Section 3.5 that has not been paid and (b) would not constitute an Extraordinary Distribution (provided that such denominator shall never be less than 1.0).

(e) No adjustment in the Conversion Rate shall be required unless such adjustment would require a cumulative increase or decrease of at least 0.01% in such rate; provided that any adjustments that by reason of this subparagraph (e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided further that any adjustment shall be required and made in accordance with the provisions of this Section 6.4 (other than this subparagraph (e)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Notwithstanding any other provisions of this Section 6, the Corporation shall not be required to make any adjustments of the Conversion Rate for the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends on securities of the Corporation so long as the holders of the Class 1 ESOP Preferred Stock shall be entitled to participate therein on substantially the same terms as holders of Common Stock. All calculations under this Section 6 shall be made to the nearest cent (with \$.005 being rounded upward), one-tenth of a share (with .05 of a share being rounded upward) or, in the case of the Conversion Rate, one hundred millionth of a share (with .000000005 being rounded upward), as the case may be. Anything in this Section 6.4 to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Rate, in addition to those required by this Section 6.4, as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to its stockholders shall not be taxable.

6.5 If:

(a) the Corporation shall declare a dividend or any other distribution on the Common Stock (other than the Rights); or

(b) the Corporation shall authorize the granting to the holders of the Common Stock of Equity Securities (other than Common Stock) to subscribe for or purchase any Equity Security; or

(c) there shall be any reclassification of the Common Stock (other than an event to which Section 6.4(a) applies) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation as an entirety; or

(d) there shall occur the voluntary or involuntary

liquidation, dissolution or winding up of the Corporation;
or

(e) there shall occur any Pro Rata Repurchase,

then the Corporation shall cause to be filed with the Transfer Agent and shall cause to be mailed to the holders of shares of the Class 1 ESOP Preferred Stock at their addresses as shown on the stock records of the Corporation, as promptly as possible, but at least 10 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or granting of Equity Securities, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or granting of Equity Securities are to be determined, (B) the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up or (C) the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 6.

6.6 Whenever the Conversion Rate is adjusted as herein provided, the Corporation shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring and the manner of effecting such adjustment which certificate shall be prima facie evidence of the correctness of such adjustment. Promptly after delivery of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the effective date of such adjustment or adjustments and shall mail such notice of such adjustment or adjustments to the holder of each share of Class 1 ESOP Preferred Stock at such holder's last address as shown on the stock records of the Corporation.

6.7 In any case in which Section 6.4 provides that an adjustment shall become effective on the day next following a record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Class 1 ESOP Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock or other securities issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock or other securities issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 6.3.

6.8 For purposes of this Section 6, the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation or any subsidiary. The Corporation shall not pay a dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.

6.9 There shall be no adjustment of the Conversion Rate in case of the issuance of any stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in Section 6 or Section 7. If any action or transaction would require adjustment of the Conversion Rate pursuant to more than one paragraph of this Section 6, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value.

6.10 If the Corporation shall take any action affecting the Common Stock, other than action described in this Section 6, that in the opinion of the Board of Directors would materially adversely affect the conversion rights of the holders of the shares of Class 1 ESOP Preferred Stock, the Conversion Rate for the Class 1 ESOP Preferred Stock may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors may determine to be equitable in the circumstances.

6.11 The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, for the purpose of effecting conversion of the Class 1 ESOP Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of Class 1 ESOP Preferred Stock not theretofore converted. For

purposes of this Section 6.11, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Class 1 ESOP Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Corporation covenants that any shares of Common Stock issued upon conversion of the Class 1 ESOP Preferred Stock shall be validly issued, fully paid and non-assessable.

The Corporation shall endeavor to list the shares of Common Stock (or other securities) required to be delivered upon conversion of the Class 1 ESOP Preferred Stock, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Stock (or other securities) is listed at the time of such delivery.

Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Class 1 ESOP Preferred Stock, the Corporation shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

6.12 The Corporation shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion of the Class 1 ESOP Preferred Stock pursuant hereto; provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the Class 1 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting any such issue or delivery has paid to the Corporation the amount of any such tax or established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

6.13 If, prior to the Distribution Date (as defined for purposes of the Rights), the Corporation shall issue shares of Common Stock upon conversion of shares of Class 1 ESOP Preferred Stock as contemplated by this Section 6, the Corporation shall issue together with each such share of Common Stock that number of Rights as are then issuable, pursuant to the Rights Agreement (or any successor rights plan or plans adopted in replacement of the Rights Agreement), per share of such Common Stock so issued, but only if at such time such Rights or rights are, pursuant to the relevant Rights Agreement, to be represented by certificates representing shares of Common Stock and have not expired.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting or other company (including the Corporation) that constitutes "qualifying employer securities" with respect to holders of Class 1 ESOP Preferred Stock within the meaning of Section 409(l) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, proper provisions shall be made so that upon consummation of such transaction, the shares of Class 1 ESOP Preferred Stock shall be converted into or exchanged for preferred stock of such successor or resulting or other company, having in respect of such company, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class 1 ESOP Preferred Stock had, in respect of the Corporation, immediately prior to such transaction, except that after such transaction each share of preferred stock of the surviving or resulting or other company so received in such transaction upon conversion or exchange of the Class 1 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 6 hereof, into the number and kind of "qualifying employer securities" receivable in such transaction by a holder of the number of shares of Common Stock into which a share of Class 1 ESOP Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the Class 1 ESOP Preferred Stock, then the shares of preferred stock of the surviving or resulting or other company received in such transaction upon conversion or exchange of Class 1 ESOP Preferred Stock shall, by virtue of such transaction and

on the same terms as apply to the holders of Common Stock, be convertible into or exchangeable solely for "qualifying employer securities" (together, if applicable, with a cash payment in lieu of fractional shares) with the effect provided above on the basis of the number and kind of qualifying employer securities receivable in such transaction by a holder of the number of shares of Common Stock into which such shares of Class 1 ESOP Preferred Stock could have been converted immediately prior to such transaction (provided that if the kind or amount of qualifying employer securities receivable in such transaction is not the same for each such share of Common Stock, then the kind and amount so receivable in such transaction for each share of Common Stock for this purpose shall be deemed to be the kind and amount so receivable per share by the plurality of such shares of Common Stock). The rights of the preferred stock of such successor or resulting or other company so received in such transaction upon conversion or exchange of the Class 1 ESOP Preferred Stock shall successively be subject to adjustments pursuant to Section 6 hereof following such transaction as nearly equivalent to the adjustments provided for by such Sections prior to such transaction.

7.2 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of "qualifying employer securities" (as referred to in Section 7.1) and cash payments, if applicable, in lieu of fractional shares, proper provisions shall be made so that upon consummation of such transaction the outstanding shares of Class 1 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as are applicable to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by holders of the number of shares of Common Stock into which such shares of Class 1 ESOP Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by holders of the Class 1 ESOP Preferred Stock, then the shares of Class 1 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Class 1 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property receivable in such transaction (provided that if the kind or amount of stock, securities, cash or other property receivable in such transaction are not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares).

7.3 In case the Corporation shall enter into any agreement providing for any consolidation, merger, share exchange or similar transaction described in this Section 7, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of Class 1 ESOP Preferred Stock. The Corporation shall not consummate any consolidation, merger, share exchange or similar transaction unless all of the terms of this Section 7 have been complied with.

Section 8. Ranking.

8.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class 1 ESOP Preferred Stock, as to the payment of dividends or as to distributions of assets upon liquidation, dissolution or winding up, as the case may be, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class 1 ESOP Preferred Stock;

(b) on a parity with the Class 1 ESOP Preferred Stock as to the payment of dividends, whether or not the dividend rates or dividend payment dates thereof be different from those of the Class 1 ESOP Preferred Stock, if the holders of

such class or series of stock and the Class 1 ESOP Preferred Stock shall be entitled to the receipt of dividends in proportion to their respective amounts of accrued and unpaid dividends per share, without preference or priority one over the other, and on a parity with the Class 1 ESOP Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class 1 ESOP Preferred Stock, if the holder of such class or series of stock and the Class 1 ESOP Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class 1 ESOP Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, as the case may be, if the holders of Class 1 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series.

8.2 The Series A Preferred Stock and the Series B Preferred Stock shall each be deemed to rank prior to the Class 1 ESOP Preferred Stock both as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up. The Series D Preferred Stock shall be deemed to rank prior to the Class 1 ESOP Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up. The Class 2 ESOP Preferred Stock shall be deemed to rank on a parity with the Class 1 ESOP Preferred Stock as to the payment of Participating Dividends and as to amounts distributable upon liquidation, dissolution or winding up and the Class 2 ESOP Preferred Stock shall be deemed to rank junior to the Class 1 ESOP Preferred Stock as to the payment of Fixed Dividends on the Class 1 Preferred Stock. The Common Stock, the Director Preferred Stocks, the Voting Preferred Stocks and the Series C Preferred Stock shall each be deemed to rank junior to the Class 1 ESOP Preferred Stock both as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up.

Section 9. Voting. The holders of shares of Class 1 ESOP Preferred Stock shall have the following voting rights:

9.1 Unless the affirmative vote or consent of the holders of a greater number of shares of Class 1 ESOP Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class 1 ESOP Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) that would adversely affect the preferences, rights, powers or privileges of the Class 1 ESOP Preferred Stock; provided, however, that the amendment of the provisions of this Restated Certificate so as to authorize or create, or to increase the authorized amount of, any class or series of stock of the Corporation ranking on a parity with or junior to the Class 1 ESOP Preferred Stock both as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation shall not be deemed to adversely affect the preferences, rights, powers or privileges of Class 1 ESOP Preferred Stock.

9.2 Unless the affirmative vote or consent of the holders of a greater number of shares of Class 1 ESOP Voting Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class 1 ESOP Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the creation, authorization or issuance of any shares of any class or series of stock of the Corporation ranking prior to the Class 1 ESOP Preferred Stock either as to payment of dividends or as to distributions upon liquidation, dissolution or winding up, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such prior shares.

9.3 For purposes of the foregoing provisions of Sections 9.1 and 9.2, each share of Class 1 ESOP Preferred Stock shall have one (1) vote per share. Except as otherwise required by applicable law or as set forth herein, the shares of Class 1 ESOP Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Section 10. No Redemption. The Class 1 ESOP Preferred Stock shall not be redeemable in whole or in part.

Section 11. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of any shares of Class 1 ESOP Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART III

Class 2 ESOP Convertible Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part III to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part III.

Section 1. Number of Shares; Designation; Issuance and Automatic Conversion.

1.1 The Class 2 ESOP Convertible Preferred Stock of the Corporation (the "Class 2 ESOP Preferred Stock") shall consist of 25,000,000 shares, par value \$0.01 per share.

1.2 Shares of Class 2 ESOP Preferred Stock shall be issued only to a trustee or trustees acting on behalf of (i) the UAL Corporation Employee Stock Ownership Plan, or (ii) the UAL Corporation Supplemental ESOP (either of (i) or (ii), a "Plan"). In the event of any sale, transfer or other disposition (including, without limitation, upon a foreclosure or other realization upon shares of Class 2 ESOP Preferred Stock pledged as security for any loan or loans made to a Plan or to the trustee or the trustees acting on behalf of a Plan) (hereinafter a "transfer") of shares of Class 2 ESOP Preferred Stock to any person (including, without limitation, any participant in a Plan) other than (x) any trustee or trustees of a Plan or (y) any pledgee of such shares acquiring such shares as security for any loan or loans made to a Plan or to any trustee or trustees acting on behalf of a Plan, the shares of Class 2 ESOP Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the transferee, shall be automatically converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 6 hereof and thereafter such transferee shall not have any of the voting powers, preferences or relative, participating, optional or special rights ascribed to shares of Class 2 ESOP Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class 2 ESOP Preferred Stock shall have been so converted. In the event of any such automatic conversion provided for in this Section 1.2, such transferee shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class 2 ESOP Preferred Stock shall have been converted as of the date of such conversion. Certificates representing shares of Class 2 ESOP Preferred Stock shall be legended to reflect such consequences of a transfer. Notwithstanding the foregoing provisions of this Section 1, shares of Class 2 ESOP Preferred Stock may be converted into shares of Common Stock as provided by Section 6 hereof and the shares of Common Stock issued upon any conversion in accordance with Section 6 hereof or this Section 1.2 may be transferred by the holder thereof as permitted by law.

Section 2. Definitions. For purposes of the Class 2 ESOP Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Affiliate" shall have the meaning defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended, or any successor thereto.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee authorized by such board of directors to perform any of its responsibilities with respect to the Class 2 ESOP Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered

banking institutions in New York, New York are not required to be open.

2.4 "Class 1 ESOP Preferred Stock" shall mean the Class 1 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class 2 ESOP Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.6 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.10 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.12 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.13 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.14 "Common Stock" shall mean the common stock of the Corporation, par value \$0.01 per share.

2.15 "Conversion Rate" shall have the meaning set forth in Section 6.1 hereof.

2.16 "Current Market Price" of publicly traded shares of Common Stock or any other class or series of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted for trading on the New York Stock Exchange, Inc. ("NYSE"), on the principal national securities exchange on which such security is listed or admitted for trading or quoted or, if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or, if such security is not quoted on such National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

2.17 "Director Preferred Stocks" shall mean collectively, the Class I Preferred Stock, the Class IAM Preferred Stock, the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock.

2.18 "Dividend Payment Date" shall mean the penultimate Business Day in each year, commencing on such penultimate Business Day in 1994; provided that, with respect to the Dividend Period beginning on January 1, 2000 and ending on March 31, 2000, the Dividend Payment Date shall be the penultimate Business Day in the calendar quarter ending March 31, 2000.

2.19 "Dividend Periods" shall mean annual dividend periods commencing on the last Business Day of each year and ending on and including the penultimate Business Day of the next succeeding year (other than the initial Dividend Period, which shall commence on the Issue Date and end on and include the penultimate Business Day in 1994).

2.20 "Equity Securities" shall mean the Common Stock or any debt, equity or other security or contractual right convertible into or exercisable or exchangeable for, or based on the value

of, the Common Stock or any warrants, options or other rights to purchase the Common Stock or other Equity Securities (other than the Rights).

2.21 "ESOP Preferred Stocks" shall mean, collectively, the Class 2 ESOP Preferred Stock and the Class 1 ESOP Preferred Stock.

2.22 "Extraordinary Distribution" shall mean any single dividend or other distribution (including by reclassification of shares or recapitalization of the Corporation, as well as any such dividend or distribution made in connection with a merger or consolidation in which the Corporation is the continuing corporation and the Common Stock is not changed or exchanged) to holders of Common Stock (effected while any of the shares of Class 2 ESOP Preferred Stock are outstanding) (i) of cash, where the aggregate amount of such single cash dividend or distribution together with the amount of all cash dividends and distributions made to holders of Common Stock during the period from the latest to occur of the Issue Date or the most recent Dividend Payment Date until the payment date for such cash dividend or distribution to holders of Common Stock, when combined with the aggregate amount of all previous Pro Rata Repurchases during such period (for this purpose, including only that portion of the aggregate purchase price of each such Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the Business Day prior to the public announcement of such Pro Rata Repurchase made during such period), exceeds twelve and one-half percent (12 1/2%) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the record date for determining the shareholders entitled to receive such Extraordinary Distribution and (ii) of any shares of capital stock of the Corporation (other than shares of Common Stock), other securities of the Corporation (other than securities of the type referred to in Sections 6.4(b) and 6.4(c) hereof), evidences of indebtedness of the Corporation or any other person or any other property (including, without limitation, shares of capital stock of any subsidiary of the Corporation), or any combination thereof. The Fair Market Value of any such single dividend or other distribution that, pursuant to clause (i), constitutes an Extraordinary Distribution shall for purposes of the first paragraph of Section 6.4(d) hereof be the sum of the Fair Market Value of such Extraordinary Distribution plus the amount of any other cash dividends and distributions made within the relevant period referred to above to holders of Common Stock to the extent such other dividends and distributions were not previously included in the calculation of an adjustment pursuant to the first paragraph of Section 6.4(d) hereof within such period.

2.23 "Fair Market Value" shall mean the average of the daily Current Market Prices of the security in question during the five (5) consecutive Trading Days before the earlier of the day in question and the "ex" date with respect to the issuance or distribution requiring such computation. The term "ex" date," when used with respect to any issuance or distribution, means the first day on which the Common Stock trades regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price. With respect to any asset or security for which there is no Current Market Price, the Fair Market Value of such asset or security shall be determined in good faith by the Board of Directors.

2.24 "Issue Date" shall mean the first date on which shares of Class 2 ESOP Preferred Stock are issued.

2.25 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.26 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.27 "Non-Dilutive Amount" in respect of an issuance, sale or exchange by the Corporation of any Equity Securities (other than Common Stock) shall mean the excess of (i) the product of the Fair Market Value of a share of Common Stock on the day preceding the first public announcement of such issuance, sale or exchange multiplied by the maximum number of shares of Common Stock which could be acquired on such date upon the exercise, conversion or exchange in full of such Equity Securities (and any Equity Securities receivable upon exercise, conversion or exchange thereof), whether or not then exercisable, convertible or exchangeable at such date, over (ii) the aggregate amount payable pursuant to the exercise, conversion or exchange of such Equity Securities, whether or not then exercisable, convertible or exchangeable, to purchase or acquire such maximum number of shares of Common Stock (and any Equity Securities receivable upon exercise, conversion or exchange thereof); provided, however, that in no event shall the Non-Dilutive Amount be less than zero. For purposes of the foregoing sentence, the amount payable

pursuant to the exercise, conversion or exchange of such Equity Securities to purchase or acquire shares of Common Stock shall be deemed to be the Fair Market Value of the consideration payable pursuant to the exercise, conversion or exchange of such Equity Securities on the date of the issuance, sale or exchange of such Equity Securities by the Corporation (excluding for that purpose the Fair Market Value of the Equity Security to be so exercised, converted or exchanged).

2.28 "Pro Rata Repurchase" shall mean any purchase of shares of Common Stock by the Corporation or any Affiliate thereof, whether for cash, shares of capital stock of the Corporation, other securities of the Corporation, evidences of indebtedness of the Corporation or any other person or any other property (including, without limitation, shares of capital stock, other securities or evidences of indebtedness of a subsidiary of the Corporation), or any combination thereof, effected while any of the shares of Class 2 ESOP Preferred Stock are outstanding, pursuant to any tender offer or exchange offer subject to Section 13(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor provision of law, or pursuant to any other offer available to substantially all holders of Common Stock; provided, however, that "Pro Rata Repurchase" shall not include any purchase of shares by the Corporation or any subsidiary thereof made in open market transactions substantially in accordance with the requirements of Rule 10b-18 as in effect under the Exchange Act or on such other terms and conditions as the Board of Directors shall have determined are reasonably designed to prevent such purchases from having a material effect on the trading market for the Common Stock. The "Effective Date" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

2.29 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.30 "Rights" shall mean the rights of the Corporation issued or issuable under the Corporation's Rights Agreement dated as of December 11, 1986, and as amended from time to time (the "Rights Agreement"), or rights to purchase any capital stock of the Corporation issued or issuable under any successor shareholder rights plan or plans adopted in replacement of the Rights Agreement.

2.31 "Series A Debentures" shall mean the Series A Debentures due 2004 of United Air Lines, Inc.

2.32 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.33 "Series B Debentures" shall mean the Series B Debentures due 2014 of United Air Lines, Inc.

2.34 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.35 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.36 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.37 [Reserved]

2.38 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class 2 ESOP Preferred Stock as to the payment of dividends or distributions are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class 2 ESOP Preferred Stock shall mean, with respect to such dividends or distributions, placing such funds in a separate account or delivering such funds to a disbursing,

paying or other similar agent.

2.39 "Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.40 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class 2 ESOP Preferred Stock.

2.41 "Voting Preferred Stocks" shall mean collectively, the Class M Voting Preferred Stock, the Class P Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends.

3.1 The holders of shares of the Class 2 ESOP Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of assets legally available for that purpose, dividends payable in cash at the rate (per outstanding share of Common Stock) equal to the dividends which would have been received during the applicable Dividend Period with respect to the shares of Common Stock which would have been issued upon conversion of the Class 2 ESOP Preferred Stock had the Class 2 ESOP Preferred Stock been outstanding as Common Stock at each relevant time in order to receive such dividends (but only to the extent such dividends do not constitute an Extraordinary Distribution under clause (i) of the definition thereof), which dividends (hereinafter referred to as "Participating Dividends") shall be paid in cash, pro-rata to each holder of Class 2 ESOP Preferred Stock. Such Participating Dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods there shall be assets of the Corporation legally available for the payment of such Participating Dividends and whether or not the Board of Directors shall have declared such Participating Dividends, and shall be payable annually (except as otherwise provided herein) when, as and if declared by the Board of Directors, in arrears on Dividend Payment Dates, commencing on the penultimate Business Day of 1994. Each such Participating Dividend shall be payable in arrears to the holders of record of shares of the Class 2 ESOP Preferred Stock, as they appear on the stock records of the Corporation at the close of business on such record dates, which shall not be more than 60 days nor less than 10 days preceding the Dividend Payment Dates thereof, as shall be fixed by the Board of Directors. Accrued and unpaid Participating Dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board of Directors. Holders of the Class 2 ESOP Preferred Stock shall be entitled to the cumulative Participating Dividend provided in this Section 3.1 and shall not be entitled to any other dividends in excess thereof. In the event that an adjustment is made pursuant to the second paragraph of Section 6.4(d) with respect to shares of Class 2 ESOP Preferred Stock converted during the applicable Dividend Period, the amount of Participating Dividend to be paid in accordance with the preceding sentence shall be reduced by an amount equal to the product of (x) the number of shares of Common Stock into which such converted shares of Class 2 ESOP Preferred Stock would have been converted in the absence of such adjustment and (y) the amount of the cash dividend or distributions per share of Common Stock in respect of which such adjustment was made.

3.2 Except as provided in Section 3.1, holders of shares of Class 2 ESOP Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative Participating Dividends, as herein provided, on the Class 2 ESOP Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any Participating Dividend payment or payments on the Class 2 ESOP Preferred Stock that may be in arrears

3.3 So long as any shares of the Class 2 ESOP Preferred Stock are outstanding, no dividends, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any other class or series of stock of the Corporation ranking on a parity with the Class 2 ESOP Preferred Stock as to the payment of dividends for any period unless full cumulative Participating Dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the Class 2 ESOP Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividends on such class or series

of parity stock. When Participating Dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class 2 ESOP Preferred Stock and such parity stock shall be declared ratably in proportion to the respective amounts of Participating Dividends accumulated and unpaid on the Class 2 ESOP Preferred Stock and dividends accumulated and unpaid on such parity stock.

3.4 So long as any shares of the Class 2 ESOP Preferred Stock are outstanding, no dividends (other than (i) the Rights and (ii) dividends or distributions paid in shares of, or options, warrants, or rights to subscribe for or purchase shares of, any class or series of stock of the Corporation that is junior to the Class 2 ESOP Preferred Stock as to the payment of dividends) shall be declared or paid or set apart for payment or other distribution declared or made upon any class or series of stock of the Corporation that is junior to the Class 2 ESOP Preferred Stock as to the payment of dividends, nor shall any other class or series of stock of the Corporation ranking on a parity with or junior to the Class 2 ESOP Preferred Stock as to the payment of dividends or as to distributions upon liquidation, dissolution or winding up of the Corporation, be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for any class or series of stock of the Corporation that is junior to the Class 2 ESOP Preferred Stock as to the payment of dividends and as to distributions upon liquidation, dissolution or winding up of the Corporation), unless in each case the full cumulative Participating Dividends on all outstanding shares of the Class 2 ESOP Preferred Stock shall have been paid or set apart for payment for all past Dividend Periods with respect to the Class 2 ESOP Preferred Stock and such parity stock.

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class 2 ESOP Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class 2 ESOP Preferred Stock shall be entitled to receive an amount per share of Class 2 ESOP Preferred Stock equal to the sum of (a) the result of dividing (i) the Purchase Price (as defined in and determined pursuant to Section 1 of the Preferred Stock Purchase Agreement, dated as of March 25, 1994, as amended, between the Corporation and State Street Bank and Trust Company as trustee for the UAL Corporation Employee Stock Ownership Plan Trust (the "Agreement"), a copy of which is on file in the office of the Secretary of the Corporation) of the shares of Class 1 ESOP Preferred Stock purchased pursuant to Section 1 of the Agreement by (ii) the number of shares of Class 1 ESOP Preferred Stock purchased pursuant to Section 1 of the Agreement and (b) an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders (collectively, the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Class 2 ESOP Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class 2 ESOP Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Class 2 ESOP Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class 2 ESOP Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any class or series of stock ranking prior to or on a parity with the Class 2 ESOP Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class 2 ESOP Preferred Stock, as and to the fullest extent provided in this

Section 4, any other class or series of stock of the Corporation that ranks junior to the Class 2 ESOP Preferred Stock as to amounts distributable upon dissolution, liquidation or winding up of the Corporation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class 2 ESOP Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Class 2 ESOP Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be retired and shall not be reissued.

Section 6. Conversion. Holders of shares of Class 2 ESOP Preferred Stock shall have the right to convert all or a portion of such shares into shares of Common Stock as follows:

6.1 Subject to and upon compliance with the provisions of this Section 6, a holder of shares of Class 2 ESOP Preferred Stock shall have the right, at such holder's option, at any time and from time to time, to convert all or any of such shares into fully paid and nonassessable shares of Common Stock at a rate of one share of Common Stock for one share of Class 2 ESOP Preferred Stock, subject to adjustment as provided in this Section 6 (as so adjusted, the "Conversion Rate") by surrendering such shares to be converted, such surrender to be made in the manner provided in Section 6.2. Certificates shall be issued for the remaining shares of Class 2 ESOP Preferred Stock if fewer than all of the shares of Class 2 ESOP Preferred Stock represented by a certificate are converted.

6.2 In order to exercise the conversion right, the holder of shares of Class 2 ESOP Preferred Stock to be converted shall surrender the certificate or certificates representing such shares, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent in the Borough of Manhattan, City of New York, accompanied by written notice to the Corporation that the holder thereof elects to convert Class 2 ESOP Preferred Stock. Unless the shares issuable on conversion are to be issued in the same name as the name in which such share of Class 2 ESOP Preferred Stock is registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid or that no such taxes are payable).

Holders of shares of Class 2 ESOP Preferred Stock at the close of business on a dividend payment record date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such dividend payment record date. The Corporation shall make no payment or allowance for unpaid dividends on the shares of Common Stock issued upon such conversion.

As promptly as practicable after the surrender of certificates for shares of Class 2 ESOP Preferred Stock as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or on such holder's written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares in accordance with provisions of this Section 6, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in Section 6.3.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Class 2 ESOP Preferred Stock shall have been surrendered and such notice (and if applicable, payment of an amount equal to the dividend payable on such shares) received by the Corporation as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Rate in effect at such time on such date, unless the stock transfer books of the Corporation shall be closed on that date, in which event such person or persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Rate in effect on the date upon which such shares shall have been surrendered and such notice received by the Corporation.

6.3 No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Class 2 ESOP Preferred Stock. Instead of any fractional interest

in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Class 2 ESOP Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one certificate shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Class 2 ESOP Preferred Stock so surrendered.

6.4 The Conversion Rate shall be adjusted from time to time as follows:

(a) In case the Corporation shall, at any time or from time to time while any of the shares of Class 2 ESOP Preferred Stock are outstanding, (i) pay a dividend or make a distribution on its capital stock in shares of its Common Stock, (ii) subdivide its outstanding Common Stock into a greater number of shares, (iii) combine its outstanding Common Stock into a smaller number of shares or (iv) issue any shares of capital stock by reclassification of its Common Stock, the Conversion Rate in effect at the opening of business on the day next following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business on the day next following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any share of Class 2 ESOP Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock or other capital stock that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this subparagraph (a) shall become effective immediately after the opening of business on the day next following the record date (except as provided in Section 6.7 below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(b) In case the Corporation shall, at any time or from time to time while any of the shares of Class 2 ESOP Preferred Stock are outstanding, issue Equity Securities (other than Common Stock and the Rights) (the "Issued Equity Securities") to all holders of shares of its Common Stock entitling them (for a period expiring within 45 days after the record date for such issuance) to subscribe for or purchase (whether by exercise, conversion, exchange or otherwise) shares of Common Stock (or other Equity Securities) at a price per share less than the Fair Market Value of the Common Stock (or the other Equity Security to be acquired) at such record date (treating the price per share of the Equity Securities to be acquired as equal to (x) the sum of (i) the Fair Market Value of the consideration payable for a unit of the Equity Security plus (ii) the Fair Market Value of any additional consideration initially payable upon the exercise, conversion or exchange of such security into Common Stock divided by (y) the number of shares of Common Stock initially underlying or that may be acquired upon the exercise, conversion or exchange of such Equity Security), the Conversion Rate shall be adjusted so that it shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the date of issuance of such Issued Equity Securities by a fraction, the numerator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the date of issuance of such Issued Equity Securities plus (B) the number of additional shares of Common Stock offered for subscription or purchase (including, without limitation, the security underlying or that may be acquired upon the exercise, conversion or exchange of the Equity Securities so offered) and the denominator of which shall be the sum of (A) the number of shares of Common Stock outstanding on the date of issuance of such Issued Equity Securities plus (B) the number of shares of Common Stock that the aggregate offering price of the total number of shares so offered for subscription or purchase (including, without limitation, the Fair Market Value of the consideration payable for a unit of the Equity Securities so offered plus the Fair Market Value of any additional consideration payable upon exercise, conversion or exchange of such Equity Securities) would purchase at such Fair Market Value of the Common Stock as of the record date for such issuance. Such adjustment shall become effective as of the record date for the determination of stockholders entitled to receive such Issued Equity

Securities (except as provided in Section 6.6 below).

(c) In case the Corporation shall, at any time or from time to time while any of the shares of Class 2 ESOP Preferred Stock are outstanding, issue, sell or exchange shares of Common Stock (other than pursuant to any Rights, Equity Securities issued in connection with any employee or director incentive or benefit plan or arrangement of the Corporation or any subsidiary or any Equity Security theretofore outstanding entitling the holder to purchase or acquire shares of Common Stock) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Fair Market Value of such shares of Common Stock on the date of such issuance, sale or exchange, then the Conversion Rate in effect immediately prior to such issuance, sale or exchange shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the number of shares of Common Stock so issued, sold or exchanged by the Corporation, and the denominator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of shares of Common Stock. In case the Corporation shall, at any time or from time to time while any of the shares of Class 2 ESOP Preferred Stock are outstanding, issue, sell or exchange any Equity Security (other than any Rights, Equity Securities issued in connection with any employee or director incentive or benefit plan or arrangement of the Corporation or any subsidiary or Common Stock) other than any such issuance to all holders of shares of Common Stock as a dividend or distribution (including by way of a reclassification of shares or a recapitalization of the Corporation) for a consideration having a Fair Market Value on the date of such issuance, sale or exchange less than the Non-Dilutive Amount, then the Conversion Rate shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the Fair Market Value of a share of Common Stock on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange multiplied by (ii) the sum of the number of shares of Common Stock outstanding on such day plus the maximum number of shares of Common Stock underlying or which could be acquired pursuant to such Equity Security at the time of the issuance, sale or exchange of such Equity Security (assuming shares of Common Stock could be acquired pursuant to such Equity Security at such time), and the denominator of which shall be the sum of (i) the Fair Market Value of all the shares of Common Stock outstanding on the Trading Day immediately preceding the first public announcement of such issuance, sale or exchange plus (ii) the Fair Market Value of the consideration received by the Corporation in respect of such issuance, sale or exchange of such Equity Security plus (iii) the Fair Market Value as of the time of such issuance of the consideration which the Corporation would receive upon exercise, conversion or exchange in full of all such Equity Securities.

(d) In case the Corporation shall, at any time or from time to time while any of the shares of Class 2 ESOP Preferred Stock are outstanding, make an Extraordinary Distribution in respect of the Common Stock or effect a Pro Rata Repurchase of Common Stock, the Conversion Rate in effect immediately prior to such Extraordinary Distribution or Pro Rata Repurchase shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such Extraordinary Dividend or Pro Rata Repurchase (minus, in the case of a Pro Rata Repurchase, the number of shares of Common Stock repurchased by the Corporation) multiplied by (ii) the Fair Market Value of a share of Common Stock on the record date with respect to such Extraordinary Distribution or on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect a Pro Rata Repurchase, as the case may be, and the denominator of which shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Extraordinary Distribution or Pro Rata Repurchase multiplied by (y) the Fair Market Value of a share of Common Stock on the record date with respect to such Extraordinary Distribution, or on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect

a Pro Rata Repurchase, as the case may be, minus (ii) the Fair Market Value of the Extraordinary Distribution or the aggregate purchase price of the Pro Rata Repurchase, as the case may be (provided that such denominator shall never be less than 1.0); provided, however, that no Pro Rata Repurchase shall cause an adjustment to the Conversion Rate unless the amount of all cash dividends and distributions made to holders of Common Stock during the period from the latest to occur of the Issue Date or the most recent Dividend Payment Date preceding the Effective Date of such Pro Rata Repurchase, when combined with the aggregate amount of all Pro Rata Repurchases, including such Pro Rata Repurchase (for all purposes of this Section 7.4(d), including only that portion of the Fair Market Value of the aggregate purchase price of each Pro Rata Repurchase which is in excess of the Fair Market Value of the Common Stock repurchased as determined on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect each such Pro Rata Repurchase), the Effective Dates of which fall within such period, exceeds twelve and one-half percent (12 1/2 %) of the aggregate Fair Market Value of all shares of Common Stock outstanding on the Trading Day immediately preceding the first public announcement by the Corporation or any of its Affiliates of the intent to effect such Pro Rata Repurchase. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such Extraordinary Distribution or immediately after the Effective Date of such Pro Rata Repurchase.

Solely as an adjustment applicable to shares of Class 2 ESOP Preferred Stock that are being converted into Common Stock as of a given date, and not as a permanent adjustment to the Conversion Rate, the Conversion Rate in effect immediately prior to such conversion shall be adjusted by multiplying such Conversion Rate by a fraction, the numerator of which shall be the product of (i) the number of shares of Common Stock outstanding immediately before such conversion multiplied by (ii) the Fair Market Value of a share of Common Stock on the date of such conversion, and the denominator of which shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such conversion multiplied by (y) the Fair Market Value of a share of Common Stock on the date of such conversion minus (ii) the Fair Market Value of the cash dividends and distributions made on or before the date of such conversion with a record date after the later of the Issue Date or the most recent Dividend Payment Date upon which Participating Dividends were paid in full, but only to the extent that such cash dividends and distributions (a) would entitle the holders of the shares of Class 2 ESOP Preferred Stock outstanding on such conversion date to a dividend under Section 3.1 that has not been paid and (b) would not constitute an Extraordinary Distribution (provided that such denominator shall never be less than 1.0).

(e) No adjustment in the Conversion Rate shall be required unless such adjustment would require a cumulative increase or decrease of at least 0.01% in such rate; provided that any adjustments that by reason of this subparagraph (e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided further that any adjustment shall be required and made in accordance with the provisions of this Section 6.4 (other than this subparagraph (e)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Notwithstanding any other provisions of this Section 6, the Corporation shall not be required to make any adjustments of the Conversion Rate for the issuance of any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends on securities of the Corporation so long as the holders of the Class 2 ESOP Preferred Stock shall be entitled to participate therein on substantially the same terms as holders of Common Stock. All calculations under this Section 6 shall be made to the nearest cent (with \$.005 being rounded upward), one-tenth of a share (with .05 of a share being rounded upward) or, in the case of the Conversion Rate, one hundred millionth of a share (with .000000005 being rounded upward), as the case may be. Anything in this Section 6.4 to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Rate, in addition to those required by this Section 6.4, as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than

cash dividends) hereafter made by the Corporation to its stockholders shall not be taxable.

6.5 If:

(a) the Corporation shall declare a dividend or any other distribution on the Common Stock (other than the Rights); or

(b) the Corporation shall authorize the granting to the holders of the Common Stock of Equity Securities (other than Common Stock) to subscribe for or purchase any Equity Security; or

(c) there shall be any reclassification of the Common Stock (other than an event to which Section 6.4(a) applies) or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation as an entirety; or

(d) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Corporation; or

(e) there shall occur any Pro Rata Repurchase,

then the Corporation shall cause to be filed with the Transfer Agent and shall cause to be mailed to the holders of shares of the Class 2 ESOP Preferred Stock at their addresses as shown on the stock records of the Corporation, as promptly as possible, but at least 10 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or granting of Equity Securities, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or granting of Equity Securities are to be determined, (B) the date on which such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, sale, transfer, liquidation, dissolution or winding up or (C) the number of shares subject to such offer for a Pro Rata Repurchase and the purchase price payable by the Corporation pursuant to such offer. Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 6.

6.6 Whenever the Conversion Rate is adjusted as herein provided, the Corporation shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Rate after such adjustment and setting forth a brief statement of the facts requiring and the manner of effecting such adjustment which certificate shall be prima facie evidence of the correctness of such adjustment. Promptly after delivery of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate and the effective date of such adjustment or adjustments and shall mail such notice of such adjustment or adjustments to the holder of each share of Class 2 ESOP Preferred Stock at such holder's last address as shown on the stock records of the Corporation.

6.7 In any case in which Section 6.4 provides that an adjustment shall become effective on the day next following a record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Class 2 ESOP Preferred Stock converted after such record date and before the occurrence of such event the additional shares of Common Stock or other securities issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock or other securities issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 6.3.

6.8 For purposes of this Section 6, the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation or any subsidiary. The Corporation shall not pay a dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.

6.9 There shall be no adjustment of the Conversion Rate in case of the issuance of any stock of the Corporation in a reorganization, acquisition or other similar transaction except

as specifically set forth in Section 6 or Section 7. If any action or transaction would require adjustment of the Conversion Rate pursuant to more than one paragraph of this Section 6, only one adjustment shall be made and such adjustment shall be the amount of adjustment that has the highest absolute value.

6.10 If the Corporation shall take any action affecting the Common Stock, other than action described in this Section 6, that in the opinion of the Board of Directors would materially adversely affect the conversion rights of the holders of the shares of Class 2 ESOP Preferred Stock, the Conversion Rate for the Class 2 ESOP Preferred Stock may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors may determine to be equitable in the circumstances.

6.11 The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, for the purpose of effecting conversion of the Class 2 ESOP Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of Class 2 ESOP Preferred Stock not theretofore converted. For purposes of this Section 6.11, the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Class 2 ESOP Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Corporation covenants that any shares of Common Stock issued upon conversion of the Class 2 ESOP Preferred Stock shall be validly issued, fully paid and non-assessable.

The Corporation shall endeavor to list the shares of Common Stock (or other securities) required to be delivered upon conversion of the Class 2 ESOP Preferred Stock, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding Common Stock (or other securities) is listed at the time of such delivery.

Prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Class 2 ESOP Preferred Stock, the Corporation shall endeavor to comply with all federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority.

6.12 The Corporation shall pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion of the Class 2 ESOP Preferred Stock pursuant hereto; provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the Class 2 ESOP Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting any such issue or delivery has paid to the Corporation the amount of any such tax or established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

6.13 If, prior to the Distribution Date (as defined for purposes of the Rights), the Corporation shall issue shares of Common Stock upon conversion of shares of Class 2 ESOP Preferred Stock as contemplated by this Section 6, the Corporation shall issue together with each such share of Common Stock that number of Rights as are then issuable, pursuant to the Rights Agreement (or any successor rights plan or plans adopted in replacement of the Rights Agreement), per share of such Common Stock so issued, but only if at such time such Rights or rights are, pursuant to the relevant rights agreement, to be represented by certificates representing shares of Common Stock and have not expired.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged solely for or changed, reclassified or converted solely into stock of any successor or resulting or other company (including the Corporation) that constitutes "qualifying employer securities" with respect to holders of Class 2 ESOP Preferred Stock within the meaning of Section 409(l) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, proper provisions shall be made so that upon consummation of such transaction, the shares of Class 2 ESOP Preferred Stock shall be converted into or exchanged for

preferred stock of such successor or resulting or other company, having in respect of such company, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class 2 ESOP Preferred Stock had, in respect of the Corporation, immediately prior to such transaction, except that after such transaction each share of preferred stock of the surviving or resulting or other company so received in such transaction upon conversion or exchange of the Class 2 ESOP Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 6 hereof, into the number and kind of "qualifying employer securities" receivable in such transaction by a holder of the number of shares of Common Stock into which a share of Class 2 ESOP Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the Class 2 ESOP Preferred Stock, then the shares of preferred stock of the surviving or resulting or other company received in such transaction upon conversion or exchange of Class 2 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be convertible into or exchangeable solely for "qualifying employer securities" (together, if applicable, with a cash payment in lieu of fractional shares) with the effect provided above on the basis of the number and kind of qualifying employer securities receivable in such transaction by a holder of the number of shares of Common Stock into which such shares of Class 2 ESOP Preferred Stock could have been converted immediately prior to such transaction (provided that if the kind or amount of qualifying employer securities receivable in such transaction is not the same for each such share of Common Stock, then the kind and amount so receivable in such transaction for each share of Common Stock for this purpose shall be deemed to be the kind and amount so receivable per share by the plurality of such shares of Common Stock). The rights of the preferred stock of such successor or resulting or other company so received in such transaction upon conversion or exchange of the Class 2 ESOP Preferred Stock shall successively be subject to adjustments pursuant to Section 6 hereof following such transaction as nearly equivalent to the adjustments provided for by such Sections prior to such transaction.

7.2 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of "qualifying employer securities" (as referred to in Section 7.1) and cash payments, if applicable, in lieu of fractional shares, proper provisions shall be made so that upon consummation of such transaction the outstanding shares of Class 2 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as are applicable to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by holders of the number of shares of Common Stock into which such shares of Class 2 ESOP Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by holders of the Class 2 ESOP Preferred Stock, then the shares of Class 2 ESOP Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Class 2 ESOP Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property receivable in such transaction (provided that if the kind or amount of stock, securities, cash or other property receivable in such transaction are not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares).

7.3 In case the Corporation shall enter into any agreement providing for any consolidation, merger, share exchange or similar transaction described in this Section 7, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of

such transaction) give notice of such agreement and the material terms thereof to each holder of Class 2 ESOP Preferred Stock. The Corporation shall not consummate any consolidation, merger, share exchange or similar transaction unless all of the terms of this Section 7 have been complied with.

Section 8. Ranking.

8.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class 2 ESOP Preferred Stock, as to the payment of dividends or as to distributions of assets upon liquidation, dissolution or winding up, as the case may be, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class 2 ESOP Preferred Stock;

(b) on a parity with the Class 2 ESOP Preferred Stock as to the payment of dividends, whether or not the dividend rates or dividend payment dates thereof be different from those of the Class 2 ESOP Preferred Stock, if the holders of such class or series of stock and the Class 2 ESOP Preferred Stock shall be entitled to the receipt of dividends in proportion to their respective amounts of accrued and unpaid dividends per share, without preference or priority one over the other, and on a parity with the Class 2 ESOP Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class 2 ESOP Preferred Stock, if the holder of such class or series of stock and the Class 2 ESOP Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class 2 ESOP Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, as the case may be, if the holders of Class 2 ESOP Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series.

8.2 The Series A Preferred Stock and the Series B Preferred Stock, shall each be deemed to rank prior to the Class 2 ESOP Preferred Stock both as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up. The Series D Preferred Stock shall be deemed to rank prior to the Class 2 ESOP Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up. The Class 1 ESOP Preferred Stock shall be deemed to rank on a parity with the Class 2 ESOP Preferred Stock as to the payment of Participating Dividends and as to amounts distributable upon liquidation, dissolution or winding up and the Class 1 ESOP Preferred Stock shall be deemed to rank prior to the Class 2 ESOP Preferred Stock with respect to the payment of Fixed Dividends (as such term is defined in Article FOURTH, Part II of this Restated Certificate) on the Class 1 ESOP Preferred Stock. The Common Stock, the Director Preferred Stocks, the Voting Preferred Stocks and the Series C Preferred Stock shall each be deemed to rank junior to the Class 2 ESOP Preferred Stock both as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up.

Section 9. Voting. The holders of shares of Class 2 ESOP Preferred Stock shall have the following voting rights:

9.1 Unless the affirmative vote or consent of the holders of a greater number of shares of Class 2 ESOP Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class 2 ESOP Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) that would adversely affect the preferences, rights, powers or privileges of the Class 2 ESOP Preferred Stock; provided, however, that the amendment of the provisions of this Restated Certificate so as to authorize or create, or to increase the authorized amount of, any class or series of stock of the

Corporation ranking on a parity with or junior to the Class 2 ESOP Preferred Stock both as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up of the Corporation shall not be deemed to adversely affect the preferences, rights, powers or privileges of Class 2 ESOP Preferred Stock.

9.2 Unless the affirmative vote or consent of the holders of a greater number of shares of Class 2 ESOP Voting Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class 2 ESOP Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the creation, authorization or issuance of any shares of any class or series of stock of the Corporation ranking prior to the Class 2 ESOP Preferred Stock either as to payment of dividends or as to distributions upon liquidation, dissolution or winding up, or the reclassification of any authorized stock of the Corporation into any such prior shares, or the creation, authorization or issuance of any obligation or security convertible into or evidencing the right to purchase any such prior shares.

9.3 For purposes of the foregoing provisions of Sections 9.1 and 9.2, each share of Class 2 ESOP Preferred Stock shall have one (1) vote per share. Except as otherwise required by applicable law or as set forth herein, the shares of Class 2 ESOP Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action.

Section 10. No Redemption. The Class 2 ESOP Preferred Stock shall not be redeemable in whole or in part.

Section 11. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of any shares of Class 2 ESOP Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART IV

Class P ESOP Voting Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part IV to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part IV.

Section 1. Number of Shares; Designation; Issuances; Automatic Conversion.

1.1 The Class P ESOP Voting Junior Preferred Stock of the Corporation (the "Class P Voting Preferred Stock") shall consist of 11,600,000 shares, par value \$0.01 per share.

1.2 Shares of Class P Voting Preferred Stock shall be issued only to a trustee or trustees acting on behalf of (i) the UAL Corporation Employee Stock Ownership Plan (the "ESOP"), (ii) the UAL Corporation Supplemental ESOP (the "Supplemental ESOP") or (iii) any other employee stock ownership trust or plan or other employee benefit plan of the Corporation or any of its subsidiaries (each, a "Plan"). In the event of any sale, transfer or other disposition (including, without limitation, upon a foreclosure or other realization upon shares of Class P Voting Preferred Stock pledged as security for any loan or loans made to a Plan or to the trustee or the trustees acting on behalf of a Plan) (hereinafter a "transfer") of shares of Class P Voting Preferred Stock to any person (including, without limitation, any participant in a Plan) other than (x) any Plan or trustee or trustees of a Plan or (y) any pledgee of such shares acquiring such shares as security for any loan or loans made to the Plan or to any trustee or trustees acting on behalf of the Plan, the shares of Class P Voting Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 9 hereof and thereafter such transferee shall not have any of the voting powers, preferences or relative, participating, optional or special rights ascribed to shares of Class P Voting Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class P Voting Preferred Stock shall be so converted. In the event of any such automatic conversion provided for in

this Section 1.2, such transferee shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class P Voting Preferred Stock shall have been converted as of the date of such conversion. Certificates representing shares of Class P Voting Preferred Stock shall be legended to reflect such consequences of a transfer. The shares of Common Stock issued upon any conversion in accordance with Section 9 hereof or this Section 1.2 may be transferred by the holder thereof as permitted by law.

Section 2. Definitions. For purposes of the Class P Voting Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Available Unissued ESOP Shares" shall have the meaning set forth in Article FIFTH, Section 1.5 of this Restated Certificate.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee of such board of directors authorized by such board of directors to perform any of its responsibilities with respect to the Class P Voting Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.4 "Class 1 ESOP Convertible Preferred Stock" shall mean the Class 1 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class 2 ESOP Convertible Preferred Stock" shall mean the Class 2 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class P Voting Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.10 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.12 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.13 "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Corporation.

2.14 "Conversion Rate" shall have the meaning set forth in Section 9.1 hereof.

2.15 "Current Market Price" of publicly traded shares of Common Stock or any other class or series of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way, on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted for trading on the New York Stock Exchange, Inc. ("NYSE"), on the principal national securities exchange on which such security is listed or admitted for trading or quoted or, if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

2.16 "Director Preferred Stocks" shall mean, collectively, the Class I Preferred Stock, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock.

2.17 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock.

2.18 "Issue Date" shall mean the first date on which shares of Class P Voting Preferred Stock are issued.

2.19 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.20 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.21 "Pilot Fraction" shall mean 0.4623.

2.22 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.23 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.24 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.25 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.26 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.27 [Reserved]

2.28 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class P Voting Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class P Voting Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.29 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.30 "Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.31 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class P Voting Preferred Stock.

2.32 "Voting Fraction" shall mean 0.55 with respect to votes and consents that have a record date on or prior to the Measuring Date and a fraction that is equivalent to the Adjusted Percentage (as defined in Section 1.10 of the Agreement and Plan of Recapitalization, dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and International Association of Machinists and Aerospace Workers, as amended from time to time) as in effect at the close of business on the Measuring Date with respect to votes and consents that

have a record date after the Measuring Date.

2.33 "Voting Preferred Stocks" shall mean, collectively, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holders of shares of the Class P Voting Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4 below).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class P Voting Preferred Stock shall be entitled to receive \$0.01 per share of Class P Voting Preferred Stock (the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Class P Voting Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Class P Voting Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class P Voting Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class P Voting Preferred Stock, as and to the fullest extent provided in this Section 4, any other series or class of stock of the Corporation that ranks junior to the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class P Voting Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Class P Voting Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be retired and shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class P Voting Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Class P Voting Preferred Stock;

(b) on a parity with the Class P Voting Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class P Voting Preferred Stock, if the holders of such class or series and the Class P Voting Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class P Voting Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Class P Voting Preferred

Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall be deemed to rank prior to the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Voting Preferred Stocks and the Director Preferred Stocks shall each be deemed to rank on a parity with the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class P Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged solely for or changed, reclassified or converted solely into stock of any successor, resulting or other company (including the Corporation) (each of the foregoing is referred to herein as "Merger Transaction") that constitutes "qualifying employer securities" with respect to holders of Class P Voting Preferred Stock within the meaning of Section 409(l) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, proper provisions shall be made so that upon consummation of such transaction, the shares of Class P Voting Preferred Stock shall be converted into or exchanged for preferred stock of such successor, resulting or other company (the "New Pilot Voting Preferred Stock"), having in respect of such company, except as provided below, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class P Voting Preferred Stock had, in respect of the Corporation, immediately prior to such transaction, except that after such transaction each share of such New Pilot Voting Preferred Stock so received in such transaction upon conversion or exchange of the Class P Voting Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 9 hereof, into the number and kind of "qualifying employer securities" receivable in such transaction by a holder of the number of shares of Common Stock into which a share of Class P Voting Preferred Stock could have been converted immediately prior to such transaction; provided, however, that the holder of each share of New Pilot Voting Preferred Stock shall be entitled to a number of votes per share equal to a fraction, the numerator of which is the product of (x) the Pilot Fraction and (y) the aggregate number of votes that would be entitled to be cast by the holders of the securities of the surviving, resulting or other corporation into which the ESOP Convertible Preferred Stocks are changed, reclassified or converted (collectively, the "New ESOP Convertible Preferred Stocks") upon consummation of such transaction (assuming for such purpose the conversion of the New ESOP Convertible Preferred Stocks), and the denominator of which is the aggregate number of shares of New Pilot Voting Preferred Stock then outstanding; provided, further that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the Class P Voting Preferred Stock, then the shares of New Pilot Voting Preferred Stock received in such transaction upon conversion or exchange of Class P Voting Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be convertible into or exchangeable solely for "qualifying employer securities" (together, if applicable, with a cash payment in lieu of fractional shares) with the effect provided above on the basis of the number and kind of qualifying employer securities receivable in such transaction by a holder of the number of shares of Common Stock into which such shares of Class P Voting Preferred Stock could have been converted immediately prior to such transaction (provided that if the kind or amount of qualifying employer securities receivable in such transaction is not the same for each such share of Common Stock, then the kind and amount so receivable in such transaction for each share of Common Stock for this purpose shall be deemed to be the kind and amount so receivable per share by the plurality of such shares of Common Stock). The rights of the New Pilot Voting Preferred Stock so received in such transaction upon conversion or exchange of the Class P Voting Preferred Stock shall successively be subject to adjustment pursuant to Section 9 hereof following such transaction as nearly equivalent to the

adjustments provided for by such Section prior to such transaction.

7.2 In case the Corporation shall enter into any Merger Transaction, however named, pursuant to which the outstanding shares of Common Stock are exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of "qualifying employer securities" (as referred to in Section 7.1) and cash payments, if applicable, in lieu of fractional shares, proper provisions shall be made so that each outstanding share of Class P Voting Preferred Stock shall, by virtue of and upon consummation of such transaction, on the same terms as are applicable to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by holders of the number of shares of Common Stock into which such shares of Class P Voting Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by holders of the Class P Voting Preferred Stock, then the shares of Class P Voting Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Class P Voting Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property receivable in such transaction (provided that if the kind or amount of stock, securities, cash or other property receivable in such transaction are not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares).

7.3 In case the Corporation shall enter into any agreement providing for any Merger Transaction described in Section 7.1 or 7.2, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of Class P Voting Preferred Stock. The Corporation shall not consummate any such Merger Transaction unless all of the terms of this Section 7 have been complied with.

Section 8. Voting. The holders of shares of Class P Voting Preferred Stock shall have the following voting rights:

8.1 Except as otherwise required by law or provided in this Restated Certificate, the holders of Class P Voting Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together as a single class with the holders of Common Stock and the holders of such other classes and series of stock that vote together with the Common Stock as a single class; provided, however, that prior to the Termination Date, the holders of Class P Voting Preferred Stock shall not be entitled to vote with respect to the election of the members of the Board of Directors. For purposes of this Section 8.1, with respect to any vote or consent with a record date occurring prior to the Termination Date, (a) the holders of the shares of Class P Voting Preferred Stock from time to time outstanding shall, collectively, be entitled to a number of votes (rounded to the nearest whole vote) equal to the excess of (i) the product of (I) the Pilot Fraction, (II) the Voting Fraction and (III) a fraction, the numerator of which shall be the number of votes entitled to be cast on the matter by the holders of all outstanding securities of the Corporation (excluding the Voting Preferred Stocks and the shares of Common Stock issued upon conversion of the ESOP Convertible Preferred Stocks and held on the applicable record date in the ESOP or the Supplemental ESOP), and the denominator of which shall be the excess of one (1.0) over the Voting Fraction, over (ii) the sum of (A) the aggregate number of shares of Common Stock held under the ESOP or the Supplemental ESOP which have been issued upon conversion of the ESOP Convertible Preferred Stocks and have been, on the applicable record date, allocated under the ESOP or the Supplemental ESOP to the accounts of individuals who are members of the ALPA Employee Group (as defined in the ESOP), (B) the product of (x) the number of shares of Common Stock held under the ESOP which have been issued upon conversion of the Class 1 ESOP Convertible Preferred Stock and are held on the applicable record date in the Loan Suspense Account (as defined in the ESOP) under the ESOP multiplied by (y) the Pilot Fraction, and (C) the product of (aa) the number of

shares of Common Stock held by the Supplemental ESOP which have been issued upon conversion of the Class 2 ESOP Convertible Preferred Stock and are held on the applicable record date in the Phantom Suspense Account (as defined in the Supplemental ESOP) under the Supplemental ESOP multiplied by (bb) the Pilot Fraction (the excess of clause (i) over clause (ii) being referred to herein as the "Attributed Votes"); and (b) the holder of each share of the Class P Voting Preferred Stock shall be entitled to a number of votes per share (rounded to the nearest one hundred millionth of a vote) equal to the result of dividing (x) the number of Attributed Votes by (y) the number of shares of Class P Voting Preferred Stock outstanding on the applicable record date. With respect to each vote or consent with a record date occurring on or after the Termination Date, each share of Class P Voting Preferred Stock then outstanding shall be entitled to the number of votes per share (rounded to the nearest one hundred millionth of a vote) equal to a fraction, the numerator of which is the product of (i) the sum of (x) the number of shares of Common Stock into which the ESOP Convertible Preferred Stocks then outstanding can be converted as of the record date with respect to such vote or consent and (y) the number of Available Unissued ESOP Shares as of such record date and (ii) the Pilot Fraction, and the denominator of which is the number of shares of Class P Voting Preferred Stock outstanding as of such record date. For purposes of this Section 8.1, the Corporation shall certify to the holders of Class P Voting Preferred Stock and to the judges or similar officials appointed for the purpose of tabulating votes at any meeting of stockholders as soon as practicable following the record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders, but in no event less than five Trading Days before such meeting, with respect to record dates prior to the Termination Date, the number of shares of Common Stock then outstanding and the number of votes entitled to be cast on the matter or matters in question by the holders of all outstanding securities of the Corporation (excluding the Voting Preferred Stocks and the shares of Common Stock issued upon conversion of the ESOP Convertible Preferred Stocks and held on the applicable record date in the ESOP or the Supplemental ESOP) and, with respect to record dates from and after the Termination Date, the number of shares of Common Stock into which a share of ESOP Convertible Preferred Stock was convertible as of the record date for such vote or votes. The Corporation shall be deemed to satisfy the requirements of the preceding sentence if such matters are specified in any proxy statement mailed to all stockholders entitled to vote on such matter or matters.

Prior to the Termination Date, the outstanding shares of the Voting Preferred Stocks, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock, together with the shares of Common Stock held by the ESOP and the Supplemental ESOP that were received upon conversion of the ESOP Preferred Stocks, will represent the Voting Fraction (expressed as a percentage) of the votes to be cast in connection with matters (other than the election of directors) submitted to the vote of the holders of the Common Stock and the holders of all other outstanding securities that vote as a single class together with the Common Stock. Subject to any amendment of this Restated Certificate after the date hereof, it is the intent of this Restated Certificate that this Section 8.1 (with respect to the Class P Voting Preferred Stock), Article FOURTH, Part V, Section 8.1 of the Restated Certificate (with respect to the Class M Voting Preferred Stock) and Article FOURTH, Part VI, Section 8.1 of the Restated Certificate (with respect to the Class S Voting Preferred Stock) be interpreted together to achieve the foregoing result.

8.2 Unless the affirmative vote or consent of the holders of a greater number of shares of Class P Voting Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class P Voting Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class P Voting Preferred Stock or of either of the ESOP Convertible Preferred Stocks.

8.3 For purposes of the foregoing provisions of Section 8.2, each share of Class P Voting Preferred Stock shall have one (1) vote per share.

8.4 Notwithstanding anything to the contrary in Sections 7 or 8.1, if at any time prior to the Termination Date, (x) the

trustee under either (i) the ESOP or (ii) the Supplemental ESOP (together with the ESOP, the "Employee Plan") either (a) fails to solicit, in accordance with the Employee Plan, timely instructions from Employee Plan participants, the Committee of the ESOP (as defined in the ESOP and hereinafter referred to as the "ESOP Committee") or the Committee of the Supplemental ESOP (as defined in the Supplemental ESOP and, together with the ESOP Committee, the "Committees"), as applicable ("Instructions"), with respect to any matter referred to in clause (y) below, or (b) fails to act in accordance with such Instructions with respect to any matter referred to in clause (y) below (but only if such failure to follow such Instructions is attributable to (i) the trustee having concluded that, based upon the terms of such transaction, the trustee's fiduciary duties require the trustee to fail to follow such instructions or (ii) the unenforceability of the provisions of the ESOP and/or the Supplemental ESOP relating to the solicitation and/or following of such Instructions); (y) either (i) but for the provisions of Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate, the vote of the stockholders of the Corporation would have been sufficient, under applicable law, stock exchange listing requirements and this Restated Certificate, as applicable, to approve the Merger Transaction or other Control Transaction (as defined in the ESOP) in question (or, if no stockholder approval would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, the trustee enters into a binding commitment in connection with a Control Transaction or a Control Transaction is consummated) or (ii) following the Issue Date, the trustee disposes of an aggregate of 10% or more of the Common Equity (as defined in Article FIFTH, Section 1.26 of this Restated Certificate) initially represented by the ESOP Convertible Preferred Stocks other than in connection with Employee Plan distributions or diversification requirements; and (z) any of the following occur: (a) Instructions with respect to a matter are given, the trustee fails to follow such Instructions and such transaction would not have been approved by stockholders of the Corporation in accordance with the applicable provisions of this Restated Certificate (excluding Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate), applicable stock exchange listing requirements or applicable law if the trustee had acted in accordance with such Instructions (or, if no vote of stockholders would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, such action by the trustee in respect of such transaction as to which Instructions were so given would not have been authorized had the trustee acted in accordance with such Instructions), (b) the trustee fails to solicit timely Instructions with respect to such matters, such transaction requires the approval of stockholders of the Corporation under applicable provisions of this Restated Certificate, applicable stock exchange listing requirements or applicable law and such approval would not have been obtained (without regard to the provisions of Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate) if the trustee had voted against such transaction all of the votes entitled to be cast by such trustee as the holder of securities of the Corporation held under the Employee Plan, or (c) the trustee fails to follow Instructions or to solicit timely Instructions with respect to such matter and no vote of stockholders of the Corporation is required by the Restated Certificate, applicable stock exchange listing requirements or applicable law to approve such transaction (an action or inaction by the trustee under clauses (x) and (z) in connection with a transaction referred to in clause (y) being referred to herein as an "Uninstructed Trustee Action"); then each outstanding share of Class P Voting Preferred Stock shall, immediately and automatically, without any further action on the part of holders thereof or of the Corporation, be converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 9 hereof.

Section 9. Automatic Conversion.

9.1 Shares of Class P Voting Preferred Stock shall, as provided in Sections 1.2 and 8.4, be automatically converted, from time to time, in part or in whole, respectively, upon (i) any transfer thereof other than a transfer described in clauses (x) and (y) of Section 1.2 or (ii) an Uninstructed Trustee Action as described in Section 8.4, at a rate of one ten thousandth of a share of Common Stock per share of Class P Voting Preferred Stock to be converted (the "Conversion Rate").

9.2 At the time that all of the shares of the ESOP Convertible Preferred Stocks cease to be outstanding for any reason whatsoever, including, without limitation, their conversion in full into Common Stock (the "Final Conversion Date"), all outstanding shares of Class P Voting Preferred Stock

shall be automatically converted, in full, into shares of Common Stock at the Conversion Rate then in effect.

9.3 Following any conversion in accordance with Sections 9.1 and 9.2, (i) no holder of Class P Voting Preferred Stock shall have any of the voting powers, preferences, relative, participating, optional or special rights ascribed to shares of Class P Voting Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class P Voting Preferred Stock have been so converted, and (ii) any holder of Class P Voting Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class P Voting Preferred Stock shall have been converted as of the date of the conversion of the shares of Class P Voting Preferred Stock.

9.4 On or after the date of (i) a transfer of shares of Class P Voting Preferred Stock (other than as described in clauses (x) and (y) of Section 1.2), (ii) the Final Conversion Date or (iii) an Uninstructed Trustee Action, each holder of a certificate or certificates formerly representing shares of Class P Voting Preferred Stock converted in accordance with Sections 9.1 and 9.2 shall surrender such certificate or certificates, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent (if other than the Corporation) in the Borough of Manhattan, City of New York. Unless the shares issuable on conversion are to be issued in the same name as the name in which such certificate is registered, each such certificate shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid or that no such taxes are payable).

9.5 No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Class P Voting Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Class P Voting Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one certificate shall be surrendered in respect of such conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion shall be computed on the basis of the aggregate number of shares of Class P Voting Preferred Stock formerly represented by the certificates so surrendered.

9.6 In the event of an adjustment to the "Conversion Rate" in effect with respect to the ESOP Convertible Preferred Stocks, a corresponding adjustment shall be made to the Conversion Rate with respect to the Class P Voting Preferred Stock.

Section 10. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of any shares of Class P Voting Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART V

Class M ESOP Voting Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part V to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part V.

Section 1. Number of Shares; Designation; Issuances; Automatic Conversion.

1.1 The Class M ESOP Voting Junior Preferred Stock of the Corporation (the "Class M Voting Preferred Stock") shall consist of 9,300,000 shares, par value \$0.01 per share.

1.2 Shares of Class M Voting Preferred Stock shall be issued only to a trustee or trustees acting on behalf of (i) the UAL Corporation Employee Stock Ownership Plan (the "ESOP"), (ii) the UAL Corporation Supplemental ESOP (the "Supplemental ESOP") or (iii) any other employee stock ownership trust or plan or other employee benefit plan of the Corporation or any of its subsidiaries (each, a "Plan"). In the event of any sale, transfer or other disposition (including, without limitation, upon a foreclosure or other realization upon shares of Class M Voting Preferred Stock pledged as security for any loan or loans made to a Plan or to the trustee or the trustees acting on behalf

of a Plan) (hereinafter a "transfer") of shares of Class M Voting Preferred Stock to any person (including, without limitation, any participant in a Plan) other than (x) any Plan or trustee or trustees of a Plan or (y) any pledgee of such shares acquiring such shares as security for any loan or loans made to the Plan or to any trustee or trustees acting on behalf of the Plan, the shares of Class M Voting Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 9 hereof and thereafter such transferee shall not have any of the voting powers, preferences or relative, participating, optional or special rights ascribed to shares of Class M Voting Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class M Voting Preferred Stock shall be so converted. In the event of any such automatic conversion provided for in this Section 1.2, such transferee shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class M Voting Preferred Stock shall have been converted as of the date of such conversion. Certificates representing shares of Class M Voting Preferred Stock shall be legended to reflect such consequences of a transfer. The shares of Common Stock issued upon any conversion in accordance with Section 9 hereof or this Section 1.2 may be transferred by the holder thereof as permitted by law.

Section 2. Definitions. For purposes of the Class M Voting Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Available Unissued ESOP Shares" shall have the meaning set forth in Article FIFTH, Section 1.5 of this Restated Certificate.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee of such board of directors authorized by such board of directors to perform any of its responsibilities with respect to the Class M Voting Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.4 "Class 1 ESOP Convertible Preferred Stock" shall mean the Class 1 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class 2 ESOP Convertible Preferred Stock" shall mean the Class 2 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class M Voting Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.9 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.10 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.12 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.13 "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Corporation.

2.14 "Conversion Rate" shall have the meaning set forth in Section 9.1 hereof.

2.15 "Current Market Price" of publicly traded shares of Common Stock or any other class or series of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way on such day, or, if no sale takes place on such day, the average of the

reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted for trading on the New York Stock Exchange, Inc. ("NYSE"), on the principal national securities exchange on which such security is listed or admitted for trading or quoted or, if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

2.16 "Director Preferred Stocks" shall mean, collectively, the Class I Preferred Stock, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock.

2.17 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock.

2.18 "Issue Date" shall mean the first date on which shares of Class M Voting Preferred Stock are issued.

2.19 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.20 "Machinist Fraction" shall mean 0.3713.

2.21 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.22 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.23 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.24 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.25 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.26 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.27 "Set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class M Voting Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class M Voting Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.28 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.29 "Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.30 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class M Voting Preferred Stock.

2.31 "Voting Fraction" shall mean 0.55 with respect to votes and consents that have a record date on or prior to the Measuring Date and a fraction that is equivalent to the Adjusted Percentage (as defined in the Agreement and Plan of Recapitalization, dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and International Association of Machinists and Aerospace Workers, as amended from time to time) as in effect at the close of business on the Measuring Date with respect to votes and consents that have a record date after the Measuring Date.

2.32 "Voting Preferred Stocks" shall mean, collectively, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holders of shares of the Class M Voting Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4 below).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class M Voting Preferred Stock shall be entitled to receive \$0.01 per share of Class M Voting Preferred Stock (the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Class M Voting Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Class M Voting Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class M Voting Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class M Voting Preferred Stock, as and to the fullest extent provided in this Section 4, any other series or class of stock of the Corporation that ranks junior to the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class M Voting Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Class M Voting Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be retired and shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class M Voting Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Class M Voting Preferred Stock;

(b) on a parity with the Class M Voting Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class M Voting Preferred Stock, if the holders of such class or series and the Class M Voting Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class M Voting Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Class M Voting Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall be deemed to rank prior to the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Voting Preferred Stocks and the Director Preferred Stocks shall each be deemed to rank on a parity with the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class M Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged solely for or changed, reclassified or converted solely into stock of any successor, resulting or other company (including the Corporation) (each of the foregoing is referred to herein as "Merger Transaction") that constitutes "qualifying employer securities" with respect to holders of Class M Voting Preferred Stock within the meaning of Section 409(l) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, proper provisions shall be made so that upon consummation of such transaction, the shares of Class M Voting Preferred Stock shall be converted into or exchanged for preferred stock of such successor, resulting or other company (the "New Machinist Voting Preferred Stock"), having in respect of such company, except as provided below, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class M Voting Preferred Stock had, in respect of the Corporation, immediately prior to such transaction, except that after such transaction each share of such New Machinist Voting Preferred Stock so received in such transaction upon conversion or exchange of the Class M Voting Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 9 hereof, into the number and kind of "qualifying employer securities" receivable in such transaction by a holder of the number of shares of Common Stock into which a share of Class M Voting Preferred Stock could have been converted immediately prior to such transaction; provided, however, that the holder of each share of New Machinist Voting Preferred Stock shall be entitled to a number of votes per share equal to a fraction, the numerator of which is the product of (x) the Machinist Fraction and (y) the aggregate number of votes that would be entitled to be cast by the holders of the securities of the surviving, resulting or other corporation into which the ESOP Convertible Preferred Stocks are changed, reclassified or converted (collectively, the "New ESOP Convertible Preferred Stocks") upon consummation of such transaction (assuming for such purpose the conversion of the New ESOP Convertible Preferred Stocks), and the denominator of which is the aggregate number of shares of New Machinist Voting Preferred Stock then outstanding; provided, further that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the Class M Voting Preferred Stock, then the shares of New Machinist Voting Preferred Stock received in such transaction upon conversion or exchange of Class M Voting Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be convertible into or exchangeable solely for "qualifying employer securities" (together, if applicable, with a cash payment in lieu of fractional shares) with the effect

provided above on the basis of the number and kind of qualifying employer securities receivable in such transaction by a holder of the number of shares of Common Stock into which such shares of Class M Voting Preferred Stock could have been converted immediately prior to such transaction (provided that if the kind or amount of qualifying employer securities receivable in such transaction is not the same for each such share of Common Stock, then the kind and amount so receivable in such transaction for each share of Common Stock for this purpose shall be deemed to be the kind and amount so receivable per share by the plurality of such shares of Common Stock). The rights of the New Machinist Voting Preferred Stock so received in such transaction upon conversion or exchange of the Class M Voting Preferred Stock shall successively be subject to adjustment pursuant to Section 9 hereof following such transaction as nearly equivalent to the adjustments provided for by such Section prior to such transaction.

7.2 In case the Corporation shall enter into any Merger Transaction, however named, pursuant to which the outstanding shares of Common Stock are exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of "qualifying employer securities" (as referred to in Section 7.1) and cash payments, if applicable, in lieu of fractional shares, proper provisions shall be made so that each outstanding share of Class M Voting Preferred Stock shall, by virtue of and upon consummation of such transaction, on the same terms as are applicable to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by holders of the number of shares of Common Stock into which such shares of Class M Voting Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by holders of the Class M Voting Preferred Stock, then the shares of Class M Voting Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Class M Voting Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property receivable in such transaction (provided that if the kind or amount of stock, securities, cash or other property receivable in such transaction are not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares).

7.3 In case the Corporation shall enter into any agreement providing for any Merger Transaction described in Section 7.1 or 7.2, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of Class M Voting Preferred Stock. The Corporation shall not consummate any such Merger Transaction unless all of the terms of this Section 7 have been complied with.

Section 8. Voting. The holders of shares of Class M Voting Preferred Stock shall have the following voting rights:

8.1 Except as otherwise required by law or provided in this Restated Certificate, the holders of Class M Voting Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together as a single class with the holders of Common Stock and the holders of such other classes and series of stock that vote together with the Common Stock as a single class; provided, however, that prior to the Termination Date, the holders of Class M Voting Preferred Stock shall not be entitled to vote with respect to the election of the members of the Board of Directors. For purposes of this Section 8.1, with respect to any vote or consent with a record date occurring prior to the Termination Date, (a) the holders of the shares of Class M Voting Preferred Stock from time to time outstanding shall, collectively, be entitled to a number of votes (rounded to the nearest whole vote) equal to the excess of (i) the product of (I) the Machinist Fraction, (II) the Voting Fraction and (III) a fraction, the numerator of which shall be the number of votes entitled to be cast on the matter by the holders of all outstanding securities of the Corporation (excluding the Voting Preferred Stocks and the shares of Common Stock issued upon conversion of the ESOP

Convertible Preferred Stocks and held on the applicable record date in the ESOP or the Supplemental ESOP), and the denominator of which shall be the excess of one (1.0) over the Voting Fraction, over (ii) the sum of (A) the aggregate number of shares of Common Stock held under the ESOP or the Supplemental ESOP which have been issued upon conversion of the ESOP Convertible Preferred Stocks and have been, on the applicable record date, allocated under the ESOP or the Supplemental ESOP to the accounts of individuals who are members of the IAM Employee Group (as defined in the ESOP), (B) the product of (x) the number of shares of Common Stock held under the ESOP which have been issued upon conversion of the Class 1 ESOP Convertible Preferred Stock and are held on the applicable record date in the Loan Suspense Account (as defined in the ESOP) under the ESOP multiplied by (y) the Machinist Fraction, and (C) the product of (aa) the number of shares of Common Stock held by the Supplemental ESOP which have been issued upon conversion of the Class 2 ESOP Convertible Preferred Stock and are held on the applicable record date in the Phantom Suspense Account (as defined in the Supplemental ESOP) under the Supplemental ESOP multiplied by (bb) the Machinist Fraction (the excess of clause (i) over clause (ii) being referred to herein as the "Attributed Votes"); and (b) the holder of each share of the Class M Voting Preferred Stock shall be entitled to a number of votes per share (rounded to the nearest one hundred millionth of a vote) equal to the result of dividing (x) the number of Attributed Votes by (y) the number of shares of Class M Voting Preferred Stock outstanding on the applicable record date. With respect to each vote or consent with a record date occurring on or after the Termination Date, each share of Class M Voting Preferred Stock then outstanding shall be entitled to the number of votes per share (rounded to the nearest one hundred millionth of a vote) equal to a fraction, the numerator of which is the product of (i) the sum of (x) the number of shares of Common Stock into which the ESOP Convertible Preferred Stocks then outstanding can be converted as of the record date with respect to such vote or consent and (y) the number of Available Unissued ESOP Shares as of such record date and (ii) the Machinist Fraction, and the denominator of which is the number of shares of Class M Voting Preferred Stock outstanding as of such record date. For purposes of this Section 8.1, the Corporation shall certify to the holders of Class M Voting Preferred Stock and to the judges or similar officials appointed for the purpose of tabulating votes at any meeting of stockholders as soon as practicable following the record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders, but in no event less than five Trading Days before such meeting, with respect to record dates prior to the Termination Date, the number of shares of Common Stock then outstanding and the number of votes entitled to be cast on the matter or matters in question by the holders of all outstanding securities of the Corporation (excluding the Voting Preferred Stocks and the shares of Common Stock issued upon conversion of the ESOP Convertible Preferred Stocks and held on the applicable record date in the ESOP or the Supplemental ESOP) and, with respect to record dates from and after the Termination Date, the number of shares of Common Stock into which a share of ESOP Convertible Preferred Stock was convertible as of the record date for such vote or votes. The Corporation shall be deemed to satisfy the requirements of the preceding sentence if such matters are specified in any proxy statement mailed to all stockholders entitled to vote on such matter or matters.

Prior to the Termination Date, the outstanding shares of the Voting Preferred Stocks, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock, together with the shares of Common Stock held by the ESOP and the Supplemental ESOP that were received upon conversion of the ESOP Preferred Stocks, will represent the Voting Fraction (expressed as a percentage) of the votes to be cast in connection with matters (other than the election of directors) submitted to the vote of the holders of the Common Stock and the holders of all other outstanding securities that vote as a single class together with the Common Stock. Subject to any amendment of this Restated Certificate after the date hereof, it is the intent of this Restated Certificate that this Section 8.1 (with respect to the Class M Voting Preferred Stock), Article FOURTH, Part IV, Section 8.1 of the Restated Certificate (with respect to the Class P Voting Preferred Stock) and Article FOURTH, Part VI, Section 8.1 of the Restated Certificate (with respect to the Class S Voting Preferred Stock) be interpreted together to achieve the foregoing result.

8.2 Unless the affirmative vote or consent of the holders of a greater number of shares of Class M Voting Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class M Voting Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment,

alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class M Voting Preferred Stock or of either of the ESOP Convertible Preferred Stocks.

8.3 For purposes of the foregoing provisions of Section 8.2, each share of Class M Voting Preferred Stock shall have one (1) vote per share.

8.4 Notwithstanding anything to the contrary in Sections 7 or 8.1, if at any time prior to the Termination Date, (x) the trustee under either (i) the ESOP or (ii) the Supplemental ESOP (together with the ESOP, the "Employee Plan") either (a) fails to solicit, in accordance with the Employee Plan, timely instructions from Employee Plan participants, the Committee of the ESOP (as defined in the ESOP and hereinafter referred to as the "ESOP Committee") or the Committee of the Supplemental ESOP (as defined in the Supplemental ESOP and, together with the ESOP Committee, the "Committees"), as applicable ("Instructions"), with respect to any matter referred to in clause (y) below, or (b) fails to act in accordance with such Instructions with respect to any matter referred to in clause (y) below (but only if such failure to follow such Instructions is attributable to (i) the trustee having concluded that, based upon the terms of such transaction, the trustee's fiduciary duties require the trustee to fail to follow such instructions or (ii) the unenforceability of the provisions of the ESOP and/or the Supplemental ESOP relating to the solicitation and/or following of such Instructions); (y) either (i) but for the provisions of Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate, the vote of the stockholders of the Corporation would have been sufficient, under applicable law, stock exchange listing requirements and this Restated Certificate, as applicable, to approve the Merger Transaction or other Control Transaction (as defined in the ESOP) in question (or, if no stockholder approval would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, the trustee enters into a binding commitment in connection with a Control Transaction or a Control Transaction is consummated) or (ii) following the Issue Date, the trustee disposes of an aggregate of 10% or more of the Common Equity (as defined in Article FIFTH, Section 1.26 of this Restated Certificate) initially represented by the ESOP Convertible Preferred Stocks other than in connection with Employee Plan distributions or diversification requirements; and (z) any of the following occur: (a) Instructions with respect to a matter are given, the trustee fails to follow such Instructions and such transaction would not have been approved by stockholders of the Corporation in accordance with the applicable provisions of this Restated Certificate (excluding Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate), applicable stock exchange listing requirements or applicable law if the trustee had acted in accordance with such Instructions (or, if no vote of stockholders would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, such action by the trustee in respect of such transaction as to which Instructions were so given would not have been authorized had the trustee acted in accordance with such Instructions), (b) the trustee fails to solicit timely Instructions with respect to such matters, such transaction requires the approval of stockholders of the Corporation under applicable provisions of this Restated Certificate, applicable stock exchange listing requirements or applicable law and such approval would not have been obtained (without regard to the provisions of Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate) if the trustee had voted against such transaction all of the votes entitled to be cast by such trustee as the holder of securities of the Corporation held under the Employee Plan, or (c) the trustee fails to follow Instructions or to solicit timely Instructions with respect to such matter and no vote of stockholders of the Corporation is required by the Restated Certificate, applicable stock exchange listing requirements or applicable law to approve such transaction (an action or inaction by the trustee under clauses (x) and (z) in connection with a transaction referred to in clause (y) being referred to herein as an "Uninstructed Trustee Action"); then each outstanding share of Class M Voting Preferred Stock shall, immediately and automatically, without any further action on the part of holders thereof or of the Corporation, be converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 9 hereof.

9.1 Shares of Class M Voting Preferred Stock shall, as provided in Sections 1.2 and 8.4, be automatically converted, from time to time, in part or in whole, respectively, upon (i) any transfer thereof other than a transfer described in clauses (x) and (y) of Section 1.2 or (ii) an Uninstructed Trustee Action as described in Section 8.4, at a rate of one ten thousandth of a share of Common Stock per share of Class M Voting Preferred Stock to be converted (the "Conversion Rate").

9.2 At the time that all of the shares of the ESOP Convertible Preferred Stocks cease to be outstanding for any reason whatsoever, including, without limitation, their conversion in full into Common Stock (the "Final Conversion Date"), all outstanding shares of Class M Voting Preferred Stock shall be automatically converted, in full, into shares of Common Stock at the Conversion Rate then in effect.

9.3 Following any conversion in accordance with Sections 9.1 and 9.2, (i) no holder of Class M Voting Preferred Stock shall have any of the voting powers, preferences, relative, participating, optional or special rights ascribed to shares of Class M Voting Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class M Voting Preferred Stock have been so converted, and (ii) any holder of Class M Voting Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class M Voting Preferred Stock shall have been converted as of the date of the conversion of the shares of Class M Voting Preferred Stock.

9.4 On or after the date of (i) a transfer of shares of Class M Voting Preferred Stock (other than as described in clauses (x) and (y) of Section 1.2), (ii) the Final Conversion Date or (iii) an Uninstructed Trustee Action, each holder of a certificate or certificates formerly representing shares of Class M Voting Preferred Stock converted in accordance with Sections 9.1 and 9.2 shall surrender such certificate or certificates, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent (if other than the Corporation) in the Borough of Manhattan, City of New York. Unless the shares issuable on conversion are to be issued in the same name as the name in which such certificate is registered, each such certificate shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid or that no such taxes are payable).

9.5 No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Class M Voting Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Class M Voting Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one certificate shall be surrendered in respect of such conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion shall be computed on the basis of the aggregate number of shares of Class M Voting Preferred Stock formerly represented by the certificates so surrendered.

9.6 In the event of an adjustment to the "Conversion Rate" in effect with respect to the ESOP Convertible Preferred Stocks, a corresponding adjustment shall be made to the Conversion Rate with respect to the Class M Voting Preferred Stock.

Section 10. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of any shares of Class M Voting Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART VI

Class S ESOP Voting Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part VI to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part VI.

Section 1. Number of Shares; Designation; Issuances; Automatic Conversion.

1.1 The Class S ESOP Voting Junior Preferred Stock of the Corporation (the "Class S Voting Preferred Stock") shall consist of 4,200,000 shares, par value \$0.01 per share.

1.2 Shares of Class S Voting Preferred Stock shall be issued only to a trustee or trustees acting on behalf of (i) the UAL Corporation Employee Stock Ownership Plan (the "ESOP"), (ii) the UAL Corporation Supplemental ESOP (the "Supplemental ESOP") or (iii) any other employee stock ownership trust or plan or other employee benefit plan of the Corporation or any of its subsidiaries (each, a "Plan"). In the event of any sale, transfer or other disposition (including, without limitation, upon a foreclosure or other realization upon shares of Class S Voting Preferred Stock pledged as security for any loan or loans made to a Plan or to the trustee or the trustees acting on behalf of a Plan) (hereinafter a "transfer") of shares of Class S Voting Preferred Stock to any person (including, without limitation, any participant in a Plan) other than (x) any Plan or trustee or trustees of a Plan or (y) any pledgee of such shares acquiring such shares as security for any loan or loans made to the Plan or to any trustee or trustees acting on behalf of the Plan, the shares of Class S Voting Preferred Stock so transferred, upon such transfer and without any further action by the Corporation or the holder, shall be automatically converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 9 hereof and thereafter such transferee shall not have any of the voting powers, preferences or relative, participating, optional or special rights ascribed to shares of Class S Voting Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class S Voting Preferred Stock shall be so converted. In the event of any such automatic conversion provided for in this Section 1.2, such transferee shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class S Voting Preferred Stock shall have been converted as of the date of such conversion. Certificates representing shares of Class S Voting Preferred Stock shall be legended to reflect such consequences of a transfer. The shares of Common Stock issued upon any conversion in accordance with Section 9 hereof or this Section 1.2 may be transferred by the holder thereof as permitted by law.

Section 2. Definitions. For purposes of the Class S Voting Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Available Unissued ESOP Shares" shall have the meaning set forth in Article FIFTH, Section 1.5 of this Restated Certificate.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee of such board of directors authorized by such board of directors to perform any of its responsibilities with respect to the Class S Voting Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.4 "Class 1 ESOP Convertible Preferred Stock" shall mean the Class 1 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class 2 ESOP Convertible Preferred Stock" shall mean the Class 2 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.10 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Class S Voting Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.12 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.13 "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Corporation.

2.14 "Conversion Rate" shall have the meaning set forth in Section 9.1 hereof.

2.15 "Current Market Price" of publicly traded shares of Common Stock or any other class or series of capital stock or other security of the Corporation or any other issuer for any day shall mean the last reported sales price, regular way on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted for trading on the New York Stock Exchange, Inc. ("NYSE"), on the principal national securities exchange on which such security is listed or admitted for trading or quoted or, if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on such National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ") or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any NYSE member firm regularly making a market in such security selected for such purpose by the Board of Directors.

2.16 "Director Preferred Stocks" shall mean, collectively, the Class I Preferred Stock, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock.

2.17 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock.

2.18 "Issue Date" shall mean the first date on which shares of Class S Voting Preferred Stock are issued.

2.19 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.20 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.21 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.22 "Salaried/Management Fraction" shall mean 0.1664.

2.23 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.24 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.25 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.26 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.27 [Reserved]

2.28 "Set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class S Voting Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar

agent, then "set apart for payment" with respect to the Class S Voting Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.29 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.30 "Trading Day" shall mean any day on which the securities in question are traded on the NYSE, or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.31 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class S Voting Preferred Stock.

2.32 "Voting Fraction" shall mean 0.55 with respect to votes and consents that have a record date on or prior to the Measuring Date and a fraction that is equivalent to the Adjusted Percentage (as defined in Section 1.10 of the Agreement and Plan of Recapitalization, dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and International Association of Machinists and Aerospace Workers, as amended from time to time) as in effect at the close of business on the Measuring Date with respect to votes and consents that have a record date after the Measuring Date.

2.33 "Voting Preferred Stocks" shall mean, collectively, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holders of shares of the Class S Voting Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4 below).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class S Voting Preferred Stock shall be entitled to receive \$0.01 per share of Class S Voting Preferred Stock (the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Class S Voting Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Class S Voting Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class S Voting Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class S Voting Preferred Stock, as and to the fullest extent provided in this Section 4, any other series or class of stock of the Corporation that ranks junior to the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class S Voting Preferred Stock shall not be

entitled to share therein.

Section 5. Shares to be Retired. All shares of Class S Voting Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be retired and shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class S Voting Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Class S Voting Preferred Stock;

(b) on a parity with the Class S Voting Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class S Voting Preferred Stock, if the holders of such class or series and the Class S Voting Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class S Voting Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Class S Voting Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall be deemed to rank prior to the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Voting Preferred Stocks and the Director Preferred Stocks shall each be deemed to rank on a parity with the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class S Voting Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation shall enter into any consolidation, merger, share exchange or similar transaction, however named, pursuant to which the outstanding shares of Common Stock are to be exchanged solely for or changed, reclassified or converted solely into stock of any successor, resulting or other company (including the Corporation) (each of the foregoing is referred to herein as "Merger Transaction") that constitutes "qualifying employer securities" with respect to holders of Class S Voting Preferred Stock within the meaning of Section 409(l) of the Code and Section 407(d)(5) of the Employee Retirement Income Security Act of 1974, as amended, or any successor provisions of law, and, if applicable, for a cash payment in lieu of fractional shares, if any, proper provisions shall be made so that upon consummation of such transaction, the shares of Class S Voting Preferred Stock shall be converted into or exchanged for preferred stock of such successor, resulting or other company (the "New Salaried/Management Voting Preferred Stock"), having in respect of such company, except as provided below, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class S Voting Preferred Stock had, in respect of the Corporation, immediately prior to such transaction, except that after such transaction each share of such New Salaried/Management Voting Preferred Stock so received in such transaction upon conversion or exchange of the Class S Voting Preferred Stock shall be convertible, otherwise on the terms and conditions provided by Section 9 hereof, into the number and kind of "qualifying employer securities" receivable in such transaction by a holder of the number of shares of Common Stock into which a share of Class S Voting Preferred Stock could have been converted immediately prior to such transaction; provided, however, that the holder of each share of New Salaried/Management Voting Preferred Stock shall be entitled to a number of votes per share equal to a fraction, the numerator of which is the product of (x) the Salaried/Management Fraction and (y) the aggregate number of votes that would be entitled to be cast by the holders of the securities of the surviving, resulting or other

corporation into which the ESOP Convertible Preferred Stocks are changed, reclassified or converted (collectively, the "New ESOP Convertible Preferred Stocks") upon consummation of such transaction (assuming for such purpose the conversion of the New ESOP Convertible Preferred Stocks), and the denominator of which is the aggregate number of shares of New Salaried/Management Voting Preferred Stock then outstanding; provided, further that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by the holders of the Class S Voting Preferred Stock, then the shares of New Salaried/Management Voting Preferred Stock received in such transaction upon conversion or exchange of Class S Voting Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be convertible into or exchangeable solely for "qualifying employer securities" (together, if applicable, with a cash payment in lieu of fractional shares) with the effect provided above on the basis of the number and kind of qualifying employer securities receivable in such transaction by a holder of the number of shares of Common Stock into which such shares of Class S Voting Preferred Stock could have been converted immediately prior to such transaction (provided that if the kind or amount of qualifying employer securities receivable in such transaction is not the same for each such share of Common Stock, then the kind and amount so receivable in such transaction for each share of Common Stock for this purpose shall be deemed to be the kind and amount so receivable per share by the plurality of such shares of Common Stock). The rights of the New Salaried/Management Voting Preferred Stock so received in such transaction upon conversion or exchange of the Class S Voting Preferred Stock shall successively be subject to adjustment pursuant to Section 9 hereof following such transaction as nearly equivalent to the adjustments provided for by such Section prior to such transaction.

7.2 In case the Corporation shall enter into any Merger Transaction, however named, pursuant to which the outstanding shares of Common Stock are exchanged for or changed, reclassified or converted into other stock or securities or cash or any other property, or any combination thereof, other than any such consideration which is constituted solely of "qualifying employer securities" (as referred to in Section 7.1) and cash payments, if applicable, in lieu of fractional shares, proper provisions shall be made so that each outstanding share of Class S Voting Preferred Stock shall, by virtue of and upon consummation of such transaction, on the same terms as are applicable to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in like kind) receivable by holders of the number of shares of Common Stock into which such shares of Class S Voting Preferred Stock could have been converted immediately prior to such transaction; provided, however, that if by virtue of the structure of such transaction, a holder of Common Stock is required to make an election with respect to the nature and kind of consideration to be received in such transaction, which election cannot practicably be made by holders of the Class S Voting Preferred Stock, then the shares of Class S Voting Preferred Stock shall, by virtue of such transaction and on the same terms as apply to the holders of Common Stock, be converted into or exchanged for the aggregate amount of stock, securities, cash or other property (payable in kind) receivable by a holder of the number of shares of Common Stock into which such shares of Class S Voting Preferred Stock could have been converted immediately prior to such transaction if such holder of Common Stock failed to exercise any rights of election to receive any kind or amount of stock, securities, cash or other property receivable in such transaction (provided that if the kind or amount of stock, securities, cash or other property receivable in such transaction are not the same for each non-electing share, then the kind and amount of stock, securities, cash or other property so receivable upon such transaction for each non-electing share shall be the kind and amount so receivable per share by the plurality of the non-electing shares).

7.3 In case the Corporation shall enter into any agreement providing for any Merger Transaction described in Sections 7.1 or 7.2, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to each holder of Class S Voting Preferred Stock. The Corporation shall not consummate any such Merger Transaction unless all of the terms of this Section 7 have been complied with.

Section 8. Voting. The holders of shares of Class S Voting Preferred Stock shall have the following voting rights:

8.1 Except as otherwise required by law or provided in this Restated Certificate, the holders of Class S Voting Preferred

Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation, voting together as a single class with the holders of Common Stock and the holders of such other classes and series of stock that vote together with the Common Stock as a single class; provided, however, that prior to the Termination Date, the holders of Class S Voting Preferred Stock shall not be entitled to vote with respect to the election of the members of the Board of Directors. For purposes of this Section 8.1, with respect to any vote or consent with a record date occurring prior to the Termination Date, (a) the holders of the shares of Class S Voting Preferred Stock from time to time outstanding shall, collectively, be entitled to a number of votes (rounded to the nearest whole vote) equal to the excess of (i) the product of (I) the Salaried/Management Fraction, (II) the Voting Fraction and (III) a fraction, the numerator of which shall be the number of votes entitled to be cast on the matter by the holders of all outstanding securities of the Corporation (excluding the Voting Preferred Stocks and the shares of Common Stock issued upon conversion of the ESOP Convertible Preferred Stocks and held on the applicable record date in the ESOP or the Supplemental ESOP), and the denominator of which shall be the excess of one (1.0) over the Voting Fraction, over (ii) the sum of (A) the aggregate number of shares of Common Stock held under the ESOP or the Supplemental ESOP which have been issued upon conversion of the ESOP Convertible Preferred Stocks and have been, on the applicable record date, allocated under the ESOP or the Supplemental ESOP to the accounts of individuals who are members of the Salaried/Management Employee Group (as defined in the ESOP), (B) the product of (x) the number of shares of Common Stock held under the ESOP which have been issued upon conversion of the Class 1 ESOP Convertible Preferred Stock and are held on the applicable record date in the Loan Suspense Account (as defined in the ESOP) under the ESOP multiplied by (y) the Salaried/Management Fraction, and (C) the product of (aa) the number of shares of Common Stock held by the Supplemental ESOP which have been issued upon conversion of the Class 2 ESOP Convertible Preferred Stock and are held on the applicable record date in the Phantom Suspense Account (as defined in the Supplemental ESOP) under the Supplemental ESOP multiplied by (bb) the Salaried/Management Fraction (the excess of clause (i) over clause (ii) being referred to herein as the "Attributed Votes"); and (b) the holder of each share of the Class S Voting Preferred Stock shall be entitled to a number of votes per share (rounded to the nearest one hundred millionth of a vote) equal to the result of dividing (x) the number of Attributed Votes by (y) the number of shares of Class S Voting Preferred Stock outstanding on the applicable record date. With respect to each vote or consent with a record date occurring on or after the Termination Date, each share of Class S Voting Preferred Stock then outstanding shall be entitled to the number of votes per share (rounded to the nearest one hundred millionth of a vote) equal to a fraction, the numerator of which is the product of (i) the sum of (x) the number of shares of Common Stock into which the ESOP Convertible Preferred Stocks then outstanding can be converted as of the record date with respect to such vote or consent and (y) the number of Available Unissued ESOP Shares as of such record date and (ii) the Salaried/Management Fraction, and the denominator of which is the number of shares of Class S Voting Preferred Stock outstanding as of such record date. For purposes of this Section 8.1, the Corporation shall certify to the holders of Class S Voting Preferred Stock and to the judges or similar officials appointed for the purpose of tabulating votes at any meeting of stockholders as soon as practicable following the record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders, but in no event less than five Trading Days before such meeting, with respect to record dates prior to the Termination Date, the number of shares of Common Stock then outstanding and the number of votes entitled to be cast on the matter or matters in question by the holders of all outstanding securities of the Corporation (excluding the Voting Preferred Stocks and the shares of Common Stock issued upon conversion of the ESOP Convertible Preferred Stocks and held on the applicable record date in the ESOP or the Supplemental ESOP) and, with respect to record dates from and after the Termination Date, the number of shares of Common Stock into which a share of ESOP Convertible Preferred Stock was convertible as of the record date for such vote or votes. The Corporation shall be deemed to satisfy the requirements of the preceding sentence if such matters are specified in any proxy statement mailed to all stockholders entitled to vote on such matter or matters.

Prior to the Termination Date, the outstanding shares of the Voting Preferred Stocks, the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock and the Class SAM Preferred Stock, together with the shares of Common Stock held by the ESOP and the Supplemental ESOP that were received upon conversion of the ESOP Preferred Stocks, will represent the Voting Fraction (expressed as a percentage) of the votes to be cast in connection with matters (other than the election of directors) submitted to the vote of the holders of the Common Stock and the holders of all

other outstanding securities that vote as a single class together with the Common Stock. Subject to any amendment of this Restated Certificate after the date hereof, it is the intent of this Restated Certificate that this Section 8.1 (with respect to the Class S Voting Preferred Stock), Article FOURTH, Part V, Section 8.1 of the Restated Certificate (with respect to the Class M Voting Preferred Stock) and Article FOURTH, Part IV, Section 8.1 of the Restated Certificate (with respect to the Class P Voting Preferred Stock) be interpreted together to achieve the foregoing result.

8.2 Unless the affirmative vote or consent of the holders of a greater number of shares of Class S Voting Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class S Voting Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class S Voting Preferred Stock or of either of the ESOP Convertible Preferred Stocks.

8.3 For purposes of the foregoing provisions of Section 8.2, each share of Class S Voting Preferred Stock shall have one (1) vote per share.

8.4 Notwithstanding anything to the contrary in Sections 7 or 8.1, if at any time prior to the Termination Date, (x) the trustee under either (i) the ESOP or (ii) the Supplemental ESOP (together with the ESOP, the "Employee Plan") either (a) fails to solicit, in accordance with the Employee Plan, timely instructions from Employee Plan participants, the Committee of the ESOP (as defined in the ESOP and hereinafter referred to as the "ESOP Committee") or the Committee of the Supplemental ESOP (as defined in the Supplemental ESOP and, together with the ESOP Committee, the "Committees"), as applicable ("Instructions"), with respect to any matter referred to in clause (y) below, or (b) fails to act in accordance with such Instructions with respect to any matter referred to in clause (y) below (but only if such failure to follow such Instructions is attributable to (i) the trustee having concluded that, based upon the terms of such transaction, the trustee's fiduciary duties require the trustee to fail to follow such instructions or (ii) the unenforceability of the provisions of the ESOP and/or the Supplemental ESOP relating to the solicitation and/or following of such Instructions); (y) either (i) but for the provisions of Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate, the vote of the stockholders of the Corporation would have been sufficient, under applicable law, stock exchange listing requirements and this Restated Certificate, as applicable, to approve the Merger Transaction or other Control Transaction (as defined in the ESOP) in question (or, if no stockholder approval would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, the trustee enters into a binding commitment in connection with a Control Transaction or a Control Transaction is consummated) or (ii) following the Issue Date, the trustee disposes of an aggregate of 10% or more of the Common Equity (as defined in Article FIFTH, Section 1.26 of this Restated Certificate) initially represented by the ESOP Convertible Preferred Stocks other than in connection with Employee Plan distributions or diversification requirements; and (z) any of the following occur: (a) Instructions with respect to a matter are given, the trustee fails to follow such Instructions and such transaction would not have been approved by stockholders of the Corporation in accordance with the applicable provisions of this Restated Certificate (excluding Article FOURTH, Part VII, Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate), applicable stock exchange listing requirements or applicable law if the trustee had acted in accordance with such Instructions (or, if no vote of stockholders would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, such action by the trustee in respect of such transaction as to which Instructions were so given would not have been authorized had the trustee acted in accordance with such Instructions, (b) the trustee fails to solicit timely Instructions with respect to such matters, such transaction requires the approval of stockholders of the Corporation under applicable provisions of this Restated Certificate, applicable stock exchange listing requirements or applicable law and such approval would not have been obtained (without regard to the provisions of Article FOURTH, Part VII,

Subsection 8.3(a), Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate) if the trustee had voted against such transaction all of the votes entitled to be cast by such trustee as the holder of securities of the Corporation held under the Employee Plan, or (c) the trustee fails to follow Instructions or to solicit timely Instructions with respect to such matter and no vote of stockholders of the Corporation is required by the Restated Certificate, applicable stock exchange listing requirements or applicable law to approve such transaction (an action or inaction by the trustee under clauses (x) and (z) in connection with a transaction referred to in clause (y) being referred to herein as an "Uninstructed Trustee Action"); then each outstanding share of Class S Voting Preferred Stock shall, immediately and automatically, without any further action on the part of holders thereof or of the Corporation, be converted into shares of Common Stock at the applicable Conversion Rate in accordance with Section 9 hereof.

Section 9. Automatic Conversion.

9.1 Shares of Class S Voting Preferred Stock shall, as provided in Sections 1.2 and 8.4, be automatically converted, from time to time, in part or in whole, respectively, upon (i) any transfer thereof other than a transfer described in clauses (x) and (y) of Section 1.2 or (ii) an Uninstructed Trustee Action as described in Section 8.4, at a rate of one ten thousandth of a share of Common Stock per share of Class S Voting Preferred Stock to be converted (the "Conversion Rate").

9.2 At the time that all of the shares of the ESOP Convertible Preferred Stocks cease to be outstanding for any reason whatsoever, including, without limitation, their conversion in full into Common Stock (the "Final Conversion Date"), all outstanding shares of Class S Voting Preferred Stock shall be automatically converted, in full, into shares of Common Stock at the Conversion Rate then in effect.

9.3 Following any conversion in accordance with Sections 9.1 and 9.2, (i) no holder of Class S Voting Preferred Stock shall have any of the voting powers, preferences, relative, participating, optional or special rights ascribed to shares of Class S Voting Preferred Stock hereunder, but, rather, shall have only the powers and rights pertaining to the Common Stock into which such shares of Class S Voting Preferred Stock have been so converted, and (ii) any holder of Class S Voting Preferred Stock shall be treated for all purposes as the record holder of the shares of Common Stock into which the Class S Voting Preferred Stock shall have been converted as of the date of the conversion of the shares of Class S Voting Preferred Stock.

9.4 On or after the date of (i) a transfer of shares of Class S Voting Preferred Stock (other than as described in clauses (x) and (y) of Section 1.2), (ii) the Final Conversion Date or (iii) an Uninstructed Trustee Action, each holder of a certificate or certificates formerly representing shares of Class S Voting Preferred Stock converted in accordance with Sections 9.1 and 9.2 shall surrender such certificate or certificates, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent (if other than the Corporation) in the Borough of Manhattan, City of New York. Unless the shares issuable on conversion are to be issued in the same name as the name in which such certificate is registered, each such certificate shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid or that no such taxes are payable).

9.5 No fractional shares or scrip representing fractions of shares of Common Stock shall be issued upon conversion of the Class S Voting Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Class S Voting Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. If more than one certificate shall be surrendered in respect of such conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion shall be computed on the basis of the aggregate number of shares of Class S Voting Preferred Stock formerly represented by the certificates so surrendered.

9.6 In the event of an adjustment to the "Conversion Rate" in effect with respect to the ESOP Convertible Preferred Stocks, a corresponding adjustment shall be made to the Conversion Rate with respect to the Class S Voting Preferred Stock.

Section 10. Record Holders. The Corporation and the

Transfer Agent (if other than the Corporation) may deem and treat the record holder of any shares of Class S Voting Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART VII

Class Pilot MEC Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part VII to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part VII.

Section 1. Number of Shares; Designation; Issuance; Restrictions on Transfer.

1.1 The Class Pilot MEC Junior Preferred Stock of the Corporation (the "Class Pilot MEC Preferred Stock") shall consist of one (1) share, par value \$0.01.

1.2 The share of Class Pilot MEC Preferred Stock shall be issued only to (i) the United Airlines Pilots Master Executive Council of the Air Line Pilots Association, International ("ALPA") pursuant to ALPA's authority as the collective bargaining representative for the crafts or class of pilots employed by United Air Lines, Inc. (the "MEC") or (ii) a duly authorized agent acting for the benefit of the MEC. Any purported sale, transfer, pledge or other disposition (hereinafter a "transfer") of the share of Class Pilot MEC Preferred Stock to any person, other than a successor to the MEC or a duly authorized agent acting for the benefit of such successor, shall be null and void and of no force and effect. Upon any purported transfer of the share of Class Pilot MEC Preferred Stock by the holder thereof other than as expressly permitted above, and without any further action by the Corporation or such holder, such share shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed by the Corporation in accordance with Section 9 hereof, and thereupon such share shall no longer be deemed outstanding, and neither such holder nor any purported transferee thereof shall have in respect thereof any of the voting powers, preferences or relative, participating, optional or special rights ascribed to the share of Class Pilot MEC Preferred Stock hereunder, but rather such holder thereafter shall only be entitled to receive the amount payable upon redemption in accordance with Section 9. The certificate representing the share of Class Pilot MEC Preferred Stock shall be legended to reflect the restrictions on transfer and automatic redemption provided for herein.

Section 2. Definitions. For purposes of the Class Pilot MEC Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Affiliate" shall have the meaning defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or any successor thereto.

2.2 "ALPA Termination Date" shall have the meaning set forth in Section 8 hereof.

2.3 "Board of Directors" shall mean the board of directors of the Corporation or any committee thereof authorized by such board of directors to perform any of its responsibilities with respect to the Class Pilot MEC Preferred Stock.

2.4 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.5 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class Pilot MEC Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.10 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.12 "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Corporation.

2.13 "Director Preferred Stocks" shall mean, collectively, the Class I Preferred Stock, the Class IAM Preferred Stock, the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock.

2.14 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock, each of the par value of \$0.01 per share, of the Corporation.

2.15 "Issue Date" shall mean the first date on which shares of Class Pilot MEC Preferred Stock are issued.

2.16 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.17 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.18 "Pilot Fraction" shall mean 0.4623.

2.19 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.20 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.21 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.22 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.23 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.24 [Reserved]

2.25 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class Pilot MEC Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class Pilot MEC Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.26 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.27 "Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange, Inc. (the "NYSE"), or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National

Market, in the applicable securities market in which the securities are traded.

2.28 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class Pilot MEC Preferred Stock.

2.29 "Voting Fraction" shall mean 0.55 with respect to votes or consents that have a record date on or prior to the Measuring Date, and a fraction that is equivalent to the Adjusted Percentage (as defined in Section 1.10 of the Agreement and Plan of Recapitalization, dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and International Association of Machinists and Aerospace Workers, as amended from time to time) as in effect at the close of business on the Measuring Date with respect to votes and consents that have a record date after the Measuring Date.

2.30 "Voting Preferred Stocks" shall mean, collectively, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holder of the share of Class Pilot MEC Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holder of the share of Class Pilot MEC Preferred Stock shall be entitled to receive \$0.01 per share of Class Pilot MEC Preferred Stock (the "Liquidation Preference"), but such holder shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable to the holder of the share of Class Pilot MEC Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holder of the share of Class Pilot MEC Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such share of Class Pilot MEC Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holder of the share of Class Pilot MEC Preferred Stock, as and to the fullest extent provided in this Section 4, any series or class of stock of the Corporation that ranks junior to the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holder of the share of Class Pilot MEC Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. The share of Class Pilot MEC Preferred Stock which shall have been issued and reacquired in any manner (other than redemption pursuant to Section 9.1) by the Corporation shall be retired and restored to the status of an authorized but unissued share of Class Pilot MEC Preferred Stock and, in the event of the redemption of such share pursuant to Section 9.1 hereof, shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class Pilot MEC Preferred Stock as to

the distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holder of Class Pilot MEC Preferred Stock;

(b) on a parity with the Class Pilot MEC Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class Pilot MEC Preferred Stock, if the holders of such class or series and the Class Pilot MEC Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class Pilot MEC Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holder of Class Pilot MEC Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall be deemed to rank prior to the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Director Preferred Stocks and the Voting Preferred Stocks shall each be deemed to rank on a parity with the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class Pilot MEC Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation enters into any consolidation, merger, share exchange or similar transaction, however named, involving the Corporation or its subsidiary, United Air Lines, Inc. ("United") (or any successor to all or substantially all the assets or business of United), pursuant to which the outstanding shares of Common Stock are to be exchanged for or changed, reclassified or converted into securities of any successor or resulting or other company (including the Corporation), or cash or other property (each of the foregoing transactions is referred to herein as a "Merger Transaction"), proper provision shall be made so that, upon consummation of such transaction, the share of Class Pilot MEC Preferred Stock shall be converted, reclassified or changed into or exchanged for preferred stock of such successor or resulting or other company having, in respect of such company, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class Pilot MEC Preferred Stock had, in respect of the Corporation, immediately prior to such transaction; specifically including, without limitation, the right, until the ALPA Termination Date, to elect one member of the board of directors (or similar governing body) of such company.

7.2 In case the Corporation shall enter into any agreement providing for any Merger Transaction, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to the holder of the share of Class Pilot MEC Preferred Stock. The Corporation shall not consummate any such Merger Transaction unless all of the terms of this Section 7 and Section 8 have been complied with.

Section 8. Voting. The holder of the share of Class Pilot MEC Preferred Stock shall have the following voting rights:

8.1 Until the later of (i) the Termination Date and (ii) such time as there are no longer any persons represented by the Air Line Pilots Association, International (or any successor organization) employed by the Corporation or any of its Affiliates (the "ALPA Termination Date"), the holder of the share of Class Pilot MEC Preferred Stock shall have the right (a) voting as a separate class, to elect one Class Pilot MEC Director (as defined in Article FIFTH, Section 2.2 of this Restated Certificate) to the Board of Directors and (b) voting together as a single class with the holders of Common Stock and the holders of such other classes or series of stock that vote together with the Common Stock as a single class, to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation (other than the election of Public Directors, as

defined in Article FIFTH, Section 2.3), except as otherwise required by law.

8.2 Notwithstanding anything to the contrary in Sections 7.1, 7.2 or 8.1, if at any time prior to the Termination Date, (x) the trustee under either (i) the UAL Corporation Employee Stock Ownership Plan (the "ESOP") or (ii) the UAL Corporation Supplemental ESOP (together with the ESOP, the "Plan") either (a) fails to solicit, in accordance with the Plan, timely instructions from Plan participants, the Committee of the ESOP (as defined in the ESOP and hereinafter referred to as the "ESOP Committee") or the Committee of the Supplemental ESOP (as defined in the Supplemental ESOP and, together with the ESOP Committee, the "Committees"), as applicable ("Instructions"), with respect to any matter referred to in clause (y) below, or (b) fails to act in accordance with such Instructions with respect to any matter referred to in clause (y) below (but only if such failure to follow such Instructions is attributable to (i) the trustee having concluded that, based upon the terms of such transaction, the trustee's fiduciary duties require the trustee to fail to follow such Instructions or (ii) the unenforceability of the provisions of the ESOP and/or the Supplemental ESOP relating to the solicitation and/or following of such Instructions); (y) either (i) but for the provisions of Subsection 8.3(a) and Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate, the vote of the stockholders of the Corporation would have been sufficient, under applicable law, stock exchange listing requirements and this Restated Certificate, as applicable, to approve the Merger Transaction or other Control Transaction (as defined in the ESOP) in question (or, if no stockholder approval would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, the trustee enters into a binding commitment in connection with a Control Transaction or a Control Transaction is consummated) or (ii) following the Issue Date, the trustee disposes of an aggregate of 10% or more of the Common Equity (as defined in Article FIFTH, Section 1.26 of this Restated Certificate) initially represented by the ESOP Convertible Preferred Stocks other than in connection with Plan distributions; and (z) any of the following occur: (a) Instructions with respect to a matter are given, the trustee fails to follow such Instructions and such transaction would not have been approved by stockholders of the Corporation in accordance with the applicable provisions of this Restated Certificate (excluding Subsection 8.3(a) and Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate), applicable stock exchange listing requirements or applicable law if the trustee had acted in accordance with such Instructions (or, if no vote of stockholders would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, such action by the trustee in respect of such transaction as to which Instructions were so given would not have been authorized had the trustee acted in accordance with such Instructions), (b) the trustee fails to solicit timely Instructions with respect to such matters, such transaction requires the approval of stockholders of the Corporation under applicable provisions of this Restated Certificate, applicable stock exchange listing requirements or applicable law and such approval would not have been obtained (without regard to Subsection 8.3(a) and Article FOURTH, Part VIII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate) if the trustee had voted against such transaction all of the votes entitled to be cast by such trustee as the holder of securities of the Corporation held under the Plan, or (c) the trustee fails to follow Instructions or to solicit timely Instructions with respect to such matter and no vote of stockholders of the Corporation is required by the Restated Certificate, applicable stock exchange listing requirements or applicable law to approve such transaction (an action or inaction by the trustee under clauses (x) and (z) in connection with a transaction referred to in clause (y) being referred to herein as an "Uninstructed Trustee Action"); then, (I) the Merger Transaction or other Control Transaction referred to in clause (y)(i) of Section 8.2 involving an Uninstructed Trustee Action, if it requires stockholder approval under applicable law, stock exchange listing requirements or this Restated Certificate, must also be approved by the vote of stockholders described in Subsection 8.3(a), and (II) from and after such Uninstructed Trustee Action, in addition to the voting rights provided for under Section 8.1, the share of Class Pilot MEC Preferred Stock shall have the voting rights set forth in Subsection 8.3(b).

8.3 (a) In addition to any other vote or consent of stockholders required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, any Merger Transaction or other Control Transaction referred to in clause (y)(i) of Section 8.2 involving an Uninstructed Trustee Action that requires stockholder approval under applicable law, stock exchange listing requirements or this Restated Certificate must also be approved by at least a majority of the votes entitled to

be cast in respect of all outstanding shares of the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock, the Class SAM Preferred Stock, the Common Stock and such other classes and series of stock that vote together with the Common Stock as a single class (other than the Voting Preferred Stocks), with all such shares voting, for purposes of this paragraph, as a single class, and for purposes of such vote the Class Pilot MEC Preferred Stock shall be entitled to cast a number of votes calculated in accordance with Subsection 8.3(c).

(b) Except as otherwise required by law or provided in this Restated Certificate, from and after an Uninstructed Trustee Action, the holder of the share of Class Pilot MEC Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock, voting together as a single class with the holders of Class IAM Preferred Stock, the holders of Class SAM Preferred Stock, the holders of Common Stock and the holders of such other classes and series of stock that vote together with the Common Stock as a single class (other than the Voting Preferred Stocks) and for purposes of such vote the Class Pilot MEC Preferred Stock shall be entitled to cast a number of votes calculated in accordance with Subsection 8.3(c); provided, however, that, except as provided in Section 8.1, prior to the Termination Date, the holder of the share of Class Pilot MEC Preferred Stock shall not be entitled to vote with the holders of Common Stock with respect to the election of the members of the Board of Directors.

(c) With respect to any vote or consent (i) with respect to which the Class Pilot MEC Preferred Stock is entitled to vote pursuant to Subsection 8.3(a) or (ii) with respect to which the Class Pilot MEC Preferred Stock is entitled to vote pursuant to Subsection 8.3(b) and the record date for which occurs after an Uninstructed Trustee Action and prior to the Termination Date, the holder of the share of Class Pilot MEC Preferred Stock shall be entitled to a number of votes (rounded to the nearest whole vote) equal to the product of (I) the Pilot Fraction, (II) the Voting Fraction and (III) a fraction, the numerator of which shall be the number of votes entitled to be cast on the matter by the holders of all outstanding securities of the Corporation (excluding the Class IAM Preferred Stock and the Class SAM Preferred Stock), and the denominator of which shall be the excess of one (1.0) over the Voting Fraction (the "Attributed Vote"). If, with respect to any matter as to which the immediately preceding sentence shall apply, (i) shares of Common Stock are held under the ESOP or the Supplemental ESOP which have been issued upon conversion of the ESOP Convertible Preferred Stocks ("Subject Shares"), (ii) with respect to any action as to which the trustee is required, in accordance with the terms of the ESOP or the Supplemental ESOP, to solicit Instructions, the trustee has solicited such Instructions and (iii) the trustee has voted some or all of the Subject Shares in accordance with such Instructions (the shares which the trustee has voted in accordance with such Instructions, "Instructed Trustee Common Shares"), then the Attributed Votes shall be reduced by the Pro Rata Reduction. The "Pro Rata Reduction" shall equal, with respect to any such matter, the sum of (I) the product of (x) a fraction, the numerator of which is the number of votes represented by Subject Shares as to which members of the ALPA Employee Group (or the Committees) gave Instructions to the trustee to vote in favor of the matter, and the denominator of which is the number of votes represented by Subject Shares as to which members of all Employee Groups (as defined in the ESOP) (or the Committees) gave Instructions to the trustee to vote in favor of the matter (such denominator being referred to as the "Instructed Pro Vote") and (y) the number of votes represented by Subject Shares that the trustee actually voted in favor of the matter (but in no event more than the Instructed Pro Vote); and (II) the product of (x) a fraction, the numerator of which is the number of votes represented by Subject Shares as to which members of the ALPA Employee Group (or the Committees) gave instructions to the trustee to vote against the matter, and the denominator of which is the number of votes represented by Subject Shares as to which members of all Employee Groups (or the Committees) gave Instructions to the trustee to vote against the matter (such denominator being referred to as the "Instructed Con Vote") and (y) the number of votes represented by Subject Shares that the trustee actually voted against the matter (but in no event more than the Instructed Con Vote).

For purposes of this Section 8.3, the Corporation shall certify to the holders of Class Pilot MEC Preferred Stock and to the judges or similar officials appointed for the purpose of tabulating votes at any meeting of stockholders as soon as practicable following the record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders, but in no event less than five Trading Days before such meeting, the number of shares of Common Stock then outstanding and the number of votes entitled to be cast on the matter or matters in question by the holders of all outstanding securities of the Corporation (excluding the Class IAM Preferred

Stock and the Class SAM Preferred Stock). The Corporation shall be deemed to satisfy the requirements of the preceding sentence if such matters are specified in any proxy statement mailed to all stockholders entitled to vote on such matter or matters. With respect to any vote or consent as to which the first sentence of this Subsection 8.3(c) applies, the outstanding share of Class Pilot MEC Preferred Stock, together with the outstanding shares of the Class IAM Preferred Stock and the outstanding shares of Class SAM Preferred Stock, will represent the Voting Fraction (expressed as a percentage) of the votes to be cast in connection with matters (other than the election of directors) submitted to the vote of the holders of the Common Stock and the holders of all other outstanding securities that vote as a single class together with the Common Stock. Subject to any amendment of this Restated Certificate after the date hereof, it is the intent of this Restated Certificate that this Section 8.3 (with respect to the Class Pilot MEC Preferred Stock), Article FOURTH, Part VIII, Section 8.3 of the Restated Certificate (with respect to the Class IAM Preferred Stock), and Article FOURTH, Part IX, Section 8.3 of the Restated Certificate (with respect to the Class SAM Preferred Stock), be interpreted together to achieve the foregoing result. With respect to any vote or consent as to which the first sentence of this Section 8.3(c) does not apply, the Class Pilot MEC Preferred Stock shall not have any voting rights except as provided by Sections 8.1, 8.2 and 8.4 and applicable law; provided, however, that if the Termination Date occurs directly or indirectly as a result of an Uninstructed Trustee Action then, notwithstanding anything to the contrary contained herein, the voting rights of the Class Pilot MEC Preferred Stock set forth in this Section 8.3 shall continue until the anniversary of the Issue Date occurring in the year 2010. For purposes of the proviso in the immediately preceding sentence, the Termination Date shall be deemed to have occurred as a result of an Uninstructed Trustee Action if the Termination Date occurs within one year of such Uninstructed Trustee Action.

8.4 The affirmative vote or written consent of the holder of the share of Class Pilot MEC Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class Pilot MEC Preferred Stock.

8.5 For purposes of the foregoing provisions of Sections 8.1 and 8.4, each share of Class Pilot MEC Preferred Stock shall have one (1) vote per share.

Section 9. Redemption.

9.1 The share of Class Pilot MEC Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed on the ALPA Termination Date, at a price of \$0.01 per share of Class Pilot MEC Preferred Stock, as provided hereinbelow. As promptly as reasonably possible following the occurrence of the ALPA Termination Date, the Corporation shall give notice thereof and of the redemption under this Section 9 to the record holder of the Class Pilot MEC Preferred Stock. From and after the redemption provided for in this Section 9.1, all rights of the holder of the Class Pilot MEC Preferred Stock as such, except the right to receive the redemption price of such shares upon the surrender of the certificate formerly representing the same, shall cease and terminate and such share shall not thereafter be deemed to be outstanding for any purpose whatsoever.

9.2 The share of Class Pilot MEC Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed upon any purported transfer thereof other than as expressly permitted under Section 1.2. The redemption price to be paid in connection with any redemption shall be \$0.01 per share of Class Pilot MEC Preferred Stock. Upon any such redemption, all rights of the holder of Class Pilot MEC Preferred Stock as such, except the right to receive the redemption price of such share upon the surrender of the certificate formerly representing the same, shall cease and terminate and such share shall not thereafter be deemed to be outstanding for any purpose whatsoever.

9.3 The holder of the share of Class Pilot MEC Preferred Stock so redeemed pursuant to Section 9.1 or 9.2 shall present and surrender his certificate formerly representing such share to

the Corporation and thereupon the redemption price of such share shall be paid to or on the order of the person whose name appears on such certificate as the owner thereof and the surrendered certificate shall be cancelled.

Section 10. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of the share of Class Pilot MEC Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART VIII

Class IAM Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part VIII to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part VIII.

Section 1. Number of Shares; Designation; Issuance; Restrictions on Transfer.

1.1 The Class IAM Junior Preferred Stock of the Corporation (the "Class IAM Preferred Stock") shall consist of one (1) share, par value \$0.01.

1.2 The share of Class IAM Preferred Stock shall be issued only to (i) the International Association of Machinists and Aerospace Workers (the "IAM") pursuant to the IAM's authority as the collective bargaining representative for the crafts or classes of mechanics and related employees, ramp and stores employees, food service employees, dispatchers and security officers employed by United Air Lines, Inc. or (ii) a duly authorized agent acting for the benefit of the IAM. Any purported sale, transfer, pledge or other disposition (hereinafter a "transfer") of the share of Class IAM Preferred Stock to any person, other than a successor to the IAM or a duly authorized agent acting for the benefit of such successor, shall be null and void and of no force and effect. Upon any purported transfer of the share of Class IAM Preferred Stock by the holder thereof other than as expressly permitted above, and without any further action by the Corporation or such holder, such share shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed by the Corporation in accordance with Section 9 hereof, and thereupon such share shall no longer be deemed outstanding, and neither such holder nor any purported transferee thereof shall have in respect thereof any of the voting powers, preferences or relative, participating, optional or special rights ascribed to the share of Class IAM Preferred Stock hereunder, but rather such holder thereafter shall only be entitled to receive the amount payable upon redemption in accordance with Section 9. The certificate representing the share of Class IAM Preferred Stock shall be legended to reflect the restrictions on transfer and automatic redemption provided for herein.

Section 2. Definitions. For purposes of the Class IAM Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Affiliate" shall have the meaning defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or any successor thereto.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee thereof authorized by such board of directors to perform any of its responsibilities with respect to the Class IAM Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.4 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class IAM Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.6 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class P Voting Preferred Stock" shall mean the Class P

ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.10 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.11 "Common Stock" shall mean the common stock, par value \$0.01 per share, of the Corporation.

2.12 "Director Preferred Stocks" shall mean, collectively, the Class I Preferred Stock, the Class IAM Preferred Stock, the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock.

2.13 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock, each of the par value of \$0.01 per share, of the Corporation.

2.14 "IAM Fraction" shall mean 0.3713.

2.15 "IAM Termination Date" shall have the meaning set forth in Section 8 hereof.

2.16 "Issue Date" shall mean the first date on which shares of Class IAM Preferred Stock are issued.

2.17 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.18 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.19 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.20 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.21 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.22 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.23 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.24 [Reserved]

2.25 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class IAM Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class IAM Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.26 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.27 "Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange, Inc. (the "NYSE"), or if such securities are not listed or

admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.28 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class IAM Preferred Stock.

2.29 "Voting Fraction" shall mean 0.55 with respect to votes or consents that have a record date on or prior to the Measuring Date, and a fraction that is equivalent to the Adjusted Percentage (as defined in Section 1.10 of the Agreement and Plan of Recapitalization, dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and International Association of Machinists and Aerospace Workers, as amended from time to time) as in effect at the close of business on the Measuring Date with respect to votes and consents that have a record date after the Measuring Date.

2.30 "Voting Preferred Stocks" shall mean, collectively, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holder of the share of Class IAM Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holder of the share of Class IAM Preferred Stock shall be entitled to receive \$0.01 per share of Class IAM Preferred Stock (the "Liquidation Preference"), but such holder shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable to the holder of the share of Class IAM Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holder of the share of Class IAM Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such share of Class IAM Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holder of the share of Class IAM Preferred Stock, as and to the fullest extent provided in this Section 4, any series or class of stock of the Corporation that ranks junior to the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holder of the share of Class IAM Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. The share of Class IAM Preferred Stock which shall have been issued and reacquired in any manner (other than redemption pursuant to Section 9.1) by the Corporation shall be retired and restored to the status of an authorized but unissued share of Class IAM Preferred Stock and, in the event of the redemption of such share pursuant to Section 9.1 hereof, shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class IAM Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holder of Class IAM Preferred Stock;

(b) on a parity with the Class IAM Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class IAM Preferred Stock, if the holders of such class or series and the Class IAM Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class IAM Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holder of Class IAM Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall be deemed to rank prior to the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Director Preferred Stocks and the Voting Preferred Stocks shall each be deemed to rank on a parity with the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class IAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation enters into any consolidation, merger, share exchange or similar transaction, however named, involving the Corporation or its subsidiary, United Air Lines, Inc. ("United") (or any successor to all or substantially all the assets or business of United), pursuant to which the outstanding shares of Common Stock are to be exchanged for or changed, reclassified or converted into securities of any successor or resulting or other company (including the Corporation), or cash or other property (each of the foregoing transactions is referred to herein as a "Merger Transaction"), proper provision shall be made so that, upon consummation of such transaction, the share of Class IAM Preferred Stock shall be converted, reclassified or changed into or exchanged for preferred stock of such successor or resulting or other company having, in respect of such company, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class IAM Preferred Stock had, in respect of the Corporation, immediately prior to such transaction; specifically including, without limitation, the right, until the IAM Termination Date, to elect one member of the board of directors (or similar governing body) of such company.

7.2 In case the Corporation shall enter into any agreement providing for any Merger Transaction, then the Corporation shall as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to the holder of the share of Class IAM Preferred Stock. The Corporation shall not consummate any such Merger Transaction unless all of the terms of this Section 7 and Section 8 have been complied with.

Section 8. Voting. The holder of the share of Class IAM Preferred Stock shall have the following voting rights:

8.1 Until the later of (i) the Termination Date and (ii) such time as there are no longer any persons represented by the IAM (or any successor organization) employed by the Corporation or any of its Affiliates (the "IAM Termination Date"), the holder of the share of Class IAM Preferred Stock shall have the right (a) voting as a separate class, to elect one Class IAM Director (as defined in Article FIFTH, Section 2.2 of this Restated Certificate) to the Board of Directors and (b) voting together as a single class with the holders of Common Stock and the holders of such other classes or series of stock that vote together with

the Common Stock as a single class, to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation (other than the election of Public Directors, as defined in Article FIFTH, Section 2.3), except as otherwise required by law.

8.2 Notwithstanding anything to the contrary in Sections 7.1, 7.2 or 8.1, if at any time prior to the Termination Date, (x) the trustee under either (i) the UAL Corporation Employee Stock Ownership Plan (the "ESOP") or (ii) the UAL Corporation Supplemental ESOP (together with the ESOP, the "Plan") either (a) fails to solicit, in accordance with the Plan, timely instructions from Plan participants, the Committee of the ESOP (as defined in the ESOP and hereinafter referred to as the "ESOP Committee") or the Committee of the Supplemental ESOP (as defined in the Supplemental ESOP and, together with the ESOP Committee, the "Committees"), as applicable ("Instructions"), with respect to any matter referred to in clause (y) below, or (b) fails to act in accordance with such Instructions with respect to any matter referred to in clause (y) below (but only if such failure to follow such Instructions is attributable to (i) the trustee having concluded that, based upon the terms of such transaction, the trustee's fiduciary duties require the trustee to fail to follow such Instructions or (ii) the unenforceability of the provisions of the ESOP and/or the Supplemental ESOP relating to the solicitation and/or following of such Instructions); (y) either (i) but for the provisions of Subsection 8.3(a) and Article FOURTH, Part VII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate, the vote of the stockholders of the Corporation would have been sufficient, under applicable law, stock exchange listing requirements and this Restated Certificate, as applicable, to approve the Merger Transaction or other Control Transaction (as defined in the ESOP) in question (or, if no stockholder approval would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, the trustee enters into a binding commitment in connection with a Control Transaction or a Control Transaction is consummated) or (ii) following the Issue Date, the trustee disposes of an aggregate of 10% or more of the Common Equity (as defined in Article FIFTH, Section 1.26 of this Restated Certificate) initially represented by the ESOP Convertible Preferred Stocks other than in connection with Plan distributions; and (z) any of the following occur: (a) Instructions with respect to a matter are given, the trustee fails to follow such Instructions and such transaction would not have been approved by stockholders of the Corporation in accordance with the applicable provisions of this Restated Certificate (excluding Subsection 8.3(a) and Article FOURTH, Part VII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate), applicable stock exchange listing requirements or applicable law if the trustee had acted in accordance with such Instructions (or, if no vote of stockholders would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, such action by the trustee in respect of such transaction as to which Instructions were so given would not have been authorized had the trustee acted in accordance with such Instructions), (b) the trustee fails to solicit timely Instructions with respect to such matters, such transaction requires the approval of stockholders of the Corporation under applicable provisions of this Restated Certificate, applicable stock exchange listing requirements or applicable law and such approval would not have been obtained (without regard to Subsection 8.3(a) and Article FOURTH, Part VII, Subsection 8.3(a) and Article FOURTH, Part IX, Subsection 8.3(a) of this Restated Certificate) if the trustee had voted against such transaction all of the votes entitled to be cast by such trustee as the holder of securities of the Corporation held under the Plan, or (c) the trustee fails to follow Instructions or to solicit timely Instructions with respect to such matter and no vote of stockholders of the Corporation is required by the Restated Certificate, applicable stock exchange listing requirements or applicable law to approve such transaction (an action or inaction by the trustee under clauses (x) and (z) in connection with a transaction referred to in clause (y) being referred to herein as an "Uninstructed Trustee Action"); then, (I) the Merger Transaction or other Control Transaction referred to in clause (y)(i) of Section 8.2 involving an Uninstructed Trustee Action, if it requires stockholder approval under applicable law, stock exchange listing requirements or this Restated Certificate, must also be approved by the vote of stockholders described in Subsection 8.3(a), and (II) from and after such Uninstructed Trustee Action, in addition to the voting rights provided for under Section 8.1, the share of Class IAM Preferred Stock shall have the voting rights set forth in Subsection 8.3(b).

8.3 (a) In addition to any other vote or consent of stockholders required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, any Merger Transaction or other Control Transaction referred to in clause (y)(i) of Section 8.2 involving an Uninstructed Trustee Action

that requires stockholder approval under applicable law, stock exchange listing requirements or this Restated Certificate must also be approved by at least a majority of the votes entitled to be cast in respect of all outstanding shares of the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock, the Class SAM Preferred Stock, the Common Stock and such other classes and series of stock that vote together with the Common Stock as a single class (other than the Voting Preferred Stocks), with all such shares voting, for purposes of this paragraph, as a single class, and for purposes of such vote the Class IAM Preferred Stock shall be entitled to cast a number of votes calculated in accordance with Subsection 8.3(c).

(b) Except as otherwise required by law or provided in this Restated Certificate, from and after an Uninstructed Trustee Action, the holder of the share of Class IAM Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock, voting together as a single class with the holders of Class Pilot MEC Preferred Stock, the holders of Class SAM Preferred Stock, the holders of Common Stock and the holders of such other classes and series of stock that vote together with the Common Stock as a single class (other than the Voting Preferred Stocks) and for purposes of such vote the Class IAM Preferred Stock shall be entitled to cast a number of votes calculated in accordance with Subsection 8.3(c); provided, however, that, except as provided in Section 8.1, prior to the Termination Date, the holder of the share of Class IAM Preferred Stock shall not be entitled to vote with the holders of Common Stock with respect to the election of the members of the Board of Directors.

(c) With respect to any vote or consent (i) with respect to which the Class IAM Preferred Stock is entitled to vote pursuant to Subsection 8.3(a) or (ii) with respect to which the Class IAM Preferred Stock is entitled to vote pursuant to Subsection 8.3(b) and the record date for which occurs after an Uninstructed Trustee Action and prior to the Termination Date, the holder of the share of Class IAM Preferred Stock shall be entitled to a number of votes (rounded to the nearest whole vote) equal to the product of (I) the IAM Fraction, (II) the Voting Fraction and (III) a fraction, the numerator of which shall be the number of votes entitled to be cast on the matter by the holders of all outstanding securities of the Corporation (excluding the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock), and the denominator of which shall be the excess of one (1.0) over the Voting Fraction (the "Attributed Vote"). If, with respect to any matter as to which the immediately preceding sentence shall apply, (i) shares of Common Stock are held under the ESOP or the Supplemental ESOP which have been issued upon conversion of the ESOP Convertible Preferred Stocks ("Subject Shares"), (ii) with respect to any action as to which the trustee is required, in accordance with the terms of the ESOP or the Supplemental ESOP, to solicit Instructions, the trustee has solicited such Instructions and (iii) the trustee has voted some or all of the Subject Shares in accordance with such Instructions (the shares which the trustee has voted in accordance with such Instructions, "Instructed Trustee Common Shares"), then the Attributed Votes shall be reduced by the Pro Rata Reduction. The "Pro Rata Reduction" shall equal, with respect to any such matter, the sum of (I) the product of (x) a fraction, the numerator of which is the number of votes represented by Subject Shares as to which members of the IAM Employee Group (or the Committees) gave Instructions to the trustee to vote in favor of the matter, and the denominator of which is the number of votes represented by Subject Shares as to which members of all Employee Groups (as defined in the ESOP) (or the Committees) gave Instructions to the trustee to vote in favor of the matter (such denominator being referred to as the "Instructed Pro Vote") and (y) the number of votes represented by Subject Shares that the trustee actually voted in favor of the matter (but in no event more than the Instructed Pro Vote); and (II) the product of (x) a fraction, the numerator of which is the number of votes represented by Subject Shares as to which members of the IAM Employee Group (or the Committees) gave instructions to the trustee to vote against the matter, and the denominator of which is the number of votes represented by Subject Shares as to which members of all Employee Groups (or the Committees) gave Instructions to the trustee to vote against the matter (such denominator being referred to as the "Instructed Con Vote") and (y) the number of votes represented by Subject Shares that the trustee actually voted against the matter (but in no event more than the Instructed Con Vote).

For purposes of this Section 8.3, the Corporation shall certify to the holders of Class IAM Preferred Stock and to the judges or similar officials appointed for the purpose of tabulating votes at any meeting of stockholders as soon as practicable following the record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders, but in no event less than five Trading Days before such meeting, the number of shares of Common Stock then

outstanding and the number of votes entitled to be cast on the matter or matters in question by the holders of all outstanding securities of the Corporation (excluding the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock). The Corporation shall be deemed to satisfy the requirements of the preceding sentence if such matters are specified in any proxy statement mailed to all stockholders entitled to vote on such matter or matters. With respect to any vote or consent as to which the first sentence of this Subsection 8.3(c) applies, the outstanding share of Class IAM Preferred Stock, together with the outstanding shares of the Class Pilot MEC Preferred Stock and the outstanding shares of Class SAM Preferred Stock, will represent the Voting Fraction (expressed as a percentage) of the votes to be cast in connection with matters (other than the election of directors) submitted to the vote of the holders of the Common Stock and the holders of all other outstanding securities that vote as a single class together with the Common Stock. Subject to any amendment of this Restated Certificate after the date hereof, it is the intent of this Restated Certificate that this Section 8.3 (with respect to the Class IAM Preferred Stock), Article FOURTH, Part VII, Section 8.3 of the Restated Certificate (with respect to the Class Pilot MEC Preferred Stock), and Article FOURTH, Part IX, Section 8.3 of the Restated Certificate (with respect to the Class SAM Preferred Stock), be interpreted together to achieve the foregoing result. With respect to any vote or consent as to which the first sentence of this Subsection 8.3(c) does not apply, the Class IAM Preferred Stock shall not have any voting rights except as provided by Sections 8.1, 8.2 and 8.4 and applicable law provided, however, that if the Termination Date occurs directly or indirectly as a result of an Uninstructed Trustee Action then, notwithstanding anything to the contrary contained herein, the voting rights of the Class IAM Preferred Stock set forth in this Section 8.3 shall continue until the anniversary of the Issue Date occurring in the year 2010. For purposes of the proviso in the immediately preceding sentence, the Termination Date shall be deemed to have occurred as a result of an Uninstructed Trustee Action if the Termination Date occurs within one year of such Uninstructed Trustee Action.

8.4 The affirmative vote or written consent of the holder of the share of Class IAM Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class IAM Preferred Stock.

8.5 For purposes of the foregoing provisions of Sections 8.1 and 8.4, each share of Class IAM Preferred Stock shall have one (1) vote per share.

Section 9. Redemption.

9.1 The share of Class IAM Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed on the IAM Termination Date, at a price of \$0.01 per share of Class IAM Preferred Stock, as provided hereinbelow. As promptly as reasonably possible following the occurrence of the IAM Termination Date, the Corporation shall give notice thereof and of the redemption under this Section 9 to the record holder of the Class IAM Preferred Stock. From and after the redemption provided for in this Section 9.1, all rights of the holder of the Class IAM Preferred Stock as such, except the right to receive the redemption price of such shares upon the surrender of the certificate formerly representing the same, shall cease and terminate and such share shall not thereafter be deemed to be outstanding for any purpose whatsoever.

9.2 The share of Class IAM Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed upon any purported transfer thereof other than as expressly permitted under Section 1.2. The redemption price to be paid in connection with any redemption shall be \$0.01 per share of Class IAM Preferred Stock. Upon any such redemption, all rights of the holder of Class IAM Preferred Stock as such, except the right to receive the redemption price of such share upon the surrender of the certificate formerly representing the same, shall cease and terminate and such share shall not thereafter be deemed to be outstanding for any purpose whatsoever.

9.3 The holder of the share of Class IAM Preferred Stock so redeemed pursuant to Sections 9.1 or 9.2 shall present and surrender his certificate formerly representing such share to the

Corporation and thereupon the redemption price of such share shall be paid to or on the order of the person whose name appears on such certificate as the owner thereof and the surrendered certificate shall be cancelled.

Section 10. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of the share of Class IAM Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART IX

Class SAM Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part IX, to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part IX.

Section 1. Number of Shares; Designation; Issuance; Restrictions on Transfer.

1.1 The Class SAM Junior Preferred Stock of the Corporation (the "Class SAM Preferred Stock") shall consist of ten shares, par value \$0.01 per share.

1.2 Shares of Class SAM Preferred Stock shall be issued only to the persons who are designated, pursuant to Section 8 of the Class SAM Preferred Stock Stockholders' Agreement, to be the nominee for election pursuant to Article FIFTH, Section 2.2 of this Restated Certificate as the Salaried/Management Employee Director (the "Salaried/Management Director") or as a Designated Stockholder (as defined in the Class SAM Stockholders' Agreement, the "Designated Stockholder"). Any purported sale, transfer, pledge (other than a pledge made in accordance with the Class SAM Stockholders' Agreement) or other disposition (hereinafter a "transfer") of shares of Class SAM Preferred Stock by a holder thereof other than to (x) any person to whom shares of Class SAM Preferred Stock may be issued in accordance with the immediately prior sentence, (y) another person designated pursuant to Section 8 of the Class SAM Stockholders' Agreement or (z) in the case where no successor Salaried/Management Director (the "Successor Salaried/Management Director") has been elected concurrently with the Salaried/Management Director's removal, resignation, failure to remain qualified, failure to be re-elected or otherwise ceasing to serve as Salaried/Management Director, to the Corporation (to be held in escrow pending transfer to the Successor Salaried/Management Director when such successor is duly elected) shall be null and void and of no force and effect. Upon any purported transfer other than as expressly permitted above, and without any further action by the Corporation or such holder, such share of Class SAM Preferred Stock so purported to be transferred shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed by the Corporation in accordance with Section 9 hereof, and thereupon such share shall no longer be deemed outstanding and neither such holder nor any purported transferee thereof shall have in respect thereof any of the voting powers, preferences or relative, participating, optional or special rights ascribed to the shares of Class SAM Preferred Stock hereunder, but rather such holder thereafter shall only be entitled to receive the amount payable upon redemption in accordance with Section 9. Certificates representing the shares of Class SAM Preferred Stock shall be legended to reflect the restrictions on transfer and automatic redemption provided for herein.

Section 2. Definitions. For purposes of the Class SAM Preferred Stock, the following terms shall have the meanings indicated:

2.1 "ALPA Termination Date" shall have the meaning set forth in Article FOURTH, Part VII, Section 8.1 of this Restated Certificate.

2.2 "Board of Directors" shall mean the board of directors of the Corporation or any committee thereof authorized by such board of directors to perform any of its responsibilities with respect to the Class SAM Preferred Stock.

2.3 "Business Day" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

2.4 "Class I Preferred Stock" shall mean the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.10 "Class SAM Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.11 "Class SAM Stockholders' Agreement" shall mean the Class SAM Preferred Stockholders' Agreement dated as of July 12, 1994 among the Corporation and the individuals named therein, a copy of which is on file at the office of the Secretary of the Corporation.

2.12 "Common Stock" shall mean the common stock of the Corporation, par value \$0.01 per share.

2.13 "Director Preferred Stocks" shall mean collectively, the Class I Preferred Stock, the Class IAM Preferred Stock, the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock.

2.14 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock, each of the par value of \$0.01 per share, of the Corporation.

2.15 "IAM Termination Date" shall have the meaning set forth in Article FOURTH, Part VIII, Section 8.1 of this Restated Certificate.

2.16 "Issue Date" shall mean the first date on which shares of Class SAM Preferred Stock are issued.

2.17 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.18 "Measuring Date" shall mean that date which is the 365th day following the Issue Date.

2.19 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.20 "Salaried/Management Employee Director" shall have the meaning set forth in Section 1.2 hereof.

2.21 "SAM Fraction" shall mean 0.1664.

2.22 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.23 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.24 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.25 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.26 [Reserved]

2.27 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of

dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class SAM Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class SAM Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.28 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.29 "Trading Day" shall mean any day on which the securities in question are traded on the New York Stock Exchange, Inc. (the "NYSE"), or if such securities are not listed or admitted for trading or quoted on the NYSE, on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading or quoted on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on such National Market, in the applicable securities market in which the securities are traded.

2.30 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class SAM Preferred Stock.

2.31 "Voting Fraction" shall mean 0.55 with respect to votes or consents that have a record date on or prior to the Measuring Date, and a fraction that is equivalent to the Adjusted Percentage (as defined in Section 1.10 of the Agreement and Plan of Recapitalization, dated as of March 25, 1994, among the Corporation, the Air Line Pilots Association, International and International Association of Machinists and Aerospace Workers, as amended from time to time) as in effect at the close of business on the Measuring Date with respect to votes and consents that have a record date after the Measuring Date.

2.32 "Voting Preferred Stocks" shall mean, collectively, the Class P Voting Preferred Stock, the Class M Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holders of shares of the Class SAM Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class SAM Preferred Stock shall be entitled to receive \$0.01 per share of Class SAM Preferred Stock (the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable to the holders of the shares of Class SAM Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Class SAM Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class SAM Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class SAM

Preferred Stock, as and to the fullest extent provided in this Section 4, any series or other class of stock of the Corporation that ranks junior to the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class SAM Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Class SAM Preferred Stock which shall have been issued and reacquired in any manner (other than redemption pursuant to Section 9.1) by the Corporation, other than in its capacity as escrow agent in accordance with Section 1.2 hereof, shall be retired and restored to the status of authorized but unissued shares of Class SAM Preferred Stock and, in the event of redemption of such shares pursuant to Section 9.1 hereof, shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class SAM Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of Class SAM Preferred Stock;

(b) on a parity with the Class SAM Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class SAM Preferred Stock, if the holders of such class or series and the Class SAM Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class SAM Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Class SAM Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall each be deemed to rank prior to the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Director Preferred Stocks and the Voting Preferred Stocks shall each be deemed to rank on a parity with the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class SAM Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Consolidation, Merger, etc.

7.1 In case the Corporation enters into any consolidation, merger, share exchange or similar transaction, however named, involving the Corporation or its subsidiary, United Air Lines, Inc. ("United") (or any successor to all or substantially all the assets or business of United), pursuant to which the outstanding shares of Common Stock are to be exchanged for or changed, reclassified or converted into securities of any successor or resulting or other company (including the Corporation), or cash or other property (each of the foregoing transactions is referred to herein as a "Merger Transaction"), proper provision shall be made so that, upon consummation of such transaction, the shares of Class SAM Preferred Stock shall be converted, reclassified or changed into or exchanged for preferred stock of such successor or resulting or other company having, in respect of such company, the same powers, preferences and relative, participating, optional or other special rights (including the rights provided by this Section 7), and the qualifications, limitations or restrictions thereof, that the Class SAM Preferred Stock had, in respect of the Corporation, immediately prior to such transaction; specifically including, without limitation, the right, until the Class SAM Preferred Stock Termination Date (as defined in Section 9.1), to elect one member of the board of directors (or similar governing body) of such company.

7.2 In case the Corporation shall enter into any agreement providing for any Merger Transaction, then the Corporation shall

as soon as practicable thereafter (and in any event at least fifteen (15) Business Days before consummation of such transaction) give notice of such agreement and the material terms thereof to the holders of the shares of Class SAM Preferred Stock. The Corporation shall not consummate any such Merger Transaction unless all of the terms of this Section 7 and Section 8 have been complied with.

Section 8. Voting. The holders of shares of Class SAM Preferred Stock shall have the following voting rights; provided, however, that no holder of shares of Class SAM Preferred Stock shall have any right to vote unless at such time such person is the Salaried/Management Director or the Designated Stockholder under the Class SAM Stockholders' Agreement:

8.1 Until the Class SAM Preferred Stock Termination Date, the holders of the Class SAM Preferred Stock shall have the right (i) voting separately as a class, to elect one Salaried/Management Employee Director to the Board of Directors and (ii) voting together as a single class with the holders of Common Stock and the holders of such other classes or series of stock that vote together with the Common Stock as a single class, to vote on all matters submitted to a vote of the holders of Common Stock of the Corporation (other than the election of Public Directors, as defined in Article FIFTH, Section 2.3), except as otherwise required by law.

8.2 Notwithstanding anything to the contrary in Sections 7.1, 7.2 or 8.1, if at any time prior to the Termination Date, (x) the trustee under either (i) the UAL Corporation Employee Stock Ownership Plan (the "ESOP") or (ii) the UAL Corporation Supplemental ESOP (together with the ESOP, the "Plan") either (a) fails to solicit, in accordance with the Plan, timely instructions from Plan participants, the Committee of the ESOP (as defined in the ESOP and hereinafter referred to as the "ESOP Committee") or the Committee of the Supplemental ESOP (as defined in the Supplemental ESOP and, together with the ESOP Committee, the "Committees"), as applicable ("Instructions"), with respect to any matter referred to in clause (y) below, or (b) fails to act in accordance with such Instructions with respect to any matter referred to in clause (y) below (but only if such failure to follow such Instructions is attributable to (i) the trustee having concluded that, based upon the terms of such transaction, the trustee's fiduciary duties require the trustee to fail to follow such Instructions or (ii) the unenforceability of the provisions of the ESOP and/or the Supplemental ESOP relating to the solicitation and/or following of such Instructions); (y) either (i) but for the provisions of Subsection 8.3(a) and Article FOURTH, Part VII, Subsection 8.3(a) and Article FOURTH, Part VIII, Subsection 8.3(a) of this Restated Certificate, the vote of the stockholders of the Corporation would have been sufficient, under applicable law, stock exchange listing requirements and this Restated Certificate, as applicable, to approve the Merger Transaction or other Control Transaction (as defined in the ESOP) in question (or, if no stockholder approval would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, the trustee enters into a binding commitment in connection with a Control Transaction or a Control Transaction is consummated) or (ii) following the Issue Date, the trustee disposes of an aggregate of 10% or more of the Common Equity (as defined in Article FIFTH, Section 1.26 of this Related Certificate) initially represented by the ESOP Convertible Preferred Stocks other than in connection with Plan distributions; and (z) any of the following occur: (a) Instructions with respect to a matter are given, the trustee fails to follow such Instructions and such transaction would not have been approved by stockholders of the Corporation in accordance with the applicable provisions of this Restated Certificate (excluding Subsection 8.3(a) and Article FOURTH, Part VII, Subsection 8.3(a) and Article FOURTH, Part VIII, subsection 8.3(a) of this Restated Certificate), applicable stock exchange listing requirements or applicable law if the trustee had acted in accordance with such Instructions (or, if no vote of stockholders would be required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, such action by the trustee in respect of such transaction as to which Instructions were so given would not have been authorized had the trustee acted in accordance with such Instructions), (b) the trustee fails to solicit timely Instructions with respect to such matters, such transaction requires the approval of stockholders of the Corporation under applicable provisions of this Restated Certificate, applicable stock exchange listing requirements or applicable law and such approval would not have been obtained (without regard to Subsection 8.3(a) and Article FOURTH, Part VII, Subsection 8.3(a) and Article FOURTH, Part VIII, Subsection 8.3(a) of this Restated Certificate) if the trustee had voted against such transaction all of the votes entitled to be cast by such trustee as the holder of securities of the Corporation held under the Plan, or (c) the trustee fails to follow Instructions or to solicit timely Instructions with respect to such matter and no vote of stockholders of the

Corporation is required by the Restated Certificate, applicable stock exchange listing requirements or applicable law to approve such transaction (an action or inaction by the trustee under clauses (x) and (z) in connection with a transaction referred to in clause (y) being referred to herein as an "Uninstructed Trustee Action"); then, (I) the Merger Transaction or other Control Transaction referred to in clause (y)(i) of Section 8.2 involving an Uninstructed Trustee Action, if it requires stockholder approval under applicable law, stock exchange listing requirements or this Restated Certificate, must also be approved by the vote of stockholders described in Subsection 8.3(a), and (II) from and after such Uninstructed Trustee Action, in addition to the voting rights provided for under Section 8.1, the share of Class SAM Preferred Stock shall have the voting rights set forth in Subsection 8.3(b).

8.3 (a) In addition to any other vote or consent of stockholders required by this Restated Certificate, applicable stock exchange listing requirements or applicable law, any Merger Transaction or other Control Transaction referred to in clause (y)(i) of Section 8.2 involving an Uninstructed Trustee Action that requires stockholder approval under applicable law, stock exchange listing requirements or this Restated Certificate must also be approved by at least a majority of the votes entitled to be cast in respect of all outstanding shares of the Class Pilot MEC Preferred Stock, the Class IAM Preferred Stock, the Class SAM Preferred Stock, the Common Stock and such other classes and series of stock that vote together with the Common Stock as a single class (other than the Voting Preferred Stocks), with all such shares voting, for purposes of this paragraph, as a single class, and for purposes of such vote the Class SAM Preferred Stock shall be entitled to cast a number of votes calculated in accordance with Subsection 8.3(c).

(b) Except as otherwise required by law or provided in this Restated Certificate, from and after an Uninstructed Trustee Action, holders of shares of Class SAM Preferred Stock shall be entitled to vote on all matters submitted to a vote of the holders of Common Stock, voting together as a single class with the holders of Class IAM Preferred Stock, the holders of Class Pilot MEC Preferred Stock, the holders of Common Stock and the holders of such other classes and series of stock that vote together with the Common Stock as a single class (other than the Voting Preferred Stocks) and for purposes of such vote the Class SAM Preferred Stock shall be entitled to cast a number of votes calculated in accordance with Subsection 8.3(c); provided, however, that, except as provided in Section 8.1, prior to the Termination Date, holders of shares of Class SAM Preferred Stock shall not be entitled to vote with the holders of Common Stock with respect to the election of the members of the Board of Directors.

(c) With respect to any vote or consent (i) with respect to which the Class SAM Preferred Stock is entitled to vote pursuant to Subsection 8.3(a) or (ii) with respect to which the Class SAM Preferred Stock is entitled to vote pursuant to Subsection 8.3(b) and the record date for which occurs after an Uninstructed Trustee Action and prior to the Termination Date, (x) holders of shares of Class SAM Preferred Stock shall, collectively, be entitled to a number of votes (rounded to the nearest whole vote) equal to the product of (I) the SAM Fraction, (II) the Voting Fraction and (III) a fraction, the numerator of which shall be the number of votes entitled to be cast on the matter by the holders of all outstanding securities of the Corporation (excluding the Class IAM Preferred Stock and the Class Pilot MEC Preferred Stock), and the denominator of which shall be the excess of one (1.0) over the Voting Fraction (the "Aggregate SAM Vote"), and (y) the holder of each share of the Class SAM Preferred Stock shall be entitled to a number of votes per share equal to the result of dividing (aa) the number of Aggregate SAM Votes by (bb) the number of shares of Class SAM Preferred Stock outstanding on the applicable record date. If, with respect to any matter as to which the immediately preceding sentence shall apply, (i) shares of Common Stock are held under the ESOP or the Supplemental ESOP which have been issued upon conversion of the ESOP Convertible Preferred Stocks ("Subject Shares"), (ii) with respect to any action as to which the trustee is required, in accordance with the terms of the ESOP or the Supplemental ESOP, to solicit Instructions, the trustee has solicited such Instructions and (iii) the trustee has voted some or all of the Subject Shares in accordance with such Instructions (the shares which the trustee has voted in accordance with such Instructions, "Instructed Trustee Common Shares"), then the Attributed Votes shall be reduced by the Pro Rata Reduction. The "Pro Rata Reduction" shall equal, with respect to any such matter, the sum of (I) the product of (x) a fraction, the numerator of which is the number of votes represented by Subject Shares as to which members of the Management and Salaried Employee Group (or the Committees) gave Instructions to the trustee to vote in favor of the matter, and the denominator of which is the number of votes represented by Subject Shares as to which members of all Employee

Groups (as defined in the ESOP) (or the Committees) gave Instructions to the trustee to vote in favor of the matter (such denominator being referred to as the "Instructed Pro Vote") and (y) the number of votes represented by Subject Shares that the trustee actually voted in favor of the matter (but in no event more than the Instructed Pro Vote); and (II) the product of (x) a fraction, the numerator of which is the number of votes represented by Subject Shares as to which members of the Management and Salaried Employee Group (or the Committees) gave instructions to the trustee to vote against the matter, and the denominator of which is the number of votes represented by Subject Shares as to which members of all Employee Groups (or the Committees) gave Instructions to the trustee to vote against the matter (such denominator being referred to as the "Instructed Con Vote") and (y) the number of votes represented by Subject Shares that the trustee actually voted against the matter (but in no event more than the Instructed Con Vote).

For purposes of this Section 8.3, the Corporation shall certify to the holders of Class SAM Preferred Stock and to the judges or similar officials appointed for the purpose of tabulating votes at any meeting of stockholders as soon as practicable following the record date for the determination of stockholders entitled to notice of or to vote at any meeting of stockholders, but in no event less than five Trading Days before such meeting, the number of shares of Common Stock then outstanding and the number of votes entitled to be cast on the matter or matters in question by the holders of all outstanding securities of the Corporation (excluding the Class IAM Preferred Stock and the Class Pilot MEC Preferred Stock). The Corporation shall be deemed to satisfy the requirements of the preceding sentence if such matters are specified in any proxy statement mailed to all stockholders entitled to vote on such matter or matters. With respect to any vote or consent as to which the first sentence of this Subsection 8.3(c) applies, the outstanding share of Class SAM Preferred Stock, together with the outstanding shares of the Class IAM Preferred Stock and the outstanding shares of Class Pilot MEC Preferred Stock, will represent the Voting Fraction (expressed as a percentage) of the votes to be cast in connection with matters (other than the election of directors) submitted to the vote of the holders of the Common Stock and the holders of all other outstanding securities that vote as a single class together with the Common Stock. Subject to any amendment of this Restated Certificate after the date hereof, it is the intent of this Restated Certificate that this Section 8.3 (with respect to the Class SAM Preferred Stock), Article FOURTH, Part VIII, Section 8.3 of the Restated Certificate (with respect to the Class IAM Preferred Stock), and Article FOURTH, Part VII, Section 8.3 of the Restated Certificate (with respect to the Class Pilot MEC Preferred Stock), be interpreted together to achieve the foregoing result. With respect to any vote or consent as to which the first sentence of this Subsection 8.3(c) does not apply, the Class SAM Preferred Stock shall not have any voting rights except as provided by Sections 8.1, 8.2 and 8.4 and applicable law; provided, however, that if the Termination Date occurs directly or indirectly as a result of an Uninstructed Trustee Action then, notwithstanding anything to the contrary contained herein, the voting rights of the Class SAM Preferred Stock set forth in this Section 8.3 shall continue until the anniversary of the Issue Date occurring in the year 2010. For purposes of the proviso in the immediately preceding sentence, the Termination Date shall be deemed to have occurred as a result of an Uninstructed Trustee Action if the Termination Date occurs within one year of such Uninstructed Trustee Action.

8.4 The affirmative vote or written consent of the holders of a majority of the outstanding shares of Class SAM Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class SAM Preferred Stock.

8.5 For purposes of the foregoing provisions of Sections 8.1 and 8.4, each share of Class SAM Preferred Stock shall have one (1) vote per share.

Section 9. Redemption.

9.1 All outstanding shares of Class SAM Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed on the earlier of the ALPA Termination Date and the IAM Termination Date (the "Class SAM Preferred Stock Termination Date"), at a price of \$0.01 per share of Class SAM

Preferred Stock, as provided below. As promptly as reasonably possible following the occurrence of the Class SAM Preferred Stock Termination Date, the Corporation shall give notice thereof and of the redemption under this Section 9 to all record holders of the Class SAM Preferred Stock. From and after the redemption provided for in this Section 9.1, all rights of the holder of Class SAM Preferred Stock as such, except the right to receive the redemption price of such shares upon the surrender of certificates formerly representing the same, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding for any purpose whatsoever.

9.2 The shares of Class SAM Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed from time to time, in part, concurrently with any purported transfer of shares of Class SAM Preferred Stock other than as expressly permitted under Section 1.2, and the number of shares so redeemed shall be equal to the number of shares purported to be transferred. The redemption price to be paid in connection with any redemption shall be \$0.01 per share of Class SAM Preferred Stock. From and after the redemption provided for in this Section 9.2, all rights of the holders of the shares of Class SAM Preferred Stock so redeemed, except the right to receive the redemption price of such shares upon the surrender of certificates formerly representing the same, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding for any purpose whatsoever.

9.3 Upon any such redemption provided for in Sections 9.1 or 9.2 above, each holder of a certificate formerly representing the shares of Class SAM Preferred Stock so redeemed shall present and surrender such certificate to the Corporation and thereupon the redemption price of such shares shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled.

Section 10. Record Holders. The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of any shares of Class SAM Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART X

Class I Junior Preferred Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part X, to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part X.

Section 1. Number of Shares; Designations; Issuance; Restrictions on Transfer.

1.1 The Class I Junior Preferred Stock of the Corporation (the "Class I Preferred Stock") shall consist of ten shares, par value \$0.01 per share.

1.2 Each share of Class I Preferred Stock shall be issued only to a person who serves as an Independent Director of the Corporation meeting the requirements set forth in Article FIFTH, Section 2.4 of this Restated Certificate or to the initial "Individual Parties" under the Class I Stockholders' Agreement (as such term is defined in Article FIFTH, Section 1.15 of this Restated Certificate) (the "Class I Stockholders' Agreement") (each such person, an "Independent Director") and may be held by such person only so long as such person shall continue to serve as an Independent Director. Any purported sale, transfer, pledge (other than a pledge made in accordance with the Class I Stockholders' Agreement), or other disposition (hereinafter a "transfer") of shares of Class I Preferred Stock by a holder thereof to any person other than to (x) such holder's successor as an Independent Director (any such individual, a "Successor Independent Director") or (y) in the case where no such Successor Independent Director has been elected concurrently with such holder's removal, resignation, failure to remain qualified, failure to be re-elected or otherwise ceasing to serve as an Independent Director, to any Independent Director then in office, or if there are no Independent Directors then in office, to the Corporation (to be held in escrow by such Independent Director or the Corporation, as the case may be, pending transfer to such holder's Successor Independent Director when such successor is duly elected) shall be null and void and of no force and effect. Upon any purported transfer of a share of Class I Preferred Stock by the holder thereof other than as expressly permitted above, without any further action by the Corporation or such holder, such share of Class I Preferred Stock so purported to be

transferred shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed by the Corporation in accordance with Section 8 hereof, and thereupon such share shall no longer be deemed outstanding, and neither such holder nor any purported transferee thereof shall have in respect thereof any of the voting powers, preferences or relative, participating, optional or special rights ascribed to the shares of Class I Preferred Stock hereunder, but rather such holder thereafter shall only be entitled to receive the amount payable upon redemption in accordance with Section 8. Certificates representing shares of Class I Preferred Stock shall be legended to reflect the restrictions on transfer and automatic redemption provided for herein.

Section 2. Definitions. For purposes of the Class I Preferred Stock, the following terms shall have the meanings indicated:

2.1 "Board of Directors" shall mean the board of directors of the Corporation or any committee thereof authorized by such board of directors to perform any of its responsibilities with respect to the Class I Preferred Stock.

2.2 "Class I Preferred Stock" shall have the meaning set forth in Section 1 hereof.

2.3 "Class IAM Preferred Stock" shall mean the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.4 "Class M Voting Preferred Stock" shall mean the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.5 "Class P Voting Preferred Stock" shall mean the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.6 "Class Pilot MEC Preferred Stock" shall mean the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.7 "Class S Voting Preferred Stock" shall mean the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.8 "Class SAM Preferred Stock" shall mean the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

2.9 "Common Stock" shall mean the common stock of the Corporation, par value \$0.01 per share.

2.10 "Director Preferred Stocks" shall mean collectively, the Class I Preferred Stock, the Class IAM Preferred Stock, the Class Pilot MEC Preferred Stock and the Class SAM Preferred Stock.

2.11 "ESOP Convertible Preferred Stocks" shall mean, collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock, each of the par value of \$0.01 per share, of the Corporation.

2.12 "Issue Date" shall mean the first date on which shares of Class I Preferred Stock are issued.

2.13 "Liquidation Preference" shall have the meaning set forth in Section 4.1 hereof.

2.14 "Restated Certificate" shall mean the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

2.15 "Series A Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A of this Restated Certificate.

2.16 "Series B Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series B Preferred Stock in Article FOURTH, Part I.B of this Restated Certificate.

2.17 "Series C Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value, designated Series C Junior Participating Preferred Stock in Article FOURTH, Part I.C of this Restated Certificate.

2.18 "Series D Preferred Stock" shall mean the series of Serial Preferred Stock of the Corporation, without par value,

designated Series D Redeemable Preferred Stock in Article FOURTH, Part I.D of this Restated Certificate.

2.19 [Reserved]

2.20 "set apart for payment" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of stock of the Corporation ranking on a parity with or junior to the Class I Preferred Stock as to distributions upon liquidation, dissolution or winding up of the Corporation are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class I Preferred Stock shall mean, with respect to such distributions, placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

2.20 "Termination Date" shall have the meaning set forth in Article FIFTH, Section 1.72 of this Restated Certificate.

2.21 "Transfer Agent" means the Corporation or such agent or agents of the Corporation as may be designated from time to time by the Board of Directors as the transfer agent for the Class I Preferred Stock.

2.22 "Voting Preferred Stocks" shall mean, collectively, the Class M Voting Preferred Stock, the Class P Voting Preferred Stock and the Class S Voting Preferred Stock.

Section 3. Dividends. The holders of shares of the Class I Preferred Stock as such shall not be entitled to receive any dividends or other distributions (except as provided in Section 4).

Section 4. Payments upon Liquidation.

4.1 In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for payment to the holders of any class or series of stock of the Corporation that ranks junior to the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, the holders of the shares of Class I Preferred Stock shall be entitled to receive \$0.01 per share of Class I Preferred Stock (the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Class I Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed to the holders of shares of Class I Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Class I Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with or into one or more corporations, or (ii) a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets, shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

4.2 Subject to the rights of the holders of shares of any series or class of stock ranking prior to or on a parity with the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, after payment shall have been made to the holders of the Class I Preferred Stock, as and to the fullest extent provided in this Section 4, any series or other class of stock of the Corporation that ranks junior to the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class I Preferred Stock shall not be entitled to share therein.

Section 5. Shares to be Retired. All shares of Class I Preferred Stock which shall have been issued and reacquired in any manner (other than pursuant to Section 8.1) by the Corporation, other than in its capacity as escrow agent in

accordance with Section 1.2 hereof, shall be retired and restored to the status of authorized but unissued shares of Class I Preferred Stock and, in the case of shares redeemed pursuant to Section 8.1 hereof, shall not be reissued.

Section 6. Ranking.

6.1 Any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to the Class I Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up if the holders of such class or series shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of Class I Preferred Stock;

(b) on a parity with the Class I Preferred Stock as to the distribution of assets upon liquidation, dissolution or winding up, whether or not the liquidation prices per share thereof be different from those of the Class I Preferred Stock, if the holders of such class or series and the Class I Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective liquidation preferences, without preference or priority one over the other; and

(c) junior to the Class I Preferred Stock, as to the distribution of assets upon liquidation, dissolution or winding up, if the holders of Class I Preferred Stock shall be entitled to the receipt of amounts distributable upon liquidation, dissolution or winding up in preference or priority to the holders of shares of such class or series.

6.2 The Series A Preferred Stock, the Series B Preferred Stock, the Series D Preferred Stock and the ESOP Convertible Preferred Stocks shall each be deemed to rank prior to the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The other Director Preferred Stocks and the Voting Preferred Stocks shall each be deemed to rank on a parity with the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up. The Common Stock and the Series C Preferred Stock shall each be deemed to rank junior to the Class I Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up.

Section 7. Voting. The holders of shares of Class I Preferred Stock shall have the following voting rights; provided, however, that no holder of shares of Class I Preferred Stock shall have any right to vote unless at such time such person is an Independent Director or an initial "Individual Party" under the Class I Stockholders' Agreement:

7.1 Until the Termination Date, the holders of the Class I Preferred Stock shall have the right, voting separately as a class, to elect four Independent Directors to the Board of Directors.

7.2 Unless the affirmative vote or consent of the holders of a greater number of shares of Class I Preferred Stock shall then be required by law or this Restated Certificate, and in addition to any other vote required by law or this Restated Certificate, the affirmative vote or written consent of the holders of at least a majority of all of the outstanding shares of Class I Preferred Stock, voting separately as a class, shall be necessary for authorizing, effecting or validating the amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of this Restated Certificate or of any certificate amendatory thereof or supplemental thereto (including any Certificate of Designation, Preferences and Rights or any similar document relating to any series of Serial Preferred Stock) which would adversely affect the preferences, rights, powers or privileges of the Class I Preferred Stock.

7.3 For purposes of the foregoing provisions of Sections 7.1 and 7.2, each share of Class I Preferred Stock shall have one (1) vote per share. Except as otherwise required by applicable law or as set forth herein, the shares of Class I Preferred Stock shall not have any relative participating, optional or other special voting rights and powers and the consent of the holder thereof shall not be required for the taking of any corporate action.

Section 8. Redemption.

8.1 All outstanding shares of Class I Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be

automatically redeemed on the Termination Date, at a price of \$0.01 per share of Class I Preferred Stock, as provided below. As promptly as reasonably possible following the occurrence of the Termination Date, the Corporation shall give notice thereof and of the redemption under this Section 8 to all record holders of the Class I Preferred Stock.

From and after the redemption provided for in this Section 8.1, all rights of the holders of Class I Preferred Stock as such, except the right to receive the redemption price of such shares upon the surrender of certificates therefor, shall cease and terminate and such shares shall not thereafter be deemed to be outstanding for any purpose whatsoever.

8.2 The shares of Class I Preferred Stock shall, to the extent of funds legally available therefor and subject to the other provisions of this Restated Certificate, be automatically redeemed from time to time, in part, concurrently with any purported transfer of shares of Class I Preferred Stock other than as expressly permitted under Section 1.2 and the number of shares so redeemed shall be equal to the number of shares so purported to be transferred. The redemption price to be paid in connection with any redemption shall be \$0.01 per share of Class I Preferred Stock. From and after the redemption provided for in this Section 8.2, all rights of such holder of Class I Preferred Stock as such, except the right to receive the redemption price of such shares upon the surrender of certificates representing the same, shall cease and terminate and such share(s) shall not thereafter be deemed to be outstanding for any purpose whatsoever.

8.3 Upon any such redemption provided for in Sections 8.1 or 8.2 above, each holder of a certificate formerly representing the share(s) of Class I Preferred Stock so redeemed shall present and surrender such certificate to the Corporation and thereupon the redemption price of such share(s) shall be paid to or on the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be cancelled.

Section 9. Record Holders.

The Corporation and the Transfer Agent (if other than the Corporation) may deem and treat the record holder of any share(s) of Class I Preferred Stock as the true and lawful owner thereof for all purposes, and, except as otherwise provided by law, neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

PART XI

Common Stock

Unless otherwise indicated, any reference in this Article FOURTH, Part XI to "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to a Section, Subsection, paragraph, subparagraph or clause of this Article FOURTH, Part XI. Capitalized terms used and not otherwise defined in this Article FOURTH, Part XI, shall have the respective meanings given those terms in the introductory sentence of Article FOURTH.

Section 1. Dividends. Subject to any rights to receive dividends to which the holders of the shares of any other class or series of stock may be entitled, the holders of shares of Common Stock shall be entitled to receive dividends, if and when declared payable from time to time by the Board of Directors, from any funds legally available therefor.

Section 2. Liquidation. In the event of any dissolution, liquidation or winding up of the Corporation, whether voluntary or involuntary, after there shall have been paid to the holders of shares of any other class or series of stock ranking prior to the Common Stock in respect thereof the full amounts to which they shall be entitled, and subject to any rights of the holders of any other class or series of stock to participate therein, the holders of the then outstanding shares of Common Stock shall be entitled to receive, pro rata, any remaining assets of the Corporation available for distribution to its stockholders. Subject to the foregoing, the Board of Directors may distribute in kind to the holders of the shares of Common Stock such remaining assets of the Corporation, or may sell, transfer or otherwise dispose of all or any part of such remaining assets to any other corporation, trust or other entity and receive payment therefor in cash, stock or obligations of such, other corporations, trust or entity or any combination thereof, and may sell all or any part of the consideration so received, and may distribute the consideration so received or any balance thereof in kind to holders of the shares of Common Stock. The voluntary sale, conveyance, lease, exchange or transfer of all or substantially all the property or assets of the

Corporation (unless in connection therewith the dissolution, liquidation or winding up of the Corporation is specifically approved), or the merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or any purchase or redemption of shares of stock of the Corporation of any class, shall not be deemed to be a dissolution, liquidation or winding up of the corporation for the purpose of this Section 2.

Section 3. Voting. Except as provided by law or this Restated Certificate of Incorporation:

a. each outstanding share of Common Stock of the Corporation shall entitle the holder thereof to one vote on each matter submitted to a vote at a meeting of stockholders; and

b. until the Termination Date (as defined in Article FIFTH, Section 1.72), the holders of Common Stock, voting as a separate class, shall be entitled to elect five Public Directors (as defined in Article FIFTH, Section 2.3) of the Corporation.

PART XII

General Provisions

No Preemptive Rights, Etc. Except as otherwise provided herein, no holder of stock of the Corporation of any class shall have any preemptive, preferential or other right to purchase or subscribe for any shares of stock, whether now or hereafter authorized, of the Corporation of any class, or any obligations convertible into, or any options or warrants to purchase, any shares of stock, whether now or hereafter authorized, of the Corporation of any class, other than such, if any, as the Board of Directors may from time to time determine, and at such price as the Board of Directors may from time to time fix; and any shares of stock or any obligations, options or warrants which the Board of Directors may determine to offer for subscription to holders of any shares of stock of the Corporation may, as the Board of Directors shall determine, be offered to holders of shares of stock of the Corporation of any class or classes or series, and if offered to holders of shares of stock of more than one class or series, in such proportions as between such classes and series as the Board of Directors may determine.

FIFTH. GOVERNANCE. Unless otherwise expressly indicated, references in this Article FIFTH to any "Section", "Subsection", "paragraph", "subparagraph" or "clause" shall refer to such Section, Subsection, paragraph, subparagraph or clause of this Article FIFTH.

Section 1. Definitions. As used in this Restated Certificate, unless the context otherwise requires, the following terms shall have the following meanings:

1.1 "Affiliate" has the meaning defined in Rule 12b-2 promulgated under the Exchange Act.

1.2 "Airline Business" means the business of operating an Air Carrier, together with any business or activity reasonably related to or in support of any and all such operations engaged in by the Corporation or any of its Subsidiaries at or during the one year period immediately prior to the Effective Time.

1.3 "Air Carrier" means an "air carrier" as defined in Section 1301(3) of the Federal Aviation Act of 1958, 49 U.S.C. 1301 et seq., as amended, or any successor act thereto.

1.4 "ALPA" means the Air Line Pilots Association, International.

1.5 "Available Unissued ESOP Shares" shall mean as of the date of determination and without duplication, (a) the number of shares of Common Stock that would be issuable upon conversion of that portion of (w) 17,675,345 shares of ESOP Convertible Preferred Stock plus (x) an aggregate of 17,675,345 shares of Class P Voting Preferred Stock, Class M Voting Preferred Stock and Class S Voting Preferred Stock plus (y) the number of Additional Shares (as defined in Section 1.10 of the Recapitalization Agreement) plus (z) an aggregate number of shares of Class P Voting Preferred Stock, Class M Voting Preferred Stock and Class S Voting Preferred Stock that is equal to the number of Additional Shares that, in the case of each of clause (w), (x), (y) and (z), as of the date of determination of Available Unissued ESOP Shares, have not been issued pursuant to Section 1.6 or 1.10 of the Recapitalization Agreement as ESOP Convertible Preferred Stock, Class P Voting Preferred Stock, Class M Voting Preferred Stock, Class S Voting Preferred Stock or Common Stock, plus (b) the number of shares of Common Stock that

have been credited to the Supplemental ESOP (other than pursuant to Section 1.6 or 1.10 of the Recapitalization Agreement) and that have not been issued.

1.6 "Bankrupt" means "insolvent" as defined in Section 101(32) of the Bankruptcy Code, 11 U.S.C. 101 et seq., as amended.

1.7 "Bankruptcy Opinions" has the meaning defined in Subsection 3.4(b)(vii)(B).

1.8 "Board" means the Board of Directors of the Corporation.

1.9 "Board Committees" has the meaning defined in Subsection 4.1.10.

1.10 "Business Combination" means a "business combination" as defined in Section 203 of the GCL.

1.11 "Chief Executive Officer" means the Chief Executive Officer of the Corporation.

1.12 "Class 1 ESOP Convertible Preferred Stock" means the Class 1 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

1.13 "Class 2 ESOP Convertible Preferred Stock" means the Class 2 ESOP Convertible Preferred Stock, par value \$0.01 per share, of the Corporation.

1.14 "Class I Preferred Stock" means the Class I Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.15 "Class I Stockholders' Agreement" means the Class I Preferred Stockholders' Agreement, dated as of the date of the Effective Time, among the Corporation, ALPA, the IAM and the holders of the Class I Preferred Stock, as amended from time to time.

1.16 "Class IAM Director" has the meaning defined in Subsection 2.2.

1.17 "Class IAM Preferred Stock" means the Class IAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.18 "Class M Voting Preferred Stock" means the Class M ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.19 "Class P Voting Preferred Stock" means the Class P ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.20 "Class Pilot MEC Director" has the meaning defined in Subsection 2.2.

1.21 "Class Pilot MEC Preferred Stock" means the Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.22 "Class SAM Preferred Stock" means the Class SAM Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.23 "Class SAM Stockholders' Agreement" means the Class SAM Stockholders' Agreement, dated as of the date of the Effective Time, between the Corporation and the holders of Class SAM Preferred Stock, as amended from time to time.

1.24 "Class S Voting Preferred Stock" means the Class S ESOP Voting Junior Preferred Stock, par value \$0.01 per share, of the Corporation.

1.25 "Collective Bargaining Agreement" means any agreement between the Corporation or any of its Subsidiaries and any labor union representing the Corporation's or any of its Subsidiaries' employees based in the United States that relates to rates of pay, rules, working conditions or any other incident or aspect of employment with the Corporation or any of its Subsidiaries.

1.26 "Common Equity" means, in the aggregate and without double-counting:

(a) the Common Stock outstanding at the time in question that satisfies any one or more of the following clauses (i) through (vi):

(i) that was issued upon conversion of ESOP Convertible Preferred Stock or Voting Stock (other than Common Stock);

(ii) that was issued upon conversion of the Series A Preferred Stock or any Pre-Closing Covered Convertible;

(iii) that was issued upon exercise of any Pre-Closing Covered Option;

(iv) that constitutes Permitted Bankruptcy Equity or was issued upon conversion, exercise or exchange of any Permitted Bankruptcy Equity;

(v) that was outstanding immediately prior to the close of business on the Measuring Date (as defined in the Recapitalization Agreement), other than as a result of an issuance initially approved after the Effective Time; or

(vi) that was issued in a transaction described in Part II, Section 6.4(a) (i), (ii) or (iii), of Article FOURTH of this Restated Certificate in respect of the number of shares of Common Stock that at the time of such transaction were included in the definition of Common Equity;

(b) the Common Stock issuable upon conversion of ESOP Convertible Preferred Stock or Voting Stock (other than Common Stock) outstanding at the time in question;

(c) the Common Stock issuable upon conversion of any Series A Preferred Stock or Pre-Closing Covered Convertible outstanding at the time in question;

(d) the Common Stock issuable upon conversion, exercise or exchange of any Permitted Bankruptcy Equity outstanding at the time in question; and

(e) the Common Stock issuable upon exercise of any Pre-Closing Covered Option outstanding at the time in question.

For purposes of the foregoing, if the Corporation reacquires any shares of outstanding Common Stock at a time that shares of Common Stock not included in the definition of Common Equity are outstanding, the Corporation shall make an assessment as to whether or not the shares so reacquired are included in the definition of Common Equity. If the Corporation cannot conclusively establish whether or not the shares so reacquired are included in the definition of Common Equity, then the number of outstanding shares of Common Stock included in the definition of Common Equity pursuant to clause (a) above shall be deemed reduced as a result of such reacquisition by the number determined by multiplying the number of shares of Common Stock so reacquired by a fraction, the numerator of which is the number of shares of Common Stock included in the definition of Common Equity outstanding immediately prior to the reacquisition and the denominator of which is the aggregate number of shares of Common Stock outstanding immediately prior to the reacquisition.

1.27 "Common Stock" means the common stock, par value \$0.01 per share, of the Corporation.

1.28 "Common Stock Transaction" has the meaning defined in Subsection 3.5.

1.29 "Competitive Action Plan" means the Corporation's business plan to develop a low cost operation, which is intended to compete against other low cost Air Carriers.

1.30 "Corporation" means UAL Corporation.

1.31 "Director" means a director of the Corporation.

1.32 "Director Incentive Plan" means the UAL Corporation 1992 Stock Plan for Outside Directors.

1.33 "Distribution Companies" means Galileo International Partnership, Apollo Travel Services Partnership and Galileo Japan Partnership, each a Delaware general partnership.

1.34 "Effective Time" has the meaning defined in the Recapitalization Agreement.

1.35 "Employee Directors" has the meaning defined in Subsection 2.2.

1.36 "entire Board" means all Directors of the Corporation who would be in office if there were no vacancies.

1.37 "Equity Securities" means common stock of the Corporation or any debt, equity or other security or contractual right convertible into or exercisable or exchangeable for common stock or any warrants, options or other rights to purchase common

stock or such other Equity Securities, but in no event shall the term "Equity Securities" include non-voting, non-convertible preferred stock.

1.38 "ESOP Convertible Preferred Stock" means collectively, the Class 1 ESOP Convertible Preferred Stock and the Class 2 ESOP Convertible Preferred Stock and any other securities into which such preferred stocks are changed or reclassified, into which they are converted or for which they are exchanged.

1.39 "ESOPs" means collectively, the UAL Corporation Employee Stock Ownership Plan and the UAL Corporation Supplemental ESOP and any similar or successor plans thereto.

1.40 "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor act thereto.

1.41 "Existing Plans" means collectively, the United Air Lines, Inc. Flight Attendant Employees' Savings Plan; the United Air Lines, Inc. Management and Salaried Employees' Personal Investment Program; the United Air Lines, Inc. Union Ground Employees' Long Term Investment Program; the United Air Lines, Inc. Pilots' Directed Account Retirement Income Plan; and the Employees' Stock Purchase Plan of UAL Corporation.

1.42 "Extraordinary Matters" means (a) any matter that pursuant to the GCL requires stockholder approval, (b) any Substantive Amendment to the Restated Bylaws and (c) any Other Extraordinary Matters.

1.43 "First Refusal Agreement" means the First Refusal Agreement, dated as of the date of the Effective Time, among the Corporation, ALPA, the IAM and the Salaried/Management Employee Director, as amended from time to time.

1.44 "GCL" means the General Corporation Law of the State of Delaware, as amended from time to time.

1.45 "Gross Proceeds" means, with respect to any sale, lease, exchange, surrender to or at the direction of a lessor, or other disposition of assets, whether tangible or intangible, real or personal, or the issuance of ownership interests, by any Person (each, a "Gross Proceeds Event"), (a) (i) with respect to owned assets or the issuance of ownership interests, the sum of (A) the aggregate cash consideration received by such Person in connection with such Gross Proceeds Event, (B) the fair market value of (1) all cash consideration to be received in the future (including future payments evidenced by a note or other instrument) by such Person in connection with such Gross Proceeds Event and (2) all future payments that are obligations of such Person and are assumed by another Person in connection with such Gross Proceeds Event and (C) the fair market value of all other non-cash consideration, and (ii) with respect to leased assets, the fair market value of such assets (in each case with respect to clauses (i)(B) and (i)(C) and clause (ii), such fair market value as determined in good faith by the Corporation as of the date of such Gross Proceeds Event), minus (b) the sum, without duplication, of:

(i) any taxes (including, but not limited to, any alternative minimum taxes and other similar taxes) that are paid, actually payable or would be payable (absent the availability of any net operating loss carryover, tax credit or other tax benefit that reduces the amount paid or payable) to any Federal, state, local or foreign taxing authority and that are directly or indirectly attributable to such Gross Proceeds Event; and

(ii) the amount of fees and commissions (including, without limitation, reasonable investment banking fees), legal, title and recording tax expenses and other similar costs and expenses directly incident to such Gross Proceeds Event that are paid or payable by such Person, other than fees and commissions (including, without limitation, management consulting and financial services fees) paid or payable to Affiliates of such Person (or officers or employees of such Person or any Affiliate of such Person).

1.46 "IAM" means the International Association of Machinists and Aerospace Workers.

1.47 "Investment" means all (A) investments in any Person by stock purchase, capital contribution, loan, advance, guarantee of obligations of (other than any guarantee of an obligation of the Corporation or any of its Subsidiaries) or creation or assumption by the Corporation or any of its Subsidiaries of any other liability in respect of any indebtedness (other than indebtedness of the Corporation or any of its Subsidiaries) of such Person and (B) investments in any other property, other than:

(i) an investment in the ordinary course of business

in the Corporation, any of its Subsidiaries or the Distribution Companies, so long as such investment is in the Airline Business;

(ii) investments in the ordinary course of business in direct obligations of the United States of America, or obligations of any instrumentality or agency thereof, or obligations the payment of which is unconditionally guaranteed by the United States of America or any instrumentality or agency thereof;

(iii) investments in the ordinary course of business in obligations of any state or municipal government or obligations of any instrumentality or agency thereof;

(iv) investments in the ordinary course of business in readily marketable commercial paper;

(v) investments in the ordinary course of business in short-term deposit accounts in, or negotiable certificates of deposit or negotiable bankers acceptances issued by, any bank or trust company organized under the laws of the United States or a state thereof or Canada, Western Europe or Japan;

(vi) investments in negotiable instruments for collection in the ordinary course of business;

(vii) investments in tangible assets to be used in the ordinary course of business of the Corporation or any of its Subsidiaries;

(viii) investments in the ordinary course of business in stocks of investment companies registered under the Investment Company Act of 1940, as amended, which are no-load money market funds and which invest primarily in obligations of the type described in clause (ii), (iii) or (iv) above and which are classified as current assets in accordance with generally accepted accounting principles;

(ix) investments in Persons resulting from non-payment by such Persons of receivables of the Corporation or any of its Subsidiaries arising in the ordinary course of business;

(x) investments in connection with the settlement of claims of the Corporation or any of its Subsidiaries in financially-distressed companies or in connection with bankruptcy proceedings;

(xi) investments in airline clearing houses, other similar industry organizations or other Air Carriers arising out of receivables payable to the Corporation or any of its Subsidiaries relating to airline tickets and similar liabilities and arising in the ordinary course of business of the Corporation or its Subsidiaries;

(xii) advances to employees of the Corporation or its Subsidiaries made in the ordinary course of business;

(xiii) investments in Persons pursuant to obligations of the Corporation or any of its Subsidiaries, including contingent obligations, in effect on the Effective Time;

(xiv) other investments made in the ordinary course of the Corporation's and its Subsidiaries' business in connection with the Corporation's and its Subsidiaries' cash management program or fiscal management policies and practices (including, without limitation, interest rate, currency and commodity risk management and similar activities);

(xv) investments in the ordinary course of business of the Corporation or its Subsidiaries in ARINC, SITA, Air Cargo, Inc., Scheduled Airline Traffic Offices, Inc., organizations used to provide aircraft fuel services or other similar industry organizations;

(xvi) the purchase or other acquisition by the Corporation or any of its Subsidiaries from Persons other than the Corporation or any of its Subsidiaries of evidences of indebtedness or other obligations or securities issued by the Corporation or any of its Subsidiaries;

(xvii) investments in Persons through customary indemnity obligations contained in contracts of the Corporation or its Subsidiaries; and

(xviii) loans or advances to the Corporation by any of its Subsidiaries.

1.48 "Labor Affiliate" means (a) any Person that has been formed by or is an Affiliate of one or more labor groups representing employees of the Corporation or any of its Subsidiaries or (b) any Person determined by the Board to be a Person in which a substantial group of employees of the Corporation or any of its Subsidiaries, acting as an organized group, owns a majority ownership interest.

1.49 "Management Public Directors" has the meaning defined in Subsection 2.3.

1.50 "Market Capitalization" means the aggregate market value of a Public Company's voting stock held by Persons that are not Affiliates of such Public Company as set forth in the most recent Form 10-K or any successor form of such Public Company preceding the date of determination.

1.51 "Measuring Period" means the 365-day period commencing on the Effective Time.

1.52 "Non-Dilutive Issuance" has the meaning defined in Subsection 3.4(b)(vii).

1.53 "Other Board Committee" has the meaning defined in Subsection 4.1.10.

1.54 "Other Extraordinary Matters" has the meaning defined in Subsection 3.4(b).

1.55 "Outside Public Directors" has the meaning defined in Subsection 2.3.

1.56 "Permitted Bankruptcy Equity" has the meaning defined in Subsection 3.4(b)(vii)(B).

1.57 "Person" means an individual, corporation, association, partnership, joint venture, limited liability company, trust, estate, unincorporated organization, governmental authority, judicial entity or other entity.

1.58 "Post-Termination Meeting" has the meaning defined in Subsection 2.13(b).

1.58.1 "Pre-Closing Covered Convertible" means any Convertible Company Securities (as defined in Section 1.8 of the Recapitalization Agreement), other than the Series A Preferred Stock, outstanding immediately prior to the Effective Time with a conversion price equal to or less than the Old Share Equivalent Price (as defined in Section 1.10 of the Recapitalization Agreement).

1.58.2 "Pre-Closing Covered Option" means any employee stock option granted under any employee stock option or compensation plan or arrangement of the Corporation outstanding immediately prior to the Effective Time with an exercise price of less than the Old Share Equivalent Price (as defined in Section 1.10 of the Recapitalization Agreement).

1.59 "Public Company" means a Person with a class of securities registered pursuant to Section 12 of the Exchange Act.

1.60 "Public Directors" has the meaning defined in Subsection 2.3.

1.61 "Recapitalization Agreement" means the Recapitalization Agreement, dated as of March 25, 1994, among the Corporation, ALPA and the IAM, as amended from time to time.

1.62 "Restated Bylaws" means the Amended and Restated Bylaws of the Corporation, as amended from time to time.

1.63 "Restated Certificate" means the Restated Certificate of Incorporation of the Corporation, as amended from time to time.

1.64 "Rights Agreement" means the Rights Agreement, dated as of December 11, 1986, between the Corporation and First Chicago Trust Company of New York (formerly Morgan Shareholder Services Trust Company), as amended from time to time.

1.65 "Salaried and Management Employee Investment" means the concessions and other investments of employees who perform the functions currently performed by the salaried and management employees of the Corporation or United Air Lines, Inc. (including any functions which such group of employees begins performing in the future) as set forth in Schedule 5.8(iii) to the Recapitalization Agreement, which shall be provided for the term identified in such Schedule 5.8(iii).

1.66 "Salaried/Management Employee Director" has the meaning defined in Subsection 2.2.

1.66.1 "Series A Preferred Stock" means the series of Serial Preferred Stock of the Corporation, without par value, designated Series A Convertible Preferred Stock in Article FOURTH, Part I.A, of this Restated Certificate.

1.67 "Significant Labor-Related Business Transaction" means any purchase, sale, transfer or other disposition of assets, or the issuance of capital stock, by any Person, or any merger or consolidation with any Person, in a single transaction or series of related transactions, in which the Gross Proceeds to be received by any Person or Persons in connection with such purchase, sale, transfer, disposition, issuance, merger or consolidation exceeds \$1,000,000.

1.68 "Solvency Determination" has the meaning defined in Subsection 3.4(b)(vii)(B).

1.69 "Stockholders" means the stockholders of the Corporation.

1.70 "Subsidiary" means, with respect to any Person (herein referred to as the "parent"), any corporation, partnership, association or other business entity which such parent, directly or indirectly, controls, including, without limitation, any such Person of which securities or other ownership interests representing 50% or more of the equity, or 50% or more of the ordinary voting power or voting power representing the right to elect 50% or more of the Board of Directors or similar governing body, or 50% or more of the general partnership interests, are, at the time any determination is being made, owned, controlled or held by such parent; provided, however, that the term "Subsidiary" shall not include a Distribution Company where the Corporation does not, directly or indirectly, control the particular actions or activities under consideration (including the power, under the relevant organizational documents of such Distribution Company, to block such actions or activities) with respect to such Distribution Company.

1.71 "Substantive Amendment" means the adoption of any material amendment to, the deletion or repeal of, or the adoption of any provision materially inconsistent with, any of the following sections of the Restated Bylaws: 2.2(a), 2.6(a), 2.6(c), 3.1, 3.2, 3.3, 3.6, 3.7, 3.8, 3.9(a), 3.10, 3.12(a), 3.14(a), 4.1(a), 4.2, 4.3, 4.5(a), 4.7(a), 4.8(a), 5.1, 5.2(a), 5.3(a), 5.4(a), 5.6(a) and 8.1.

1.72 "Termination Date" means, except as otherwise provided in this Restated Certificate, the date on which (a) the Common Equity held in the ESOPs, the Existing Plans or in any other employee trusts or pension, retirement or other employee benefit plans sponsored by the Corporation or any of its Subsidiaries for the benefit of its employees as of the close of business on such date, plus (b) the number of Available Unissued ESOP Shares, plus, but without double-counting (c) the number of other shares of Common Stock that are held in the ESOPs, the Existing Plans or in any other employee trusts or pension, retirement or other employee benefit plans sponsored by the Corporation or any of its Subsidiaries for the benefit of its employees as of the close of business on such date and that were acquired (i) in open market transactions or (ii) in privately negotiated transactions from a person other than the Corporation or one or more Subsidiaries, represent, in the aggregate, less than 20% of (x) the Common Equity of the Corporation plus (y) the number of Available Unissued ESOP Shares.

1.73 "Union Directors" has the meaning defined in Subsection 2.2.

1.74 "United Air Lines, Inc." means United Air Lines, Inc., a Delaware corporation, or any successor to all or substantially all of the assets thereof.

1.75 "Voting Stock" means collectively, the Common Stock, Class IAM Preferred Stock, Class M Voting Preferred Stock, Class Pilot MEC Preferred Stock, Class P Voting Preferred Stock, Class SAM Preferred Stock and Class S Voting Preferred Stock.

Section 2. Directors.

2.1 General Powers. Except as otherwise provided in this Restated Certificate, the business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board may adopt such rules and regulations, not inconsistent with this Restated Certificate, the Restated Bylaws or applicable law, as it may deem proper for the conduct of its meetings and the management of the Corporation. In addition to the powers conferred expressly by this Restated Certificate and the Restated Bylaws, the Board may exercise all powers and perform all acts that are not required, by this Restated Certificate, the Restated Bylaws or applicable law, to be exercised or performed by the

Stockholders.

2.2 Number and Composition. Subject to Article FOURTH, Parts I.A and I.B of this Restated Certificate and Subsection 2.13 of this Article FIFTH, the Board shall consist of twelve members and shall be comprised as follows: five Directors shall be designated Public Directors who shall be elected, subject to Subsection 2.3, by the holders of the Common Stock in accordance with Article FOURTH, Part XI of this Restated Certificate, voting separately as a class; four Directors shall be designated Independent Directors who shall be elected, subject to Subsection 2.4, by the holders of the Class I Preferred Stock in accordance with Article FOURTH, Part X of this Restated Certificate, voting separately as a class; and three Directors shall be designated Employee Directors, of whom one shall be elected by the holders of the Class IAM Preferred Stock, voting separately as a class, in accordance with Article FOURTH, Part VIII of this Restated Certificate (the "Class IAM Director"), one shall be elected by the holders of the Class Pilot MEC Preferred Stock, voting separately as a class, in accordance with Article FOURTH, Part VII of this Restated Certificate (the "Class Pilot MEC Director," "Union Directors") and one shall be elected by the holders of the Class SAM Preferred Stock, voting separately as a class, in accordance with Article FOURTH, Part IX of this Restated Certificate (the "Salaried/Management Employee Director"). The Union Directors and the Salaried/Management Employee Director are referred to in this Restated Certificate collectively as the "Employee Directors."

2.3 Qualifications of Public Directors. Until the Termination Date, of the five Public Directors, (a) three shall be individuals who are not and have never been an officer or employee of, or a provider of professional services to, the Corporation or any of its Subsidiaries (collectively, the "Outside Public Directors") and (b) two shall be, at the time of their election, substantially full-time employees of the Corporation or one of its Subsidiaries, one of whom, in addition, to the fullest extent such additional qualification is permitted by law, shall be, at the time of such election, the Chief Executive Officer, and the second of whom, in addition, to the fullest extent such additional qualification is permitted by law, shall be a senior executive officer of the Corporation satisfactory to the Chief Executive Officer (collectively, the "Management Public Directors"). The Outside Public Directors and the Management Public Directors are referred to in this Restated Certificate collectively as the "Public Directors."

2.4 Qualifications of Independent Directors. Until the Termination Date, no Independent Director shall either (a) without the consent of both Union Directors and all of the Public Directors, have a current affiliation (other than an affiliation that may result from being a member of the Board) or business relationship with the Corporation or any of its Subsidiaries (collectively, an "affiliation") which is required to be disclosed or have had a prior such affiliation (other than an affiliation that may result from having been an Independent Director) which, had such Independent Director been a Director of the Corporation at the time of such prior affiliation, would have been required to be disclosed, pursuant to Item 7 of Schedule 14A promulgated under the Exchange Act (or any successor provision thereto) or (b) be an officer, director, trustee or official of any labor organization that serves as a collective bargaining "representative" under the Railway Labor Act, 45 U.S.C. 151 et seq., or the National Labor Relations Act, 29 U.S.C. 141 et seq. or any similar laws as may from time to time be in effect. In addition to the foregoing, until the Termination Date, at the time of the election or appointment of an Independent Director to the Board, at least two of the Independent Directors (or at least one of the Independent Directors if only one Independent Director vacancy is being filled and none of the incumbent Independent Directors meet the criteria specified in clause (i) or (ii) below), after giving effect to the election or appointment of the Independent Directors being elected or appointed, shall be, or have been at the time of their initial election or appointment as Independent Directors, either (i) a senior executive officer of a company (other than the Corporation) with revenues during such company's prior fiscal year in excess of \$1 billion as set forth in such company's most recent annual financial statements or (ii) a member of the board of directors of at least one other Public Company with a Market Capitalization in excess of \$1 billion as of the date of such Public Company's most recent annual financial statements.

2.5 Nomination of Board's Nominees for Public Directors. Until the Termination Date, the Board's nominees for the Outside Public Directors shall be nominated by the Outside Public Director Nomination Committee in accordance with Subsection 4.1.8. Until the Termination Date, the Board's nominees for the Management Public Directors shall be nominated by action of the Board by the affirmative vote of at least a majority of the votes

entitled to be cast by the entire Board. For purposes of this Subsection 2.5 and Subsection 4.1.8, "nominate" means to designate those persons who are recommended by the Board for election as Public Directors in the proxy materials distributed by the Corporation to the holders of its Voting Stock and to take such other action as required to place their name in nomination for election at the meeting of Stockholders called in accordance with such proxy material.

2.6 Term of Office. Subject to Subsection 2.13(b), and except as otherwise provided in this Restated Certificate, each Director shall hold office until the next annual meeting of Stockholders and until his or her successor is elected and qualified, subject to such Director's earlier death, resignation or removal; provided, however, that, until the Termination Date, the term of an Outside Public Director or an Independent Director shall automatically terminate if during such term the status of such Director shall change such that the qualification requirements set forth in Subsection 2.3(a) or the first sentence of Subsection 2.4, as applicable, are no longer satisfied.

2.7 Resignation of Directors. Any Director may resign at any time upon written notice to the Corporation.

2.8 Removal of Directors. (a) Any Director may be removed without cause at any time only by the affirmative vote of the holders of a majority in voting power of the shares of the class or classes or series of stock that are entitled to vote for the election of such Director, voting separately as a class or series.

(b) Any Director or the entire Board may be removed for cause as provided under the GCL.

2.9 Vacancies on the Board. Vacancies on the Board may only be filled as follows:

2.9.1 Vacancies of Public Directors. Until the Termination Date, in the event of a vacancy of an Outside Public Director, such vacancy may be filled only by the Outside Public Director Nomination Committee in accordance with Subsection 4.1.8. Until the Termination Date, in the event of a vacancy of a Management Public Director, such vacancy may be filled only by action of the Board by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board with an individual who would be eligible to be nominated for election to such position in accordance with Subsections 2.3 and 2.5.

2.9.2 Vacancies of Independent Directors. Until the Termination Date, in the event of a vacancy of an Independent Director, such vacancy may be filled only by the Independent Director Nomination Committee in accordance with Subsection 4.1.6.

2.9.3 Vacancies of Employee Directors. In the event of a vacancy of an Employee Director, such vacancy may be filled only by a vote of the class or series of stock that elected such Director.

2.9.4 Board Action During Vacancies. Until the Termination Date, in the event of a vacancy on the Board of an Employee Director or Public Director, or in the event of a vacancy of an Independent Director who immediately prior to the occurrence of such vacancy was a member of a Board Committee of which only one Independent Director was a member, then, subject to the fiduciary duties of the remaining Directors or members of such Board Committee, as the case may be, then in office, neither the Board nor such Board Committee may take any action (other than to fill such vacancy of such Public Director), until after the earlier of (a) 20 days following the occurrence of such vacancy and (b) the time that such vacancy is filled in accordance with the provisions of this Restated Certificate.

2.10 Quorum Requirements of Board Meetings. Until the Termination Date, at all meetings of the Board, other than meetings of Board Committees, a quorum shall exist only if (a) Directors having at least a majority of the votes entitled to be cast by the entire Board are present at the meeting and (b) unless otherwise consented to by each of the Union Directors, if less than all of the Public Directors, Independent Directors and Employee Directors are present, or if Directors other than the Public Directors, Independent Directors and Employee Directors are present, the number of votes constituting a majority of the votes present is no greater than the sum of (i) two plus (ii) the aggregate number of votes entitled to be cast by the Independent Directors present at such meeting.

2.11 Voting by Directors. Subject to any greater or additional vote of the Board or of any class of Directors required by law or by this Restated Certificate, including,

without limitation, Section 3, an act of the Board shall require the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present. Each Director shall have one vote; provided, however, that, until the Termination Date, at any time there is a vacancy of one or more Independent Directors, then with respect to any action of the Board (but not including any action of a Board Committee), each Independent Director shall have the number of votes equal to a fraction, (a) the numerator of which equals four and (b) the denominator of which equals four minus the number of vacancies then existing among the Independent Directors.

2.12 Quorum Requirements of Stockholder Meetings. Until the Termination Date, except as otherwise required by law or by this Restated Certificate, the presence in person or by proxy of the holders of outstanding shares representing at least a majority of the total voting power of all outstanding shares entitled to vote at a meeting of Stockholders shall constitute a quorum at a meeting of Stockholders; provided, however, that where a separate vote of a class or classes or series of stock is required, the presence in person or by proxy of the holders of outstanding shares representing at least a majority of the total voting power of all outstanding shares of such class or classes or series shall constitute a quorum thereof entitled to take action with respect to such separate vote.

2.13 Events Upon the Occurrence of the Termination Date.

(a) Upon the occurrence of the Termination Date, the Board shall take all necessary and appropriate actions to cause to be filed and become effective a restated certificate of incorporation of the Corporation under Section 245 of the GCL, or any successor provision then in effect, deleting all provisions in this Restated Certificate that, by their terms, are no longer in effect and operative as a result of the occurrence of the Termination Date and integrating into a single document all other amendments to this Restated Certificate that have been adopted between the date hereof and the Termination Date.

(b) Upon the occurrence of the Termination Date, the Outside Public Director Nomination Committee shall, on behalf of the Board, subject to Subsection 2.13(c), nominate the individuals to be the Board's nominees for election as Directors (other than the Employee Directors) to be recommended for election by the Stockholders entitled to vote thereon at a meeting of Stockholders to be held promptly following the Termination Date (the "Post-Termination Meeting"), and the officers of the Corporation shall take all necessary and appropriate actions to promptly call and hold the Post-Termination Meeting. Upon the effectiveness of the election of the Directors elected at such Post-Termination Meeting, the term of office of each Director in office immediately prior thereto (except any such Director re-elected in such election or as to whom no successor is elected in such election) shall terminate.

(c) Notwithstanding any other provision in this Restated Certificate, but subject to Article FOURTH, Parts I.A and I.B, following the Termination Date the Board shall consist of twelve members and shall be comprised as follows: nine Directors shall be elected by the holders of the outstanding Common Stock and of any other class or series of stock entitled to vote thereon together with the Common Stock, voting together as a single class; one Director shall be elected by the holders of the outstanding Class IAM Preferred Stock, voting separately as a class; one Director shall be elected by the holders of the outstanding Class Pilot MEC Preferred Stock, voting separately as a class; and one Director shall be elected by the holders of the outstanding Class SAM Preferred Stock, voting separately as a class. After the Termination Date, and until the IAM Termination Date (as defined in Article FOURTH, Part VIII of this Restated Certificate) in the case of the Director elected by the holders of the outstanding Class IAM Preferred Stock or the ALPA Termination Date (as defined in Article FOURTH, Part VII of this Restated Certificate) in the case of the Director elected by the holders of the outstanding Class Pilot MEC Preferred Stock, the Director elected by the holders of the outstanding Class IAM Preferred Stock and the Director elected by the holders of the outstanding Class Pilot MEC Preferred Stock shall each be deemed a "Union Director," and collectively shall be deemed "Union Directors," for purposes of this Restated Certificate. After the Termination Date, and until the IAM Termination Date in the case of the Director elected by the holders of the outstanding Class IAM Preferred Stock, until the ALPA Termination Date in the case of the Director elected by the holders of the outstanding Class Pilot MEC Preferred Stock, and until the earlier of the IAM

Termination Date and the ALPA Termination Date in the case of the Director elected by the holders of the outstanding Class SAM Preferred Stock, the Director elected by the holders of the outstanding Class IAM Preferred Stock, the Director elected by the holders of the outstanding Class Pilot MEC Preferred Stock and the Director elected by the holders of the outstanding Class SAM Preferred Stock shall each be deemed an "Employee Director," and collectively shall be deemed "Employee Directors," for purposes of this Restated Certificate.

Section 3. Special Voting Provisions.

3.1 Matters Requiring Stockholder Vote under the GCL.

3.1.1 Amendment to the Restated Certificate. Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, any amendment to the Restated Certificate (excluding a restatement of the Restated Certificate effected solely pursuant to Section 245 of the GCL (which merely restates and integrates but does not further amend this Restated Certificate) and any action taken by the Board in accordance with this Restated Certificate pursuant to Section 151(g) of the GCL not inconsistent with this Restated Certificate) must be approved by one of the following:

(a) (i) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors, plus (ii) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present;

(b) (i) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present, plus (ii) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class;

(c) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include (i) the affirmative vote of at least one Union Director and (ii) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors; or

(d) (i) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director, plus (ii) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class.

3.1.2 Merger or Consolidation. Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, but subject in each case to the provisions of Section 253 of the GCL, any merger or consolidation of the Corporation or any of its Subsidiaries must be approved,

(a) if the merger or consolidation is with or into a Labor Affiliate, by one of the following:

(i) (A) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors, plus (B) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present;

(ii) (A) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present, plus (B) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class;

(iii) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include (A) the affirmative vote of at least one Union Director and (B) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors; or

(iv) (A) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director, plus (B) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class; or

(b) if the merger or consolidation is not with or into a Labor Affiliate, by either:

(i) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present; or

(ii) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director.

3.1.3 Sale, Lease or Exchange of All or Substantially All Assets. Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, the sale, lease or exchange of all or substantially all of the property and assets of the Corporation or of United Air Lines, Inc., including its goodwill and its corporate franchises (treating as a sale, lease or exchange of assets for purposes of Subsection 3.1.3(a) below, the issuance of ownership interests by any Subsidiary of the Corporation to a Person other than the Corporation or a wholly-owned Subsidiary of the Corporation if such issuance would diminish the percentage ownership held by the Corporation or any of its Subsidiaries), must be approved,

(a) if such sale, lease or exchange is to or with a Labor Affiliate, by one of the following:

(i) (A) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors, plus (B) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present;

(ii) (A) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present, plus (B) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class;

(iii) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include (A) the affirmative vote of at least one Union Director and (B) the affirmative vote of at least a majority of the votes entitled to be cast

by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors; or

(iv) (A) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director, plus (B) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class; or

(b) if such sale, lease or exchange is not to or with a Labor Affiliate, by either:

(i) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present; or

(ii) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director.

3.1.4 Dissolution. Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, but subject to the provisions of Section 275(c) of the GCL, the dissolution of the Corporation must be approved by either:

(a) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present; or

(b) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director.

3.2 Substantive Amendment to the Restated Bylaws. Subject to the provisions of this Subsection 3.2 and the bylaws of the Corporation, the Board is expressly authorized to make, alter or repeal the bylaws of the Corporation. Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, any Substantive Amendment to the Restated Bylaws must be approved by one of the following:

(a) (i) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors, plus (ii) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present;

(b) (i) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present, plus (ii) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class;

(c) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include (i) the affirmative vote of at least one Union Director and (ii) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors; or

(d) (i) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director, plus (ii) the affirmative vote of at least a

majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class.

3.3 Significant Labor-Related Business Transaction with a Labor Affiliate. Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, any Significant Labor-Related Business Transaction (other than entering into or modifying, amending or supplementing a Collective Bargaining Agreement) between the Corporation or any of its Subsidiaries and a Labor Affiliate must be approved on behalf of the Corporation by either:

(a) the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of at least six of the votes entitled to be cast by the Directors present at the Board meeting other than the Employee Directors;

(b) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class.

3.4 Other Extraordinary Matters Requiring Special Voting.

(a) Until the Termination Date, subject to Subsection 3.8, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, any Other Extraordinary Matters must be approved by either:

(i) the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director; or

(ii) the affirmative vote of at least 75% in voting power of the Voting Stock present in person or represented by proxy at a meeting of Stockholders at which a quorum is present.

(b) For purposes of this Restated Certificate, the term "Other Extraordinary Matters" means any of the following:

(i) The entry by the Corporation or any of its Subsidiaries into any line of business outside the Airline Business;

(ii) The making by the Corporation or any of its Subsidiaries of any Investment outside the Airline Business if immediately after giving effect to such proposed Investment the aggregate Investments made by the Corporation and its Subsidiaries outside the Airline Business would exceed five percent of the total assets of the Corporation and its Subsidiaries on a consolidated basis as set forth in the most recent audited financial statements of the Corporation; provided, that an Investment shall be excluded from such calculation if the Board determines, pursuant to the affirmative vote set forth in Subsection 3.4(a)(i), or if the Stockholders determine, pursuant to the affirmative vote set forth in Subsection 3.4(a)(ii), not to include such Investment for purposes of the test set forth in this Subsection 3.4(b)(ii);

(iii) The acquisition, directly or indirectly, by the Corporation or any of its Subsidiaries of all or substantially all of the assets or a majority of the voting stock or other ownership interests of any Person, whether or not organized in the United States, engaged, either directly or indirectly, in the business of transporting persons, property or mail, separately or in combination, for hire as a common or private air carrier;

(iv) The making by the Corporation or any of its Subsidiaries of any Investment in any Person, whether or not organized in the United States, engaged, either directly or indirectly, in the business of transporting persons, property or mail, separately or in combination, for hire as a common or private air carrier, other than such Investments made by the

Corporation and its Subsidiaries in the ordinary course of business ("Ordinary Course Air Carrier Investments"); provided, that the aggregate of all Ordinary Course Air Carrier Investments outstanding at any time shall not exceed one-half of one percent of the total assets of the Corporation and its Subsidiaries on a consolidated basis as set forth in the most recent audited financial statements of the Corporation; and provided, further, that an Ordinary Course Air Carrier Investment shall be excluded from such calculation if the Board determines, pursuant to the affirmative vote set forth in Subsection 3.4(a)(i), or if the Stockholders determine, pursuant to the affirmative vote set forth in Subsection 3.4(a)(ii), not to include such Ordinary Course Air Carrier Investment for purposes of the test set forth in this Subsection 3.4(b)(iv);

(v) The adoption of any material amendment or supplement to the Rights Agreement or the taking by the Corporation of any material actions pursuant to the Rights Agreement, including, without limitation, the redemption of rights under the Rights Agreement;

(vi) The sale, lease, exchange, surrender to or at the direction of a lessor, or other disposition (any of such transactions being referred to herein as a "Disposition") by the Corporation or any of its Subsidiaries of assets, tangible or intangible, real or personal (including, without limitation, goodwill, franchises and the sale of ownership interests in, or the issuance of ownership interests by (other than director qualifying shares or the issuance of any other minority ownership interests to the extent required by law), any of the Corporation's Subsidiaries to a Person other than the Corporation or a wholly-owned Subsidiary of the Corporation if such issuance would diminish the percentage ownership held by the Corporation or any of its Subsidiaries, but excluding from the term "assets" for purposes of this Subsection (vi) fixtures, office equipment and office, cleaning, packaging, lubricating, deicing, sanitation and similar supplies which for accounting purposes are expensed upon acquisition and items which but for the application of clauses (ii) through (vi), (viii) through (xi), (xiv) and (xvi) of Section 1.47 would constitute Investments)), for Gross Proceeds which, when added to the Gross Proceeds from

(aa) the Disposition of other such assets during the immediately preceding 365 day period which ended one business day prior to the date of such Disposition resulting in Gross Proceeds in excess of \$5 million and

(bb) the Disposition of other such assets during the immediately preceding twelve calendar month period which ended not less than 45 days nor more than 2 full calendar months prior to the date of such Disposition resulting in Gross Proceeds of \$5 million or less, collectively exceeds \$200 million; provided, however, in all cases the Gross Proceeds identified in clause (aa) and (bb) shall not include any transactions consummated prior to the Effective Time and the \$5 million set forth in clauses (aa) and (bb) may be increased by action of the Board on an annual basis based on the affirmative vote of at least 75% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director; provided, further, however, that none of the following transactions shall constitute an Other Extraordinary Matter for purposes of this Subsection (vi) (or count against the \$200 million Gross Proceeds calculation above):

(A) secured aircraft financings,

(B) sale-leaseback and leveraged lease transactions, or sales or similar transfers of receivables, for financing purposes,

(C) foreclosure sales of assets subject to bona fide security interests, and deeds and other dispositions of assets subject to bona fide security interests in lieu of foreclosure,

(D) Dispositions of assets if replacement assets (consisting of assets of the same class (i.e., airframes of similar

range and payload capability, engines and facilities similar in character to the assets disposed of, and ground equipment, spare parts and fixtures) as the assets being disposed of (which for these purposes shall include the Disposition of assets from a disassembled aircraft or engine which shall be replaced by a fully assembled aircraft of similar range and payload capability or engine of similar character, and similar transactions)) have been ordered (pursuant to firm commitment, bona fide orders) or acquired within the six calendar month period prior to such Dispositions of assets (provided, further, that if replacement assets are so ordered or acquired within 365 days following the Disposition of assets for which no replacement assets had been previously acquired, Gross Proceeds from such Disposition shall not thereafter be included in the \$200 million Gross Proceeds calculation above unless such replacement assets are not actually acquired),

(E) Disposition providing Gross Proceeds in an amount up to 10% of the book value (net of depreciation) of the Corporation's fixed assets at the time of the most recent quarterly financial statements of the Corporation if (x) Directors entitled to cast at least 75% of the votes entitled to be cast by the entire Board, including all of the Independent Directors, determine by resolution of the Board that such asset Disposition is necessary to (I) cure a default under material financing agreements binding upon the Corporation or any of its Subsidiaries or any of their respective properties, or avoid a default thereunder that, absent such Disposition, would be reasonably likely to occur within 90 days, or (II) remedy a material adverse development in the Corporation's business or condition, and (y) the Gross Proceeds of such asset Disposition are used to remedy the condition referred to in clause (x) (provided, that the exception afforded by this clause (E) shall be available not more than once in any consecutive five-year period),

(F) Dispositions of damaged tangible assets or tangible assets that are obsolete in the Airline Business used in the ordinary course of business of the Corporation or any of its Subsidiaries, excluding airframes, engines and related spare parts (other than aircraft which may no longer be legally operated in the United States by the Corporation or United Air Lines, Inc. and airframes, engines and related spare parts which under applicable insurance policies have been declared to be a total loss or a constructive total loss),

(G) without limiting clause (D), (1) leases, subleases, slides, swaps, trades, transfers, exchanges or similar transactions involving aircraft take-off and landing authorizations, slots or similar rights, (2) leases, subleases, exchanges or similar transactions involving vacant land, building space, parking areas, airport gates or similar real property and (3) Dispositions of consumables, spare parts, ground equipment or other similar goods, in each case (x) entered into in the ordinary course of business, consistent with past practice, and (y) to the extent, in connection with such Disposition, the Corporation or its Subsidiaries receives (contemporaneously or over a reasonable time frame) benefits of substantially the same or similar value and either class or character,

(H) without limiting clause (D), leases, subleases, swaps, trades, exchanges or similar transactions involving aircraft takeoff and landing authorization, slots, or similar rights which are not being utilized by the Corporation or a Subsidiary and where such lack of utilization may subject such authorizations, slots or rights to loss or

forfeiture,

(I) without limiting clause (D), subleases or licenses, in the ordinary course of business and consistent with past practices, of gates or other airport facilities not being utilized by the Corporation or a Subsidiary pursuant to agreements which are cancelable or terminable by the Corporation on 90 days' notice or less;

(J) Dispositions of assets (other than airframes, engines and related spare parts) if (x) made pursuant to a discrete asset management program that provides for the Disposition of not more than an aggregate of \$25 million of assets and (y) such discrete asset management program is approved by either the Board pursuant to the affirmative vote set forth in Subsection 3.4(a)(i), or the Stockholders (following the recommendation of the Board), pursuant to the affirmative vote set forth in Subsection 3.4(a)(ii); provided, that only one asset management program referred to in this clause (J) shall be in place in any fiscal year and such program is subject to such approval on an annual basis;

(K) Dispositions, in the ordinary course of business, of supplies or spare parts pursuant to ground support, spare part or similar mutual accommodation arrangements with other United States or foreign air carriers or pursuant to the provision of maintenance, ground support or similar support services by the Corporation or any Subsidiary,

(L) Dispositions, in the ordinary course of business consistent with past practices, of assets which are held for resale by the Corporation or any Subsidiary (other than airframes and engines),

(M) Dispositions, in the ordinary course of business, of flight equipment spare parts (other than as part of a transaction or series of related transactions involving the Disposition of airframes or engines) (x) which are obsolete, or in excess of reasonably projected needs, with respect to United's fleet, or (y) for which the costs of repair, or of redistribution within the Corporation or its Subsidiaries, would exceed the value of such assets to the Corporation or its Subsidiaries,

(N) Dispositions, in the ordinary course of business, of ground equipment, fixtures and related spare parts (x) which are obsolete, or in excess of reasonably projected needs, with respect to the Corporation's or its Subsidiaries' operations or (y) for which the costs of repair, or of redistribution within the Corporation or its Subsidiaries, would exceed the value of such assets to the Corporation or its Subsidiaries,

(O) Dispositions of fuel in the ordinary course of business,

(P) Dispositions of aircraft, engines, propellers, and spare parts owned or leased by Air Wisconsin, Inc. on the date of execution of the Recapitalization Agreement,

(Q) Dispositions of assets to lessors, in the ordinary course of business, in connection with the provision by the Corporation or any Subsidiary of any replacement engines or spare parts pursuant to replacement, modification or maintenance obligations under aircraft leases (financing or otherwise), and

(R) Dispositions of assets which individually, or when aggregated with other assets in the same or related Dispositions,

are not in excess of \$25,000, either with respect to periods prior to December 31, 1994 or pursuant to a distinct asset management program approved in the same manner as the procedures set forth in clause (J) above; and

(vii) The issuance by the Corporation of Equity Securities (a "Non-Dilutive Issuance") other than pursuant to Sections 1.6 and 1.10 of the Recapitalization Agreement to the ESOPs; provided, that such an issuance shall not constitute an Other Extraordinary Matter if:

(A) (I) Directors entitled to cast at least 75% of the votes entitled to be cast by the entire Board, including all of the Independent Directors, determine by resolution of the Board that it is in the best interests of the Corporation to issue shares of Equity Securities, (II) such issuance is subject to the First Refusal Agreement and (III) if such issuance occurs during the Measuring Period (as defined in the Recapitalization Agreement), the Board by the affirmative vote of a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative votes of both Union Directors, approves an equitable adjustment to the number of Additional Shares (as defined in Subsection 1.10(b) of the Recapitalization Agreement) to be issued pursuant to Sections 1.6 and 1.10 of the Recapitalization Agreement. Any shares of Equity Securities issued in accordance with the provisions of this Subsection 3.4(b)(vii)(A) shall not be deemed to be Common Equity for purposes of this Restated Certificate;

(B) Directors entitled to cast at least 75% of the votes entitled to be cast by the entire Board, including all of the Independent Directors, determine by a resolution of the Board (I) that the Corporation is Bankrupt (or, absent a material positive change in the Corporation's results of operations over the immediately succeeding 90 days from the results contained in the Corporation's regularly prepared projections, that in their opinion the Corporation will become Bankrupt within 90 days), which determination is confirmed by written opinions of two nationally recognized investment banking firms that further opine (giving effect to the facts and circumstances applicable to the Corporation, including discussions with prospective equity investors) that the sale of Equity Securities is necessary to avoid or remedy such Bankruptcy (the "Bankruptcy Opinions"), and (II) that the issuance of additional Equity Securities (the "Permitted Bankruptcy Equity") would cause the Corporation, after giving effect to the proposed issuance, no longer to be or not to become Bankrupt in the time frame referred to in the Bankruptcy Opinions (the "Solvency Determination"). Notwithstanding the foregoing, the issuance of Permitted Bankruptcy Equity shall constitute an Other Extraordinary Matter unless (I) such issuance is

in an amount that does not exceed the amount determined by the Board to be reasonably necessary to obtain sufficient equity investor participation so as to allow the Board to make the Solvency Determination, (II) a binding commitment for the sale of such Permitted Bankruptcy Equity is entered into within 90 days of the delivery of the Bankruptcy Opinions and (III) the terms of the First Refusal Agreement have been complied with in all material respects by the Corporation. Any Permitted Bankruptcy Equity issued in accordance with this Subsection 3.4(b)(vii)(B) shall be included as outstanding Common Equity for purposes of the definition of the Termination Date; or

(C) Such issuance is pursuant to (I) the exercise, conversion or exchange of Equity Securities outstanding immediately prior to the Effective Time, (II) the Corporation's 1981 Incentive Stock Program, 1988 Restricted Stock Plan and Incentive Compensation Plan, each as amended in accordance with the Recapitalization Agreement, (III) the Director Incentive Plan or (IV) any other equity incentive compensation plan approved by the affirmative vote of Directors entitled to cast at least 75% of the votes entitled to be cast by the entire Board, including all of the Independent Directors. The shares of Equity Securities (x) outstanding immediately prior to the Effective Time that were not included in the definition of "Fully Diluted Shares" pursuant to Subsection 1.10(d) of the Recapitalization Agreement and (y) issued in accordance with clauses (II), (III) and (IV) of this Subsection 3.4(b)(vii)(C) (in each case including the shares of Equity Securities underlying such Equity Securities or issuable upon the exercise, conversion or exchange thereof), shall not be deemed to be Common Equity for purposes of this Restated Certificate and, along with the other Equity Securities issued in accordance with clause (I) of this Subsection 3.4(b)(vii)(C) (and the shares of Equity Securities underlying such Equity Securities or issuable upon the exercise, conversion or exchange thereof), shall not be subject to the First Refusal Agreement.

3.5 Special Voting Provisions with Respect to the Purchase and Sale of Common Stock. Until the Termination Date, notwithstanding that a lesser or no vote may be required by law of either the Board or the Stockholders, and in addition to any other vote of the Board or the Stockholders required by law or this Restated Certificate, subject, in the case of clause (b) below, to Subsection 3.9, any Common Stock Transaction must be approved by the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least 80% of the votes entitled to be cast by the Public Directors. For purposes of this Restated Certificate, the term "Common Stock Transaction" means (a) any purchase by the Corporation of any shares of Common Stock (other than to fulfill its obligations to issue or retain Common Stock in connection with the exercise of employee options issued pursuant to employee benefit plans or to retain Common Stock in connection with tax withholding obligations in connection with the exercise of employee options or restricted stock) or (b) any sale by the Corporation of any shares of Common Stock to a company sponsored pension, retirement or other employee benefit plan for the account of employees (other than pursuant to the first refusal rights provided in the First Refusal Agreement or in connection with the creation and

operation of the employee stock ownership plans and programs of the Corporation under which the ESOP Convertible Preferred Stock is issued), whether for cash or non-cash consideration, including, without limitation, changes in the rates of pay, rules or working conditions for employees holding beneficial ownership interests in the ESOP Convertible Preferred Stock.

3.6 Special Provisions with Respect to the Appointment and Removal of Officers.

3.6.1 Appointment of Successor Chief Executive Officer. Until the Termination Date, upon the death, resignation, removal or other termination of employment of the Chief Executive Officer and following the making of a recommendation by the Executive Committee as to a successor Chief Executive Officer as provided in Subsection 4.1.5, the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board shall be required to elect a successor Chief Executive Officer; provided, however, that the Board may elect as a successor Chief Executive Officer only a person who is recommended for such position by the Executive Committee.

3.6.2 Appointment of Other Officers. The officers of the Corporation (other than the Chief Executive Officer) shall be elected or appointed, annually or at such other time or times as the Board shall determine, by the Board or by the Chief Executive Officer pursuant to authority delegated by the Board to the Chief Executive Officer; provided, however, with respect to the initial appointment of the Chief Operating Officer following the Effective Time, such person shall be elected or appointed by the Board and shall not be found to be unacceptable by two of the three Outside Public Directors.

3.6.3 Term of Office. Each officer of the Corporation shall hold office until such officer's successor is chosen and qualifies or until such officer's earlier death, resignation or removal. Any such officer may resign at any time upon written notice to the Corporation. Such resignation shall take effect on the date of receipt of such notice or at such later date as is therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. The resignation of such officer shall be without prejudice to the contract rights of the Corporation, if any.

3.6.4 Removal. Until the Termination Date, any officer elected or appointed by the Board (including, without limitation, the Chief Executive Officer) may be removed at any time, with or without cause, only by (a) the affirmative vote of at least a majority of the votes entitled to be cast by the entire Board or (b) the Chief Executive Officer pursuant to authority delegated by the Board (by the same vote specified in clause (a) of this Subsection 3.6.4) to the Chief Executive Officer.

3.6.5 Vacancy. Until the Termination Date, any vacancy occurring in any office of the Corporation (other than the Chief Executive Officer) shall be filled either by the Board or the Chief Executive Officer pursuant to authority delegated by the Board to the Chief Executive Officer.

3.7 Certain Provisions with Respect to (a) the Class I Preferred Stock and the Independent Directors and (b) the Class SAM Preferred Stock and the Salaried/Management Employee Director.

(a) Notwithstanding any other provision of this Restated Certificate, (i) the Corporation may issue Class I Preferred Stock only to an Independent Director or the initial "Individual Parties" under the Class I Stockholders' Agreement, and (ii) a holder of Class I Preferred Stock may not sell, transfer, pledge or assign any shares of Class I Preferred Stock or any interest therein, including, without limitation, by operation of law or otherwise, other than to the Corporation or to another Independent Director in accordance with the Class I Stockholders' Agreement. Any sale, transfer, pledge or assignment of any shares of Class I Preferred Stock, whether by operation of law or otherwise, in violation of this Subsection 3.7(a) shall be null and void and of no force and effect. The certificates evidencing shares of Class I Preferred Stock shall bear a legend describing the transfer restrictions set forth in this Subsection 3.7(a).

(b) Notwithstanding any other provision of this Restated Certificate, (i) the Corporation may issue Class SAM Preferred Stock only to a Salaried/Management Employee Director, a "Designated Shareholder" under the Class SAM Stockholders' Agreement or the initial "Designated Nominee" under the Class SAM Stockholders' Agreement, and (ii) a holder of Class SAM Preferred Stock may not sell, transfer, pledge or assign any shares of Class SAM Preferred Stock or any interest therein, including, without limitation, by

operation of law or otherwise, other than to the Corporation or to another Salaried/Management Employee Director in accordance with the Class SAM Stockholders' Agreement. Any sale, transfer, pledge or assignment of any shares of Class SAM Preferred Stock, whether by operation of law or otherwise, in violation of this Subsection 3.7(b) shall be null and void and of no force and effect. The certificates evidencing shares of Class SAM Preferred Stock shall bear a legend describing the transfer restrictions set forth in this Subsection 3.7(b).

3.8 Section 203 of the GCL. Notwithstanding any provision of this Restated Certificate to the contrary, if any provision of this Restated Certificate by its terms purports to require for any vote of Stockholders required by Section 203 of the GCL (or any successor section thereto) a greater vote of Stockholders than that specified in Section 203 of the GCL, then, to the fullest extent required by law, the provision of Section 203 of the GCL that requires such specific vote of the Stockholders shall govern and the provision of this Restated Certificate that would require a greater vote of the Stockholders shall not apply.

3.9 Employees' Purchase of Equity Securities. Until the Termination Date, any repeal or modification of, or any amendment or supplement to, the terms of any resolution of the Board or any of the Corporation's or any of its Subsidiaries' policies, practices, procedures or employee benefit plans, which would increase the aggregate amount of Common Equity that may be acquired or held by the employee trusts or pension, retirement or other employee benefit plans (including the ESOPs and the Existing Plans) sponsored by the Corporation or any of its Subsidiaries ("Plans"), may be approved by the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, provided that such vote includes the affirmative vote of both Union Directors, but only if such approval does not increase the maximum aggregate amount of Common Equity that may be held by the Plans by an amount in excess of (a) the Adjusted Percentage (as defined in Section 1.10 of the Recapitalization Agreement), minus (b) the percentage of the Common Equity then held by the ESOPs. Until the Termination Date, any other repeal or modification of, or amendment or supplement to, the terms of any such resolution of the Board or any of such policies, practices, procedures or employee benefit plans that would in any manner materially affect (other than as provided in the preceding sentence) the right or ability of the employees of the Corporation or any of its Subsidiaries to purchase, directly or indirectly, any Equity Securities, must be approved by the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of the Board at which a quorum is present, which vote must include the affirmative vote of both Union Directors and all of the Outside Public Directors.

3.10 Construction of Special Voting Provisions. Except as otherwise expressly provided in this Restated Certificate, where more than one Subsection of this Section 3 is applicable to an event, transaction or other matter, the provisions contained in each such Subsection shall apply independently to such event, transaction or other matter.

3.11 Participation of Flight Attendants. Notwithstanding any other provision of this Restated Certificate, until the Termination Date, the Corporation shall not (a) amend in any way this Restated Certificate, (b) amend in any way the Restated Bylaws, (c) issue any securities of the Corporation or any of its Subsidiaries or (d) enter into or amend any contract, agreement, arrangement, understanding or instrument to which the Corporation is a party, in connection with the participation of the Association of Flight Attendants or any of its members in any investment in the Corporation or any of its Subsidiaries, unless the Labor Committee (as defined in Subsection 4.1.7), after complete examination, with the assistance of outside financial and legal counsel, of such proposed participation, shall determine (by the affirmative vote of at least a majority of the votes entitled to be cast by the Directors present at a meeting of such committee at which a quorum is present, which vote must include the affirmative vote of at least one Outside Public Director) that the terms of such participation are fair from a financial point of view to the holders of the outstanding Common Stock of the Corporation.

Section 4. Board Committees.

4.1 Committees of the Board. Until the Termination Date (subject to Subsection 2.13(b)), the following committees of the Board shall be constituted and exist with the membership, functions, powers and authorizations set forth below: Audit Committee, CAP Committee, Compensation Committee, Compensation Administration Committee, Executive Committee, Independent Director Nomination Committee, Labor Committee, Outside Public

4.1.1 Audit Committee. The Audit Committee shall consist of the four Independent Directors and the three Outside Public Directors or such fewer number of such Directors (in as nearly as practicable that same proportion of Independent Directors and Outside Public Directors) as shall qualify for audit committee membership under applicable rules of the securities exchanges or other similar trading market on which the Common Stock is traded. The function of the Audit Committee shall be (a) to review the professional services and independence of the Corporation's independent auditors and the scope of the annual external audit as recommended by the independent auditors, (b) to ensure that the scope of the annual external audit is sufficiently comprehensive, (c) to review, in consultation with the independent auditors and the internal auditors, the plan and results of the annual external audit, the adequacy of the Corporation's internal control systems, and the results of the Corporation's internal audits, (d) to review, with management and the independent auditors, the Corporation's annual financial statements, financial reporting practices and the results of each external audit, (e) to review the Corporation's cash management, risk management, investment management and foreign exchange management policies, and (f) to undertake reasonably related activities to those set forth in clauses (a) through (e) of this Subsection 4.1.1. The Audit Committee shall also have the authority to consider the qualification of the Corporation's independent auditors, to make recommendations to the Board as to their selection and to review and resolve disputes between such independent auditors and management relating to the preparation of the annual financial statements.

4.1.2 CAP Committee. The CAP Committee shall consist of eight Directors, including four Public Directors, two Independent Directors and the two Union Directors. Of the four Public Directors, three shall be Outside Public Directors and one shall be the Chief Executive Officer, if the Chief Executive Officer is a Public Director. The two Independent Director members shall be appointed by the Independent Director Nomination Committee, which appointment shall require the affirmative vote of all of the votes entitled to be cast by the Independent Directors. The function of the CAP Committee shall be to oversee implementation of the Corporation's Competitive Action Plan. The CAP Committee shall have the exclusive authority, acting for and on behalf of the Board and consistent with the protection of the interests of the holders of the Common Stock, to approve on behalf of the Corporation any and all modifications of or amendments to the Competitive Action Plan; provided, however, that to the extent such modifications or amendments relate to changes to any provision of the Corporation's Collective Bargaining Agreements, the two Union Directors on the CAP Committee shall not be considered members of the CAP Committee in connection therewith and shall neither be entitled to vote nor be counted in determining the presence of a quorum of such committee in connection therewith. Notwithstanding the foregoing, the Labor Committee shall have the exclusive authority on behalf of the Board to approve on behalf of the Corporation any such modifications or amendments to such Collective Bargaining Agreements. The CAP Committee shall have the exclusive authority, acting for and on behalf of the Board, to approve on behalf of the Corporation any and all modifications of or amendments to the Salaried and Management Employee Investment; provided, however, that such modifications or amendments must be approved by the affirmative vote of at least a majority of the votes entitled to be cast by all the members of the CAP Committee, which vote must include the affirmative vote of at least two Union Directors and all of the Outside Public Directors.

4.1.3 Compensation Committee. The Compensation Committee shall consist of seven Directors, including two Independent Directors, two Public Directors and the three Employee Directors. Of the two Public Directors, one shall be an Outside Public Director appointed by the Outside Public Director Nomination Committee, and one shall be the Chief Executive Officer, if the Chief Executive Officer is a Public Director. The two Independent Director members shall be appointed by the Independent Director Nomination Committee, which appointment shall require the affirmative vote of all of the votes entitled to be cast by the Independent Directors. At all meetings of the Compensation Committee, the presence of Directors entitled to cast at least a majority of the aggregate number of votes entitled to be cast by all Directors on such committee, including, unless otherwise consented to by all Employee Directors, the presence of at least one Independent Director, shall be required to constitute a quorum for the transaction of business. The principal functions of the Compensation Committee shall be (a) to review and recommend to the Board the compensation and benefit policies to be established for the officers of the Corporation, (b) to review and approve the individual compensation and benefit arrangements for the officers

of the Corporation, except as provided in Subsection 4.1.4, (c) to review general policy matters relating to compensation and benefit arrangements of non-union employees of the Corporation, (d) to administer the stock option plans and executive compensation programs of the Corporation, including bonus and incentive plans applicable to officers and key employees of the Corporation, except as provided in Subsection 4.1.4, and (e) to undertake administrative activities reasonably related to the functions set forth in clauses (a) through (d) of this sentence. Subject to final approval by the Compensation Committee in accordance with Subsection 4.1.4, the Compensation Committee may delegate to the Compensation Administration Committee specific responsibilities with respect to the Chief Executive Officer's compensation.

4.1.4 Compensation Administration Committee. The Compensation Administration Committee shall consist of two Independent Directors and one Outside Public Director, each of whom shall be (a) a "disinterested person" or "disinterested administrator" or any related successor concepts under Rule 16b-3 (or any successor provision) promulgated pursuant to Section 16 of the Exchange Act and (b) an "outside director" or any related successor concepts under Section 162(m) (or any successor provision) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). The Outside Public Director shall be appointed by the Outside Public Director Nomination Committee. The two Independent Directors shall be appointed by the Independent Director Nomination Committee, which appointment shall require the affirmative vote of all the votes entitled to be cast by the Independent Directors. The principal functions of the Compensation Administration Committee shall be to administer the stock option plans and executive compensation programs of the Corporation to the extent such functions cannot or are not appropriate to be performed by the Compensation Committee in light of any provision of the Code, the securities laws, any other applicable law or any regulations promulgated under any of the foregoing and to perform such responsibilities with respect to the Chief Executive Officer's compensation as shall be delegated by the Compensation Committee; provided, however, that in order for any action of the Compensation Administration Committee to be effective, such action must also be approved by the Compensation Committee (unless such approval could reasonably be expected to prevent a stock option plan, restricted stock plan, other equity incentive plan or other executive compensation program (or a component thereof) that is intended to qualify under Rule 16b-3 (or any successor provision) or to qualify for an exception under Section 162(m) (or any successor provision) from receiving the benefits of Rule 16b-3 or qualifying for such exception, respectively).

4.1.5 Executive Committee. The Executive Committee shall consist of six Directors, including two Independent Directors, two Public Directors and the two Union Directors. Of the two Public Directors, one shall be an Outside Public Director appointed by the Outside Public Director Nomination Committee, and one shall be the Chief Executive Officer, if the Chief Executive Officer is a Public Director. The two Independent Director members shall be appointed by the Independent Director Nomination Committee, which appointment shall require the affirmative vote of all of the votes entitled to be cast by the Independent Directors. At all meetings of the Executive Committee, the presence of Directors entitled to cast at least a majority of the aggregate number of votes entitled to be cast by all Directors on such committee, including, unless otherwise consented to by all Employee Directors who are members of the Executive Committee, the presence of at least one Independent Director, shall be required to constitute a quorum for the transaction of business. Subject to the provisions of the GCL, and except as otherwise expressly provided in this Restated Certificate, the Executive Committee shall have and may exercise all of the powers of the Board in the management and affairs of the Corporation; provided, however, that the Executive Committee shall not be authorized to (a) take any action with respect to any Extraordinary Matters, (b) take any action with respect to matters specifically vested by this Restated Certificate in either the Audit Committee, CAP Committee, Compensation Committee, Compensation Administration Committee, Independent Director Nomination Committee, Labor Committee, Outside Public Director Nomination Committee or Transaction Committee or (c) take any action which under this Restated Certificate may be taken by the Board only with a greater or additional vote of the Board or any class of Directors than that provided for in Subsection 2.11, including, without limitation, any action that is subject to the requirements of Section 3. In addition to the foregoing, in the event of the death, resignation, removal or other termination of employment of the Chief Executive Officer, the Executive Committee shall act as a search committee in connection with and shall recommend to the Board the appointment of a successor Chief Executive Officer. The affirmative vote of at least four of the votes entitled to be cast by the members of the Executive Committee (excluding the departing Chief Executive

Officer, if he or she is a member of the Executive Committee) shall be required for the Executive Committee to recommend to the Board a successor Chief Executive Officer; provided, however, that if the departing Chief Executive Officer is not a member of the Executive Committee, the affirmative vote of at least five of the votes entitled to be cast by the members of the Executive Committee shall be required for the Executive Committee to recommend to the Board a successor Chief Executive Officer.

4.1.6 Independent Director Nomination Committee. The Independent Director Nomination Committee shall consist of seven Directors, consisting of the four Independent Directors and the three Employee Directors. The function of the Independent Director Nomination Committee shall be (a) to nominate, on behalf of the Board, individuals satisfying the qualifications for Independent Directors set forth in Subsection 2.4 to be the Board's nominees for election by the holders of the Class I Preferred Stock to serve as Independent Directors upon the expiration of the term of Independent Directors then in office, (b) to appoint, on behalf of the Board, individuals satisfying such qualifications to serve as Independent Directors upon the occurrence of a vacancy on the Board as a result of the death, resignation, removal or disqualification of an Independent Director during his or her term for the remainder of such term and (c) to appoint Independent Directors to serve on certain Board Committees. The vote of the Independent Director Nomination Committee required to approve any such nomination or appointment shall be (i) the affirmative vote of at least a majority of the votes entitled to be cast by the Independent Directors, plus (ii) the affirmative vote of at least one Union Director.

4.1.7 Labor Committee. The Labor Committee shall consist of three or more Directors, including one Outside Public Director, at least one Independent Director and at least one other Director, as designated by the Board, but shall not include any Employee Directors. The Labor Committee shall have the exclusive authority on behalf of the Board to approve on behalf of the Corporation the entering into of, or any modification or amendment to, a Collective Bargaining Agreement to which the Corporation or any of its Subsidiaries is a party. Notwithstanding the foregoing, by resolutions approved by both the Labor Committee and the Board (which vote must include the affirmative vote of at least 80% of the votes entitled to be cast by the entire Board, all Outside Public Directors and at least one Union Director) the officers of the Corporation or the applicable Subsidiary may be authorized to approve such modifications or amendments, or such Collective Bargaining Agreements with any labor union representing in the aggregate not more than 100 of the Corporations' or any of its Subsidiaries' employees based in the United States, in each case of the type or types provided for in such resolutions and which are determined pursuant to such resolutions not to be material to the Corporation and its Subsidiaries.

4.1.8 Outside Public Director Nomination Committee. The Outside Public Director Nomination Committee shall consist of all three Outside Public Directors. The function of the Outside Public Director Nomination Committee shall be (a) to nominate on behalf of the Board individuals satisfying the qualifications for Outside Public Directors set forth in Subsection 2.3 to be the Board's nominees for election by the holders of the Common Stock to serve as Outside Public Directors upon the expiration of the term of Outside Public Directors, (b) to appoint on behalf of the Board individuals satisfying such qualifications to serve as Outside Public Directors upon the occurrence of a vacancy on the Board as a result of the death, resignation, removal or disqualification of an Outside Public Director during his or her term for the remainder of such term and (c) to appoint Outside Public Directors to serve on certain Board Committees. In addition to any approval required by law or by Subsection 3.1.1, any amendment or modification of the rights, powers, privileges or qualifications of the Outside Public Directors or the Outside Public Director Nomination Committee must be approved by either (a) all of the Outside Public Directors or (b) the affirmative vote of at least a majority in voting power of the outstanding capital stock of the Corporation entitled to vote thereon not held by the trustees, in their capacity as such, under the ESOPs, voting separately as a class.

4.1.9 Transaction Committee. The Transaction Committee shall consist of seven Directors, consisting of the four Independent Directors and the three Outside Public Directors. The function of the Transaction Committee shall be to evaluate and advise the Board with respect to any proposed merger or consolidation of the Corporation or any of its Subsidiaries with or into, the sale, lease or exchange of all or substantially all of the Corporation's or any of its Subsidiaries' property or assets to, or a Significant Labor-Related Business Transaction (other than entering into or modifying, supplementing or amending a Collective Bargaining Agreement, which shall be within the

exclusive authority of the Labor Committee) with, any Labor Affiliate.

4.1.10 Other Board Committees. Until the Termination Date, at any time, and from time to time, the Board may, by resolution passed by the affirmative vote of 80% of the votes entitled to be cast by the entire Board, which vote must include the affirmative vote of at least one Union Director, designate one or more other committees of the Board (an "Other Board Committee" and, together with the Audit Committee, CAP Committee, Compensation Committee, Compensation Administration Committee, Executive Committee, Independent Director Nomination Committee, Labor Committee, Outside Public Director Nomination Committee and Transaction Committee, collectively the "Board Committees"). Except as otherwise provided in this Restated Certificate, any Other Board Committee, to the extent permitted under the GCL and provided in a resolution of the Board passed as aforesaid, shall have and may exercise any of the powers and authority of the Board in the management of the business and affairs of the Corporation; provided, however, that, until the Termination Date, no Other Board Committee shall have the power or authority of the Board with respect to (a) matters specifically vested by this Restated Certificate in either the Audit Committee, CAP Committee, Compensation Committee, Compensation Administration Committee, Executive Committee, Independent Director Nomination Committee, Labor Committee, Outside Public Director Nomination Committee or Transaction Committee, (b) Extraordinary Matters, (c) the appointment or removal of officers of the Corporation or (d) any action which under this Restated Certificate may be taken by the Board only with a greater or additional vote of the Board or any class of Directors than that provided for in Subsection 2.11, including, without limitation, any action that is subject to the requirements of Section 3. Other Board Committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Except as otherwise provided in this Restated Certificate, until the Termination Date each Other Board Committee shall consist of at least three Directors, including at least one Independent Director, at least one Union Director (unless both Union Directors consent that a Union Director need not be a member of such Other Board Committee) and at least one other Director as designated by the Board. Until the Termination Date, the Board, by resolution passed as aforesaid, may also delegate to the CAP Committee and the Compensation Committee, or any of them, such other power and authority as could have been delegated to an Other Board Committee.

4.1.11 Union Director Membership on Board Committees. Unless otherwise agreed upon by both Union Directors, the Union Director membership on each of the Board Committees on which only one Union Director serves shall be rotated biennially between the Class IAM Director and the Class Pilot MEC Director.

4.1.12 Quorum and Voting Requirements of Board Committees. Except as otherwise provided in this Restated Certificate, at all meetings of a Board Committee the presence of Directors entitled to cast at least a majority of the aggregate number of votes entitled to be cast by all Directors on such committee shall constitute a quorum for the transaction of business; provided, however, that, until the Termination Date, at all meetings of an Other Board Committee, unless otherwise consented to by all Employee Directors who are members of such Other Board Committee, if less than all of the members of such Other Board Committee are present, a quorum shall exist only if the number of votes constituting a majority of the votes present is no greater than the sum of (a) one, plus (b) the aggregate number of votes entitled to be cast by the Independent Directors present at such meeting. Each Director serving on a Board Committee shall have one vote; provided, however, that, until the Termination Date, at any time there is a vacancy among the Independent Directors designated as members of a Board Committee of which two or more Independent Directors are members, then with respect to any action of such Board Committee while such vacancy exists, each Independent Director serving on such Board Committee shall have a number of votes equal to a fraction, (a) the numerator of which equals the number of Independent Directors who would be serving on such committee if there were no vacancies and (b) the denominator of which equals (i) the number of Independent Directors who would be serving on such committee if there were no vacancies minus (ii) the number of vacancies in the Independent Directors designated as members of such committee. Except as otherwise provided in this Restated Certificate, any act of a Board Committee shall require the affirmative vote of a majority of the votes entitled to be cast by the Directors present at a meeting of such Board Committee (at which a quorum is present) and entitled to vote on the matter in question.

4.1.13 Effect of Board Committee Action. Any action that is authorized pursuant to this Restated Certificate or pursuant to a Board resolution adopted in accordance with Subsection 4.1.10 to be taken by a Board Committee and that is

duly taken by such committee in accordance therewith shall have the same effect as if such action were taken by the Board.

4.1.14 Retainer of Counsel and Advisors. The CAP Committee and the Transaction Committee shall have the authority at any time, and from time to time, to retain independent counsel and independent financial advisors, at the reasonable expense of the Corporation, for the purpose of advising such committees in connection with the performance of their functions as described in this Restated Certificate.

4.2 Board Committees Following the Termination Date.

(a) Upon the occurrence of the Termination Date, the Board may by the affirmative vote of a majority of the votes entitled to be cast by the entire Board designate one or more committees of the Board and provide in a resolution of the Board passed as aforesaid the powers and functions of such committees to the extent permitted under the GCL; provided, however, that the number of Union Directors that shall be members of each such committee shall be the same as the number of Union Directors that served immediately prior to the Termination Date on the Board Committee, if any, the function of which was substantially the same as such newly designated committee.

(b) Unless otherwise agreed upon by both Union Directors, the Union Director membership on each committee of the Board following the Termination Date on which only one Union Director serves shall be rotated annually between the Class IAM Director and the Class Pilot MEC Director.

SIXTH. (a) A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

(b) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators: provided, however, that, except as provided in paragraph (c) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Article SIXTH shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition: provided, however, that, if the Delaware General Corporation Law requires, the payment of such expense incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article SIXTH or otherwise. The Corporation may, by action of its Board of Directors, provide

indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(c) If a claim under paragraph (b) of this Article SIXTH is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(d) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article SIXTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Restated Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

(e) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SEVENTH. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate, in the manner now or hereafter prescribed by the laws of Delaware and this Restated Certificate, and all rights and powers conferred herein upon stockholders and directors are granted subject to this reservation.

Upon this Restated Certificate of Incorporation becoming effective (the "Effective Time"), each share of common stock, par value \$5.00 per share, of the Corporation ("Common Stock") outstanding immediately prior to the Effective Time, and each share of Common Stock which immediately prior to the Effective Time was held by the Corporation as treasury stock, shall be reclassified as and converted into the following: (i) 0.5 shares of common stock, par value \$0.01 per share, of the Corporation (the "New Shares") and (ii) one one-thousandth of a share of Series D Redeemable Preferred Stock, par value \$.01 per share, of the Corporation; provided, however, that no fractional New Shares shall be issued, and in lieu thereof the Corporation shall make cash payments as provided in Section 1.5(f) of the Agreement and Plan of Recapitalization, dated as of March 25, 1994, as amended from time to time, among the Corporation and the other parties thereto.

I, the undersigned officer of UAL Corporation, a corporation of the State of Delaware, Hereby Certify that the foregoing is a true, correct and complete copy of the Restated Certificate of Incorporation of said Corporation as at present in force.

In Witness Whereof, I have hereunto subscribed by name and affixed the seal of this Corporation this 12th day of July 1994.

UAL Corporation

Name:
Title:

Attest:

Name:

Title:

 UAL CORPORATION, Issuer

to

THE FIRST NATIONAL BANK OF CHICAGO, Trustee

 INDENTURE

Dated as of December 20, 1996

 Providing for Issuance of
 Junior Subordinated Debt Securities in Series

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Reconciliation and tie between Indenture dated as of December 20, 1996 and the Trust Indenture Act of 1939, as amended.

Trust Indenture Act of 1939 Section	Indenture Section
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310 (a)(1)	6.12
(a)(2)	6.12
(a)(3)	TIA
(a)(4)	Not applicable
(a)(5)	TIA
(b)	6.10; 6.12; TIA
311 (a)	TIA
(b)	TIA
312 (a)	6.8
(b)	TIA
(c)	TIA
313 (a)	6.7; TIA
(b)	TIA
(c)	TIA
(d)	TIA
314 (a)	9.6; 9.7; TIA
(b)	Not Applicable
(c)(1)	1.2
(c)(2)	1.2
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	TIA
(f)	TIA
315 (a)	TIA
(b)	6.6
(c)	TIA
(d)(1)	TIA
(d)(2)	TIA
(d)(3)	TIA
(e)	TIA
316 (a)(last sentence)	1.1
(a)(1)(A)	5.2; 5.8
(a)(1)(B)	5.7
(b)	5.9; 5.10
(c)	TIA
317 (a)(1)	5.3
(a)(2)	5.4
(b)	9.3

318 (a) 1.11
(b) TIA
(c) 1.11; TIA

This reconciliation and tie section does not constitute part of the Indenture.

INDENTURE, dated as of December 20, 1996, among UAL CORPORATION, a Delaware corporation (the "Company"), as issuer, and THE FIRST NATIONAL BANK OF CHICAGO, a national banking association, as Trustee (the "Trustee").

Recitals

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured junior subordinated debentures, notes or other evidences of indebtedness ("Securities") to be issued in one or more series as herein provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed as follows for the equal and ratable benefit of the Holders of the Securities:

ARTICLE 1

Definitions and Other Provisions

----- of General Application -----

Section 1.1. Definitions. (a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms 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 accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and

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

"Affiliate" of any specified Person means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For purposes of this definition, "control" 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.

"Authenticating Agent" means any authenticating agent appointed by the Trustee pursuant to Section 6.14.

"Authorized Newspaper" means a newspaper of general circulation, in the official language of the country of publication or in the English language, customarily published on each Business Day whether or not published on Saturdays, Sundays or holidays, and of general circulation in the place in connection with which the term is used or in the financial community of such place. Whenever successive publications in an Authorized Newspaper are required hereunder they may be made (unless otherwise expressly provided herein) on any Business Day and in the same or different Authorized Newspapers.

"Bearer Security" means any Security in the form (to the extent applicable thereto) established pursuant to Section 2.1 which is payable to bearer.

"Board" or "Board of Directors" means the Board of Directors of the Company, the Executive Committee or any other duly authorized committee thereof.

"Board Resolution" means a copy of a resolution of the Board of Directors, certified by the Corporate Secretary or an Assistant Secretary of the Company, to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 3.1, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or particular location are authorized or obligated by law or executive order to close.

"Capital Lease" means any lease obligation of a person incurred with respect to real property or equipment acquired or leased by such person and used in its business that is required to be recorded on its balance sheet as a capitalized lease in accordance with generally accepted accounting principles consistently applied as in effect on the date hereof.

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

"Common Securities" shall mean the common undivided beneficial interests in the assets of the applicable UAL Corporation Capital Trust.

"Company" means the Person named as the Company in the first paragraph of this Indenture until one or more successor corporations shall have become such pursuant to the applicable provisions of this Indenture, and thereafter means such successors.

"Company Order" and "Company Request" mean, respectively, a written order or request signed in the name of the Company by the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President, signing alone, by any Vice President signing together with the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary of the Company, or, with respect to Sections 3.3, 3.4, 3.5 and 6.1, any other employee of the Company named in an Officers' Certificate delivered to the Trustee.

"Conversion Event" means the cessation of use of (i) a Foreign Currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit other than the ECU for the purposes for which it was established.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of original execution of this Indenture is located at One First National Plaza, Suite 0126, Chicago, Illinois 60670, Attention: Corporate trust Administration, except that, with respect to presentation of the Securities for payment or registration of transfers or exchanges and the location of the register, such term means the office or agency of the Trustee at which at any particular time its corporate agency business shall be conducted, which at the date of original execution of this Indenture is located as c/o First Chicago Trust Company of New York, 14 Wall Street-8th Floor-Window 2, New York, New York 10005.

"corporation" includes corporations, associations, companies and business trusts.

"coupon" means any interest coupon appertaining to a Bearer Security.

"Declaration of Trust" shall mean the Declaration of Trust of the UAL Corporation Capital Trust, if any, specified in the applicable Board Resolution or supplemental indenture establishing a particular series of Securities pursuant to Section 3.01 hereof.

"Default" means any event which is, or after notice or passage of time, or both, would be, an Event of Default.

"Depository", when used with respect to the Securities of or within any series issuable or issued in whole or in part in global form, means the Person designated as Depository by the Company pursuant to Section 3.1 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter shall mean or include each Person which is then a Depository hereunder, and if at any time there is more than one such

Person, shall be a collective reference to such Persons.

"Dollar" means the coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

"ECU" means the European Currency Unit as defined and revised from time to time by the Council of the European Communities.

"European Communities" means the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community.

"European Monetary System" means the European Monetary System established by the Resolution of December 5, 1978 of the Council of the European Communities.

"Exchange Rate Agent", when used with respect to Securities of or within any series, means, unless otherwise specified with respect to any Securities pursuant to Section 3.1, a New York Clearing House bank designated pursuant to Section 3.1 or Section 3.12.

"Exchange Rate Officer's Certificate" means a certificate setting forth (i) the applicable Market Exchange Rate or the applicable bid quotation and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount in the relevant currency or currency unit), payable with respect to a Security of any series on the basis of such Market Exchange Rate or the applicable bid quotation, signed by the Treasurer, any Vice President or any Assistant Treasurer of the Company.

"Flight Equipment" means:

(a) aircraft of all types and classes used in transportation and incidental services, together with all aircraft instruments, appurtenances parts and fixtures comprising such aircraft;

(b) aircraft engines of all types and classes used in transportation and incidental services, together with all accessories, appurtenances, parts and fixtures comprising such aircraft engines;

(c) aircraft communication equipment of all types and classes used in transportation and incidental services, including radio, radar, radiophone and other aircraft communication apparatus, together with all accessories, appurtenances, parts and fixtures comprising such aircraft communication equipment;

(d) miscellaneous flight equipment of all types and classes (including miscellaneous crew flight equipment) used in transportation and incidental services; and

(e) spare parts, accessories and assemblies held for use in or repair of the items described in (a) through (d) above.

"Foreign Currency" means any currency issued by the government of one or more countries other than the United States or by any recognized confederation or association of such governments.

"Government Obligations" means securities which are (i) direct obligations of the United States or, if specified as contemplated by Section 3.1, the government which issued the currency in which the Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States or, if specified as contemplated by Section 3.1, such government which issued the foreign currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Government Obligation evidenced by such depositary receipt.

"Holder" means, with respect to a Bearer Security or coupon, a bearer thereof and, with respect to a Registered Security, a person in whose name a Security is registered on the Register.

"Indebtedness" of any Person means, without duplication, the

principal of, and premium, if any, and accrued and unpaid interest (including post-petition interest) on any obligation, whether outstanding on the date hereof or thereafter created, incurred or assumed, which is (i) indebtedness of such Person for money borrowed, (ii) Indebtedness Guarantees by such Person of indebtedness for money borrowed by any other Person, (iii) indebtedness evidenced by notes, debentures, bonds or other instruments of indebtedness for payment of which such Person is responsible or liable, (iv) obligations for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction, (v) obligations of such Person under Capital Leases and Flight Equipment leases (the amount of the Company's obligation under such Flight Equipment leases to be computed in accordance with Statement of Financial Accounting Standards No. 13 as if such Flight Equipment leases were Capital Leases), (vi) obligations (net of counterparty payments) under interest rate and currency swaps, caps, collars, options, forward or spot contracts or similar arrangements or with respect to foreign currency hedges, and (vii) commitment and other bank financing fees under contractual obligations associated with bank debt; provided, however, that Indebtedness shall not include amounts owed to trade creditors in the ordinary course of business.

"Indebtedness Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment or performance thereof (or payment of damages in the event of nonperformance) or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the terms Indebtedness Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Indebtedness Guarantee" used as a verb has a corresponding meaning.

"Indenture" means this Indenture as originally executed or as amended or supplemented from time to time and shall include the forms and terms (but not defined terms established in an Officers' Certificate or a Board Resolution) of particular series of Securities established as contemplated by Section 2.1 and Section 3.1.

"Indexed Security" means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance.

"interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after maturity, means interest payable after maturity.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Market Exchange Rate" means, unless otherwise specified with respect to any Securities pursuant to Section 3.1, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.1 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in New York City, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 3.1, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, London or other principal market for such currency or currency unit in question (which may include any such bank acting as Trustee under this Indenture), or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency or currency unit by reason of foreign exchange regulations or otherwise, the market to be used in respect of

such currency or currency unit shall be that upon which a nonresident issuer of securities designated in such currency or currency unit would purchase such currency or currency unit in order to make payments in respect of such securities.

"Maturity", when used with respect to any Security means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Officer" means the Chairman of the Board of Directors, the President, any Executive Vice President, any Senior Vice President, any Vice President or the Corporate Secretary of the Company.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, any Executive Vice President or any Senior Vice President of the Company, signing alone, or by any Vice President signing together with the Corporate Secretary, any Assistant Secretary, the Treasurer, or any Assistant Treasurer of the Company.

"Opinion of Counsel" means a written opinion of legal counsel, who may be (a) the senior attorney employed by the Company, (b) any other Officer who is an attorney, (c) Mayer, Brown & Platt or (d) other counsel designated by the Company and who shall be acceptable to the Trustee.

"Original Issue Discount Security" means any Security which provides for an amount less than the stated principal amount thereof to be due and payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.2.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities and any coupons appertaining thereto provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provisions therefor satisfactory to the Trustee have been made;

(iii) Securities, except to the extent provided in Sections 4.4 and 4.5, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article 4; and

(iv) Securities which have been paid pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, or whether sufficient funds are available for redemption or for any other purpose, and for the purpose of making the calculations required by section 313 of the Trust Indenture Act, (w) the principal amount of any Original Issue Discount Securities that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant to Section 5.2, (x) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined as of the date such Security is originally issued by the Company as set forth in an Exchange Rate Officer's Certificate delivered to the Trustee, of the principal amount (or, in the case of an Original Issue Discount Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (w) above) of such Security, (y) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 3.1, and (z) Securities owned by the Company or any other

obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of, premium, if any, or interest, if any, on any Securities on behalf of the Company.

"Periodic Offering" means an offering of Securities of a series from time to time the specific terms of which Securities, including, without limitation, the rate or rates of interest or formula for determining the rate or rates of interest thereon, if any, the Stated Maturity or Stated Maturities thereof, the original issue date or dates thereof, the redemption provisions, if any, with respect thereto, and any other terms specified as contemplated by Section 3.1 with respect thereto, are to be determined by the Company upon the issuance of such Securities.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of or within any series, means the place or places where, subject to the provisions of Section 9.2, the principal of, premium, if any, and interest, if any, on such Securities are payable as specified as contemplated by Section 3.1.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.6 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Preferred Securities" means the preferred undivided beneficial interests in the assets of the applicable UAL Corporation Capital Trust.

"Redeemable Stock" means, with respect to any person, any equity security of such person that by its terms or otherwise (i) is required to be redeemed prior to the maturity of any of the Securities, or is redeemable at the option of the holder thereof at any time prior to the maturity of any of the Securities, and (ii) creates a financial obligation on such person if any required or optional redemption obligation is not timely satisfied.

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

"Redemption Price", when used with respect to any Security to be redeemed, in whole or in part, means the price at which it is to be redeemed pursuant to this Indenture.

"Registered Security" means any Security in the form (to the extent applicable thereto) established pursuant to Section 2.1 which is registered as to principal and interest in the Register.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Registered Securities of or within any series means the date specified for that purpose as contemplated by Section 3.1.

"Responsible Officer", when used with respect to the Trustee, shall mean the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any senior vice president, any vice president, any assistant vice president, the secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer, any trust officer, the controller, any assistant controller, or any other officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, and also means, with respect to a particular corporate trust matter, any other officer to whom such corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Security" or "Securities" has the meaning stated in the

first recital of this Indenture and more particularly means any Security or Securities of the Company issued, authenticated and delivered under this Indenture.

"Security Exchange," when used with respect to the Securities of any series which are held as trust assets of a UAL Corporation Capital Trust pursuant to the Declaration of Trust of such UAL Corporation Capital Trust, shall mean the distribution of the Securities of such series by such UAL Corporation Capital Trust in exchange for the Preferred Securities and Common Securities of such UAL Corporation Capital Trust in dissolution of such UAL Corporation Capital Trust pursuant to the Declaration of Trust of such UAL Corporation Capital Trust.

"Senior Indebtedness of the Company" means all Indebtedness of the Company (other than the Securities), unless such Indebtedness, by its terms or the terms of the instrument creating or evidencing it, is subordinate in right of payment to or pari passu with the Securities, and, in particular, the Securities shall rank pari passu with all other debt securities and guarantees in respect of those debt securities issued to any other UAL Corporation Capital Trust or any indebtedness of the Company to a Subsidiary.

"Special Record Date" for the payment of any Defaulted Interest on the Registered Securities of any issue means a date fixed by the Trustee pursuant to Section 3.7.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest, if any, thereon, means the date specified in such Security or in a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest, if any, is due and payable.

"Subsidiary" means any corporation of which the Company at the time owns or controls, directly or indirectly, more than 50% of the shares of outstanding stock having general voting power under ordinary circumstances to elect a majority of the Board of Directors of such corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency).

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, as in effect on the date of this Indenture, except as provided in Section 8.3.

"Trustee" means the party named as such in the first paragraph of this Indenture until a successor Trustee replaces it pursuant to the applicable provisions of this Indenture, and thereafter means such successor Trustee and if, at any time, there is more than one Trustee, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of that series.

"UAL Corporation Capital Trust" shall mean any statutory business trust created under the laws of the State of Delaware specified in or pursuant to the applicable Board Resolution or supplemental indenture establishing a particular series of Securities pursuant to Section 3.1 hereof.

"United States" means, unless otherwise specified with respect to the Securities of any series as contemplated by Section 3.1, the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"U.S. Person" means, unless otherwise specified with respect to the Securities of any series as contemplated by Section 3.1, a citizen, national or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"Yield to Maturity" means the yield to maturity, calculated by the Company at the time of issuance of a series of Securities or, if applicable, at the most recent determination of interest on such series, in accordance with accepted financial practice.

(b) The following terms shall have the meanings specified in the Sections referred to opposite such term below:

Term	Section
"Act"	1.4(a)
"Bankruptcy Law"	5.1
"Component Currency"	3.11(d)
"Conversion Date"	3.11(d)
"Custodian"	5.1
"Defaulted Interest"	3.7(b)
"Election Date"	3.11(h)

"Event of Default"	5.1
"Register"	3.5
"Registrar"	3.5
"Valuation Date"	3.7(c)

Section 1.2. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture 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 Indenture 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 Indenture (other than pursuant to Sections 2.3, 3.3 and 9.7) shall include:

- (1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein 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 or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant 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 1.3. 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.

Any certificate or opinion of an Officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate or opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the Company stating that the information with respect to such factual matters is in the possession of the Company unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations as to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.4. Acts of Holders. (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing. 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, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders 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 this Indenture and conclusive in favor of the Trustee and the Company, 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 affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him or her the execution thereof. Where such execution is by a signer

acting in a capacity other than his individual capacity, 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) The ownership of Bearer Securities may be proved by the production of such Bearer Securities or by a certificate executed by any trust company, bank, broker or other depository, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (i) another such certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, (ii) such Bearer Security is produced to the Trustee by some other Person, (iii) such Bearer Security is surrendered in exchange for a Registered Security or (iv) such Bearer Security is no longer outstanding. The ownership of Bearer Securities may also be proved in any other reasonable manner which the Trustee deems sufficient.

(d) The ownership of Registered Securities shall be proved by the Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(f) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to an Officers' Certificate delivered to the Trustee, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, 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 of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of clause (a) of this Section 1.4 not later than six months after the record date.

Section 1.5. Notices, etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at UAL Corporation, P.O. Box 66100, Chicago, Illinois 60666, Attention: Treasurer or at any other address previously furnished in writing to the Trustee by the Company.

Section 1.6. Notice to Holders; Waiver. Where this Indenture provides for notice to Holders of any event, (i) if any of the Securities affected by such event are Registered Securities, such notice to the Holders thereof shall be sufficiently given (unless otherwise herein expressly provided or otherwise agreed to by a Holder) if in writing and mailed, first-class postage prepaid, to each such Holder affected by such event, at his address as it appears in the Register, within the time prescribed for the giving of such notice and (ii) if any of the Securities affected by such event are Bearer Securities, notice to the Holders thereof shall be sufficiently given (unless otherwise herein or in the terms of such Bearer Securities expressly provided) if published once in an Authorized Newspaper in New York, New York, and in such other city or cities, if any, as may be specified as contemplated by Section 3.1(5).

In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided herein. In any case where notice is given to Holders by publication, neither the failure to publish such notice, nor any defect in any notice so published, shall affect the sufficiency of such notice with respect to other Holders of Bearer Securities or the sufficiency of any notice to Holders of Registered Securities given as provided herein. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

If by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice as provided above, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. If it is impossible or, in the opinion of the Trustee, impracticable to give any notice by publication in the manner herein required, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.7. 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 1.8. Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Any act or proceeding that is required or permitted by any provision of this Indenture and that is authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the successor or assign of the Company.

Section 1.9. Separability. In case any provision of this Indenture or the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.10. Benefits of Indenture. Nothing in this Indenture or in the Securities, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the holders of Senior Indebtedness of the Company, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.11. Governing Law. THIS INDENTURE, THE SECURITIES AND ANY COUPONS APPERTAINING THERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. This Indenture is subject to the Trust Indenture Act and if any provision hereof limits, qualifies or conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

Section 1.12. Legal Holidays. In any case where any Interest Payment Date, Redemption Date, sinking fund payment date, Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or any Security or coupon other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section) payment of principal, premium, if any, or interest, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on such date; provided that no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be.

Section 1.13. Trustee to Establish Record Dates. The Trustee shall fix a record date for the purpose of determining the Holders entitled to make, give or take any request, demand,

authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date, and only such Holders, shall be entitled to make, give or take such request, demand, authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date. No such request, demand, authorization, direction, notice, consent, waiver or other action shall be valid or effective if made, given or taken more than 90 days after such record date.

Section 1.14. No Recourse Against Others. No recourse for the payment of the principal of, premium, if any, or interest, if any, on the Securities, or for any claim based on the Securities or this Indenture, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or any indenture supplemental thereto or in any Security or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of a Security by each Holder and as part of the consideration for the issue of such Security, expressly waived and released.

ARTICLE 2

Security Forms

Section 2.1. Forms Generally. The Securities of each series and the coupons, if any, to be attached thereto shall be in substantially such form (including global form) as shall be established by delivery to the Trustee of an Officers' Certificate or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistent herewith, be determined by the Officers executing such Securities and coupons, if any, as evidenced by their execution of the Securities and coupons, if any. If temporary Securities of any series are issued as permitted by Section 3.4, the form thereof also shall be established as provided in the preceding sentence. If the forms of Securities and coupons, if any, of any series are established by an Officers' Certificate, such Officers' Certificate shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 3.3 for the authentication and delivery of such Securities.

Unless otherwise specified as contemplated by Section 3.1, Bearer Securities shall have interest coupons attached.

The permanent Securities and coupons, if any, shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, all as determined by the officers executing such Securities and coupons, if any, as evidenced by their execution of such Securities and coupons, if any.

Section 2.2. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Securities of a series issued under the within-mentioned Indenture.

Dated: The First National Bank of Chicago,
as Trustee

By: _____
Authorized Signatory

Section 2.3. Securities in Global Form. If securities of or within a series are issuable in whole or in part in temporary or permanent global form, as specified as contemplated by Section 3.1, then, notwithstanding clause (8) of Section 3.1(b) and the provisions of Section 3.2, any such Security shall represent such of the outstanding securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities from time to time endorsed thereon and that the aggregate amount of Outstanding Securities represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, or changes in the rights of Holders, of Outstanding Securities represented thereby, shall be made by the Trustee in such manner and upon instructions given by such Person or

Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 3.3 or 3.4. Subject to the provisions of Section 3.3 and, if applicable, Section 3.4, the Trustee shall deliver and redeliver any Security in global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. Any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 1.2 hereof and need not be accompanied by an Opinion of Counsel.

The provisions of the last paragraph of Section 3.3 shall apply to any Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 1.2 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last paragraph of Section 3.3.

Notwithstanding the provisions of Sections 2.1 and 3.7, unless otherwise specified as contemplated by Section 3.1, payment of principal of, premium, if any, and interest, if any, on any Security in permanent global form shall be made to the Person or Persons specified therein.

Section 2.4. Form of Legend for Securities in Global Form. Any Security in global form authenticated and delivered hereunder shall bear a legend in substantially the following form, or such other form as deemed necessary or desirable by the Company and specified in a Company Order delivered to the Trustee:

This Security is in global form within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depositary or a nominee of a Depositary. Unless and until it is exchanged in whole or in part for Securities in certificated form, this Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

ARTICLE 3

The Securities -----

Section 3.1. Amount Unlimited; Issuable in Series. (a) The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued from time to time in one or more series.

(b) The following matters shall be established and (subject to Section 3.3) set forth, or determined in the manner provided, in an Officers' Certificate and a Board Resolution of the Company, or one or more indentures supplemental hereto:

(1) the title of the Securities of the series (which title shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (which limit shall not pertain to (i) Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.4, 3.5, 3.6, 8.6, or 10.7 and (ii) any Securities which, pursuant to the last paragraph of Section 3.3, are deemed never to have been authenticated and delivered hereunder);

(3) the date or dates on which the principal of the Securities of the series is payable or the method of determination thereof;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method of calculating such rate or rates of interest, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the Interest Payment Dates on which any such interest shall be payable and any provision for the extension or deferral thereof and, with respect to Registered Securities, the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date;

(5) the place or places where, subject to the provisions of Section 9.2, the principal of, premium, if any, and interest, if any, on Securities of the series shall be payable;

(6) the period or periods within which, the price or prices

at which, the currency or currencies (including currency units) in which, and the other terms and conditions upon which, Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than as provided in Section 10.3, the manner in which the particular Securities of such series (if less than all Securities of such series are to be redeemed) are to be selected for redemption;

(7) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or upon the happening of a specified event or at the option of a Holder thereof and the period or periods within which, the price or prices at which, and the other terms and conditions upon which, Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of \$1,000 and any integral multiple thereof, if Registered Securities, and if other than denominations of \$5,000 and \$100,000, if Bearer Securities, the denominations in which Securities of the series shall be issuable;

(9) if other than Dollars, the currency or currencies (including currency units) in which the principal of, premium, if any, and interest, if any, on the Securities of the series shall be payable, or in which the Securities of the series shall be denominated, the particular provisions applicable thereto in accordance with, in addition to, or in lieu of the provisions of Section 3.11, and whether the Securities of the series may be satisfied and discharged other than as provided in Article 4;

(10) if the payments of principal of, premium, if any, or interest, if any, on the Securities of the series are to be made, at the election of the Company or a Holder, in a currency or currencies (including currency units) other than that in which such Securities are denominated or designated to be payable, the currency or currencies (including currency units) in which such payments are to be made, the terms and conditions of such payments and the manner in which the exchange rate with respect to such payments shall be determined, the particular provisions applicable thereto in accordance with, in addition to, or in lieu of the provisions of Section 3.11, and whether the Securities of the series may be satisfied and discharged other than as provided in Article 4;

(11) if the amount of payments of principal of, premium, if any, and interest, if any, on the Securities of the series shall be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on a currency or currencies (including currency units) other than that in which the Securities of the series are denominated or designated to be payable), the index, formula or other method by which such amounts shall be determined;

(12) if other than the principal amount thereof, the portion of the principal amount of such Securities of the series which shall be payable upon declaration of acceleration thereof pursuant to Section 5.2 or the method by which such portion shall be determined;

(13) if other than as provided in Section 3.7, the Person to whom any interest on any Registered Security of the series shall be payable, the manner in which, or the Person to whom, any interest on any Bearer Securities of the series shall be payable, and the extent to which, or the manner in which (including any certification requirement and other terms and conditions under which), any interest payable on a temporary or permanent global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 2.3 and Section 3.4, as applicable;

(14) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(15) any deletions from, modifications of or additions to the Events of Default set forth in Section 5.1 or covenants of the Company set forth in Article 9 pertaining to the Securities of the series;

(16) under what circumstances, if any, the Company will pay additional amounts on the Securities of that series held by a Person who is not a U.S. Person in respect of taxes or similar charges withheld or deducted and, if so, whether the Company will have the option to redeem such Securities rather than pay such additional amounts (and the terms of any such option);

(17) whether Securities of the series shall be issuable as Registered Securities or Bearer Securities (with or without interest coupons), or both, and any restrictions applicable to

the offering, sale or delivery of Bearer Securities and, if other than as provided in Section 3.5, the terms upon which Bearer Securities of a series may be exchanged for Registered Securities of the same series and vice versa;

(18) the date as of which any Bearer Securities of the series and any temporary global Security representing outstanding Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;

(19) the applicability, if any, to the Securities of or within the series of Sections 4.4 and 4.5, or such other means of defeasance or covenant defeasance as may be specified for the Securities and coupons, if any, of such series, and whether, for the purpose of such defeasance or covenant defeasance, the term "Government Obligations" shall include obligations referred to in the definition of such term which are not obligations of the United States or an agency or instrumentality of the United States;

(20) if other than the Trustee, the identity of the Registrar and any Paying Agent;

(21) any terms which may be related to warrants issued by the Company in connection with, or for the purchase of, Securities of such series, including whether and under what circumstances the Securities of any series may be used toward the exercise price of any such warrants;

(22) the designation of the initial Exchange Rate Agent, if any;

(23) whether Securities of the series shall be issued in whole or in part in temporary or permanent global form and, if so, (i) the initial Depository for such global Securities and (ii) if other than as provided in Section 3.4 or 3.5, as applicable, whether and the circumstance under which beneficial owners of interests in any Securities of the series in temporary or permanent global form may exchange such interests for Securities of such series and of like tenor of any authorized form and denomination;

(24) whether Securities of the Series shall be convertible into shares of common stock of the Company and the terms and conditions upon which the Securities will be convertible, including the conversion price, the conversion period and other conversion provisions;

(25) if other than as provided in Article 12, the terms and conditions under which the Securities will be subordinated to the Senior Indebtedness of the Company; and

(26) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture), including any terms which may be required by or advisable under United States laws or regulations or advisable in connection with the marketing of Securities of the series.

(c) All Securities of any one series and coupons, if any, appertaining to any Bearer Securities of such series shall be substantially identical except as to denomination and the rate or rates of interest, if any, and Stated Maturity, and the date from which interest, if any, shall accrue and except as may otherwise be provided in or pursuant to an Officers' Certificate pursuant to this Section 3.1 or in an indenture supplemental hereto. All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders, for issuances of additional Securities of such series or for the establishment of additional terms with respect to the Securities of such series.

(d) If any of the terms of the Securities of any series are established by action taken pursuant to a Board Resolution, a copy of such Board Resolution shall be certified by the Corporate Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate of the Company, setting forth, or providing the manner for determining, the terms of the Securities of such series, and an appropriate record of any action taken pursuant thereto in connection with the issuance of any Securities of such series shall be delivered to the Trustee prior to the authentication and delivery thereof. With respect to Securities of a series subject to a Periodic Offering, such Board Resolutions or Officers' Certificates may provide general terms for Securities of such series and provide either that the specific terms of particular Securities of such series shall be specified in a Company Order, or that such terms shall be determined by the Company, or one or more of its agents designated in the Officers' Certificate, in accordance with the Company Order, as contemplated by the first proviso of the third paragraph of Section 3.3.

(e) Each Security issued hereunder shall provide that the Company and, by its acceptance of a Security or a beneficial interest therein, the Holder of, and any Person that acquires a beneficial interest in, such Security agree that for United States federal, state and local tax purposes it is intended that such Security constitute indebtedness.

Section 3.2. Denominations. Unless otherwise provided as contemplated by Section 3.1, any Registered Securities of a series shall be issuable in denominations of \$1,000 and any integral multiple thereof and any Bearer Securities of a series shall be issuable in denominations of \$5,000 and \$100,000.

Section 3.3. Execution, Authentication, Delivery and Dating. Securities shall be executed on behalf of the Company by its Chairman or President and Chief Executive Officer and attested to by the Secretary of the Company. The Company's seal shall be affixed to the Securities or a facsimile of such seal shall be engraved, printed, or otherwise reproduced on the Securities. The signatures of such officers on the Securities may be manual or facsimile. The coupons, if any, of Bearer Securities shall bear the facsimile signature of the Chairman or President and Chief Executive Officer and shall be attested by the Secretary of the Company.

Securities and coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time, the Company may deliver Securities and any coupons appertaining thereto of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and make available for delivery such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities; provided, however, that in the case of Securities offered in a Periodic Offering, the Trustee shall authenticate and deliver such Securities from time to time in accordance with such other procedures (including, without limitation, the receipt by the Trustee of oral or electronic instructions from the Company or its duly authorized agents, promptly confirmed in writing) acceptable to the Trustee as may be specified by or pursuant to a Company Order delivered to the Trustee prior to the time of the first authentication of Securities of such series, as such form of Company Order may be revised from time to time.

If the form or terms of the Securities of a series have been established by or pursuant to one or more Officers' Certificates as permitted by Sections 2.1 and 3.1, in authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to section 315(a) through (d) of the Trust Indenture Act) shall be fully protected in relying upon, an Opinion of Counsel stating,

(1) that the forms and terms of such Securities and any coupons have been established in conformity with the provisions of this Indenture; and

(2) that such Securities together with any coupons appertaining thereto, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to customary exceptions;

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication of Securities of such series and that the Opinion of Counsel above may state:

(x) that the forms of such Securities have been, and the terms of such Securities (when established in accordance with such procedures as may be specified from time to time in a Company Order, all as contemplated by and in accordance with a Board Resolution or an Officers' Certificate pursuant to Section 3.1, as the case may be) will have been, established in conformity with the provisions of this Indenture; and

(y) that such Securities together with the coupons, if any, appertaining thereto, when (1) executed by the Company, (2) completed, authenticated and delivered by the Trustee in accordance with this Indenture, and (3) issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the

Company, enforceable in accordance with their terms, subject to customary exceptions.

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 2.1 and 3.1 of this Section, as applicable, at or prior to the time of the first authentication of Securities of such series unless and until it has received written notification that such opinion or other documents have been superseded or revoked. In connection with the authentication and delivery of Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Securities do not violate any rules, regulations or orders of any governmental agency or commission having jurisdiction over the Company.

If the form or terms of the Securities of a series have been established by or pursuant to one or more Officers' Certificates as permitted by Sections 2.1 and 3.1, the Trustee shall have the right to decline to authenticate such Securities if the issue of such Securities pursuant to this Indenture will adversely affect the Trustee's own rights, duties or immunities under this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee. Notwithstanding the generality of the foregoing, the Trustee will not be required to authenticate Securities denominated in a Foreign Currency if the Trustee reasonably believes that it would be unable to perform its duties with respect to such Securities.

Notwithstanding the provisions of Section 3.1 and of the two preceding paragraphs, if all of the Securities of any series are not to be issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 3.1 at or prior to the time of the authentication of each Security of such series if such Officers' Certificate is delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

If the Company shall establish pursuant to Section 3.1 that the Securities of a series are to be issued in whole or in part in global form, then the Company shall execute and the Trustee shall, in accordance with this Section and the Company Order with respect to such series, authenticate and deliver one or more Securities in global form that (i) shall represent and shall be denominated in an amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by such Security or Securities in global form, (ii) shall be registered, if a Registered Security, in the name of the Depository for such Security or Securities in global form or the nominee of such Depository and (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instruction.

Each Depository designated pursuant to Section 3.1 for a Registered Security in global form must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Securities Exchange Act of 1934 and any other applicable statute or regulation. The Trustee shall have no responsibility to determine if the Depository is so registered. Each Depository shall enter into an agreement with the Trustee governing the respective duties and rights of such Depository and the Trustee with regard to Securities issued in global form.

Each Registered Security shall be dated the date of its authentication and each Bearer Security (including a Bearer Security represented by a temporary global Security) shall be dated as of the date specified as contemplated by Section 3.1.

No Security or coupon appertaining thereto shall be entitled to any benefits under this Indenture or be valid or obligatory for any purpose until such Security is authenticated by the manual signature of one of the authorized signatories of the Trustee or an Authenticating Agent. Such signature upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered under this Indenture and is entitled to the benefits of this Indenture. Except as permitted by Section 3.6 or 3.7, the Trustee shall not authenticate and deliver any Bearer Security unless all appurtenant coupons for interest then matured have been detached and canceled.

Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.9 together with a written statement (which need not comply with Section 1.2 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and

shall not be entitled to the benefits of this Indenture.

Section 3.4. Temporary Securities. Pending the preparation of definitive Securities of any series, the Company may execute and, upon Company Order, the Trustee shall authenticate and deliver temporary Securities of such series which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor and form, with or without coupons, of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities and coupons, if any. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form, each of which shall be exchanged in accordance with the provisions thereof, if temporary Securities of any series are issued, the Company will cause permanent Securities of such series to be prepared without unreasonable delay. After preparation of such permanent Securities, the temporary Securities shall be exchangeable for such permanent Securities of like tenor upon surrender of the temporary Securities of such series at the office or agency of the Company pursuant to Section 9.2 in a Place of Payment for such series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of permanent Securities of the same series of authorized denominations and of like tenor; provided, however, that no permanent Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided further that no permanent Bearer Security shall be delivered in exchange for a temporary Bearer Security unless the Trustee shall have received from the person entitled to receive the definitive Bearer Security a certificate substantially in the form approved in the Officers' Certificate relating thereto and such delivery shall occur only outside the United States. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as permanent Securities of such series except as otherwise specified as contemplated by Section 3.1.

Section 3.5. Registration, Registration of Transfer and Exchange. The Company shall cause to be kept at the Corporate Trust Office of the Trustee or in any office or agency to be maintained by the Company in accordance with Section 9.2 in a Place of Payment a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and the registration of transfers of Registered Securities. The Register shall be in written form or any other form capable of being converted into written form within a reasonable time. The Trustee is hereby appointed "Registrar" for the purpose of registering Registered Securities and transfers of Registered Securities as herein provided.

Upon surrender for registration of transfer of any Registered Security of any series at the office or agency maintained pursuant to Section 9.2 in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor.

Bearer Securities or any coupons appertaining thereto shall be transferable by delivery.

At the option of the Holder, Registered Securities of any series (except a Registered Security in global form) may be exchanged for other Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount containing identical terms and provisions, upon surrender of the Registered Securities to be exchanged at such office or agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities which the Holder making the exchange is entitled to receive. Unless otherwise specified as contemplated by Section 3.1, Bearer Securities may not be issued in exchange for Registered Securities.

Unless otherwise specified as contemplated by Section 3.1, at the option of the Holder, Bearer Securities of such series may be exchanged for Registered Securities (if the Securities of such series are issuable in registered form) or Bearer Securities (if Bearer Securities of such series are issuable in more than one denomination and such exchanges are permitted by such series) of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, such exchange may be

effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company and the Trustee in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 9.2, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case any Bearer Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date of payment, as the case may be (or, if such coupon is so surrendered with such Bearer Security, such coupon shall be returned to the person so surrendering the Bearer Security), and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon, when due in accordance with the provisions of this Indenture.

Notwithstanding any other provision (other than the provisions set forth in the seventh and eighth paragraphs of this Section) of this Section, unless and until it is exchanged in whole or in part for Securities in certificated form, a Security in global form representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depository for such series to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor Depository for such series or a nominee of such successor Depository.

If at any time the Depository for the Securities of a series notifies the Company that it is unwilling or unable to continue as Depository for the Securities of such series or if at any time the Depository for the Securities of such series shall no longer be eligible under Section 3.3, the Company shall appoint a successor Depository with respect to the Securities of such series. If a successor Depository for the Securities of such series is not appointed by the Company within 90 days after the issuer receives such notice or becomes aware of such ineligibility, the Company's election pursuant to Section 3.1 shall no longer be effective with respect to the Securities of such series and the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of certificated Securities of such series of like tenor, shall authenticate and deliver Securities of such series of like tenor in certificated form, in authorized denominations and in an aggregate principal amount equal to the principal amount of the Security or Securities of such series of like tenor in global form in exchange for such Security or Securities in global form.

The Company may at any time in its sole discretion determine that Securities of a series issued in global form shall no longer be represented by such a Security or Securities in global form. In such event the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of certificated Securities of such series of like tenor, shall authenticate and deliver, Securities of such series of like tenor in certificated form, in authorized denominations and in an aggregate principal amount equal to the principal amount of the Security or Securities of such series of like tenor in global form in exchange for such Security or Securities in global form.

If specified by the Company pursuant to Section 3.1 with respect to a series of Securities, the Depository for such series may surrender a Security in global form of such series in exchange in whole or in part for Securities of such series in certificated form on such terms as are acceptable to the Company and such Depository. Thereupon, the Company shall execute, and the Trustee shall authenticate and deliver, without service charge,

(i) to each Person specified by such Depository a new certificated Security or Securities of the same series of like tenor, of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Security in global form; and

(ii) to such Depository a new Security in global form of like tenor in a denomination equal to the difference, if any, between the principal amount of the surrendered Security in global form and the aggregate principal amount of certificated

Securities delivered to Holders thereof.

Upon the exchange of a Security in global form for Securities in certificated form, such Security in global form shall be canceled by the Trustee. Unless expressly provided with respect to the Securities of any series that such Security may be exchanged for Bearer Securities, Securities in certificated form issued in exchange for a Security in global form pursuant to this Section shall be registered in such names and in such authorized denominations as the Depository for such Security in global form, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Persons in whose names such Securities are so registered.

Whenever any Securities are surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

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

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Registrar or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to those of the Company, the Registrar and the Trustee requiring such written instrument of transfer duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or for any exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration or transfer or exchange of Securities, other than exchanges pursuant to Section 3.4 or 10.7 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of, or exchange any Securities for a period beginning at the opening of business 15 days before any selection for redemption of Securities of like tenor and of the series of which such Security is a part and ending at the close of business on the earliest date on which the relevant notice of redemption is deemed to have been given to all Holders of Securities of like tenor and of such series to be redeemed; (ii) to register the transfer of or exchange any Registered Security so selected for redemption, in whole or in part, except the unredeemed portion of any Security being redeemed in part; or (iii) to exchange any Bearer Security so selected for redemption, except that such a Bearer Security may be exchanged for a Registered Security of that series and like tenor; provided that such Registered Security shall be simultaneously surrendered for redemption.

Section 3.6. Replacement Securities. If a mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee, together with, in proper cases, such security or indemnity as may be required by the Company or the Trustee to save each of them harmless, the Company shall execute and the Trustee shall authenticate and deliver a replacement Registered Security, if such surrendered Security was a Registered Security, or a replacement Bearer Security with coupons corresponding to the coupons appertaining to the surrendered Security, if such surrendered Security was a Bearer Security, of the same series and date of maturity, if the Trustee's requirements are met.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or Security with a destroyed, lost or stolen coupon and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or coupon has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen coupon appertains (with all appurtenant coupons not destroyed, lost or stolen), a replacement Registered Security, if such Holder's claim appertains to a Registered Security, or a replacement Bearer Security with coupons corresponding to the coupons appertaining to the destroyed, lost or stolen Bearer Security or the Bearer Security to which such lost, destroyed or stolen coupon appertains, if such Holder's claim appertains to a Bearer Security, of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding with coupons corresponding to the coupons, if any, appertaining to the destroyed, lost or stolen Security.

In case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable,

the Company in its discretion may, instead of issuing a new Security or coupon, pay such Security or coupon; provided, however, that payment of principal of and any premium or interest on Bearer Securities shall, except as otherwise provided in Section 9.2, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 3.1, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Upon the issuance of any new Security under this Section, the Company may 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) connected therewith.

Every new Security of any series with its coupons, if any, issued pursuant to this Section in lieu of any destroyed, lost or stolen Security, or in exchange for a Security to which a destroyed, lost or stolen coupon appertains, shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security and its coupon, if any, or the destroyed, lost or stolen coupon, shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and their coupons, if any, duly issued hereunder.

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

Section 3.7. Payment of Interest; Interest Rights Preserved. (a) Unless otherwise provided as contemplated by Section 3.1, interest, if any, on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency maintained for such purpose pursuant to Section 9.2; provided, however, that, at the option of the Company, interest on any series of Registered Securities that bear interest may be paid (i) by check mailed to the address of the Person entitled thereto as it shall appear on the Register of Holders of Securities of such series or (ii) to the extent specified as contemplated by Section 3.1, by wire transfer to an account maintained by the Person entitled thereto as specified in the Register of Holders of Securities of such series.

Unless otherwise provided as contemplated by Section 3.1, (i) interest, if any, on Bearer Securities shall be paid only against presentation and surrender of the coupons for such interest installments as are evidenced thereby as they mature and (ii) original issue discount, if any, on Bearer Securities shall be paid only against presentation and surrender of such Securities; in either case at the office of a Paying Agent located outside the United States, unless the Company shall have otherwise instructed the Trustee in writing provided that any such instruction for payment in the United States does not cause any Bearer Security to be treated as a "registration-required obligation" under the United States law and regulations. The interest, if any, on any temporary Bearer Security shall be paid, as to any installment of interest evidenced by a coupon attached thereto only upon presentation and surrender of such coupon and, as to other installments of interest, only upon presentation of such Security for notation thereon of the payment of such interest. If at the time a payment of principal of or interest, if any, on a Bearer Security or coupon shall become due, the payment of the full amount so payable at the office or offices of all the Paying Agents outside the United States is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the payment of such amount in Dollars, then the Company may instruct the Trustee to make such payments at a Paying Agent located in the United States, provided that provision for such payment in the United States would not cause such Bearer Security to be treated as a "registration-required obligation" under the United States law and regulations.

(b) Unless otherwise provided as contemplated by Section 3.1, any interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any interest payment date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make

arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause (1) provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his 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 Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a specified date in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause (2), such manner of payment shall be deemed practicable by the Trustee.

(c) Subject to the foregoing provisions of this Section and Section 3.5, each Security delivered under this Indenture upon registration of transfer or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 3.8. Persons Deemed Owners. Prior to due presentment of any Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Registered Security for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 3.7) interest, if any, on such Registered Security and for all other purposes whatsoever, whether or not such Registered Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Bearer Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Bearer Security or coupon be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee or any agent of the Company or the Trustee shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Notwithstanding the foregoing, with respect to any Security in global form, nothing herein shall prevent the Company or the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any Depositary (or its nominee), as a Holder, with respect to such Security in global form or impair, as between such Depositary and owners of beneficial interests in such Security in global form, the operation of customary practices governing the exercise of the rights of such Depositary (or its nominee) as Holder of such Security in global form.

Section 3.9. Cancellation. The Company at any time may deliver Securities and coupons to the Trustee for cancellation. The Registrar and any Paying Agent shall forward to the Trustee any Securities and coupons surrendered to them for replacement, for registration of transfer, or for exchange or payment. The Trustee shall cancel all Securities and coupons surrendered for replacement, for registration of transfer, or for exchange, payment, redemption or cancellation and shall return all such canceled Securities to the Company. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation, except as expressly permitted in the terms of Securities for any particular series or as permitted pursuant to the terms of this Indenture.

Section 3.10. Computation of Interest. Except as otherwise specified as contemplated by Section 3.1, (i) interest on any

Securities that bear interest at a fixed rate shall be computed on the basis of a 360-day year of twelve 30-day months and, for any period shorter than a full quarterly period for which interest is computed, on the basis of the actual number of days elapsed in such period, and (ii) interest on any Securities that bear interest at a variable rate shall be computed on the basis of the actual number of days in an interest period divided by 360.

Section 3.11. Currency and Manner of Payment in Respect of Securities. (a) Unless otherwise specified with respect to any Securities pursuant to Section 3.1, with respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Bearer Securities of any series, except as provided in paragraph (d) below, payment of the principal of, premium, if any, and interest, if any, on any Registered or Bearer Security of such series will be made in the currency or currencies or currency unit or units in which such Registered Security or Bearer Security, as the case may be, is payable. The provisions of this Section 3.11 may be modified or superseded pursuant to Section 3.1 with respect to any Securities. For all purposes of this Indenture, currency units shall include any composite currency.

(b) It may be provided pursuant to Section 3.1, with respect to Registered Securities of any series, that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of, premium, if any, or interest, if any, on such Registered Securities in any of the currencies or currency units which may be designated for such election by delivering to the Trustee (or the applicable Paying Agent) a written election with signature guarantees and in the applicable form established pursuant to Section 3.1, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such currency or currency unit, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee (or any applicable Paying Agent) for such series of Registered Securities (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date, and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article 4 or with respect to which a notice of redemption has been given by the Company). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee (or any applicable Paying Agent) not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant currency or currency unit as provided in Section 3.11(a). The Trustee (or the applicable Paying Agent) shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) If the election referred to in paragraph (b) above has been provided for with respect to any Registered Securities of a series pursuant to Section 3.1, then, unless otherwise specified pursuant to Section 3.1 with respect to any such Registered Securities, not later than the fourth Business Day after the Election Date for each payment date for such Registered Securities, the Exchange Rate Agent will deliver to the Company a written notice specifying, in the currency or currencies or currency unit or units in which Registered Securities of such series are payable, the respective aggregate amounts of principal of, premium, if any, and interest, if any, on such Registered Securities to be paid on such payment date, and specifying the amounts in such currency or currencies or currency unit or units so payable in respect of such Registered Securities as to which the Holders of Registered Securities denominated in any currency or currencies or currency unit or units shall have elected to be paid in another currency or currency unit as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for with respect to any Registered Securities of a series pursuant to Section 3.1, and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 3.1, on the second Business Day preceding such payment date the Company will deliver to the Trustee (or the applicable Paying Agent) an Exchange Rate Officers' Certificate in respect of the Dollar, Foreign Currency or Currencies, ECU or other currency unit payments to be made on such payment date. Unless otherwise specified pursuant to Section 3.1, the Dollar, Foreign Currency or Currencies, ECU or other currency unit amount receivable by Holders of Registered Securities who have elected payment in a currency or currency unit as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the second Business Day (the "Valuation Date") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign

Currency, ECU or any other currency unit in which any of the Securities are denominated or payable otherwise than pursuant to an election provided for pursuant to paragraph (b) above, then, with respect to each date for the payment of principal of, premium, if any, and interest, if any, on the applicable Securities denominated or payable in such Foreign Currency, ECU or such other currency unit occurring after the last date on which such Foreign Currency, ECU or such other currency unit was used (the "Conversion Date"), the Dollar shall be the currency of payment for use on each such payment date (but such Foreign Currency, ECU or such other currency unit that was previously the currency of payment shall, at the Company's election, resume being the currency of payment on the first such payment date preceded by 15 Business Days during which the circumstances which gave rise to the Dollar becoming such currency no longer prevail). Unless otherwise specified pursuant to Section 3.1, the Dollar amount to be paid by the Company to the Trustee or any applicable Paying Agent and by the Trustee or any applicable Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a Foreign Currency that is a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 3.1, if the Holder of a Registered Security denominated in any currency or currency unit shall have elected to be paid in another currency or currency unit or in other currencies as provided in paragraph (b) above, and (i) a Conversion Event occurs with respect to any such elected currency or currency unit, such Holder shall receive payment in the currency or currency unit in which payment would have been made in the absence of such election and (ii) if a Conversion Event occurs with respect to the currency or currency unit in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) of this Section 3.11 (but, subject to any contravening valid election pursuant to paragraph (b) above, the elected payment currency or currency unit, in the case of the circumstances described in clause (i) above, or the payment currency or currency unit in the absence of such election, in the case of the circumstances described in clause (ii) above, shall, at the Company's election, resume being the currency or currency unit of payment with respect to Holders who have so elected, but only with respect to payments on payment dates preceded by 15 Business Days during which the circumstances which gave rise to such currency or currency unit, in the case of the circumstances described in clause (i) above, or the Dollar, in the case of the circumstances described in clause (ii) above, becoming the currency or currency unit, as applicable, of payment, no longer prevail).

(f) The "Dollar Equivalent of the Foreign Currency" shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by the Exchange Rate Agent by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The "Dollar Equivalent of the Currency Unit" shall be determined by the Exchange Rate Agent and, subject to the provisions of paragraph (h) below, shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency (as each such term is defined in paragraph (h) below) into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 3.11 the following terms shall have the following meanings:

A "Component Currency" shall mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, ECU.

"Election Date" shall mean the Regular Record Date for the applicable series of Registered Securities as specified pursuant to Section 3.1 by which the written election referred to in Section 3.11(b) may be made.

A "Specified Amount" of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which such Component Currency represented in the relevant currency unit, including, but not limited to, ECU, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount shall thereafter be a Specified Amount and such single currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified

Amount of such Component Currency shall be replaced by specified amounts of such two or more currencies, the sum of which, at the Market Exchange Rate of such two or more currencies on the date of such replacement, shall be equal to the Specified Amount of such former Component Currency and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, ECU, a Conversion Event (other than any event referred to above in this definition of "Specified Amount") occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee (and any applicable Paying Agent) and all Holders of Securities denominated or payable in the relevant currency, currencies or currency units. The Exchange Rate Agent shall promptly give written notice to the Company and the Trustee of any such decision or determination.

In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will promptly give written notice thereof to the Trustee (or any applicable Paying Agent) and to the Exchange Rate Agent (and the Trustee (or such Paying Agent) will promptly thereafter give notice in the manner provided in Section 1.6 to the affected Holders) specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to ECU or any other currency unit in which Securities are denominated or payable, the Company will promptly give written notice thereof to the Trustee (or any applicable Paying Agent) and to the Exchange Rate Agent (and the Trustee (or such Paying Agent) will promptly thereafter give notice in the manner provided in Section 1.6 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee (or any applicable Paying Agent) and to the Exchange Rate Agent.

The Trustee of the appropriate series of Securities shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

Section 3.12. Appointment and Resignation of Exchange Rate Agent. (a) Unless otherwise specified pursuant to Section 3.1, if and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 3.11 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued currency or currencies or currency unit or units into the applicable payment currency or currency unit for the payment of principal, premium, if any, and interest, if any, pursuant to Section 3.11.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 3.1, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that

are initially denominated and/or payable in the same currency or currencies or currency unit or units).

Section 3.13. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers (in addition to the other identification numbers printed on the Securities) in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE 4

Satisfaction, Discharge and Defeasance

Section 4.1. Termination of Company's Obligations Under the Indenture. Except as otherwise provided as contemplated by Section 3.1, this Indenture shall upon Company Request cease to be of further effect with respect to Securities of or within any series and any coupons appertaining thereto (except as to any surviving rights of registration of transfer or exchange of such Securities and replacement of such Securities which may have been lost, stolen or mutilated as herein expressly provided for) and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to such Securities and any coupons appertaining thereto when:

(1) either

(A) all such Securities previously authenticated and delivered and all coupons appertaining thereto (other than (i) such coupons appertaining to Bearer Securities surrendered in exchange for Registered Securities and maturing after such exchange, surrender of which is not required or has been waived as provided in Section 3.5, (ii) such Securities and coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.6, (iii) such coupons appertaining to Bearer Securities called for redemption and maturing after the relevant Redemption Date, surrender of which has been waived as provided in Section 10.6 and (iv) such Securities and coupons for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 9.3) have been delivered to the Trustee for cancellation; or

(B) all Securities of such series and, in the case of (i) or (ii) below, any coupons appertaining thereto not theretofore delivered to the Trustee for cancellation

(i) have become due and payable,

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount in the currency or currencies or currency unit or units in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities and such coupons not theretofore delivered to the Trustee for cancellation, for principal, premium, if any, and interest, if any, with respect thereto, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligation of the Company to the Trustee and any predecessor Trustee

under Section 6.9, the obligations of the Company to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 4.2 and the last paragraph of Section 9.3 shall survive.

Section 4.2. Application of Trust Funds. Subject to the provisions of the last paragraph of Section 9.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, and any interest for whose payment such money has been deposited with or received by the Trustee, but such money need not be segregated from other funds except to the extent required by law.

Section 4.3. Applicability of Defeasance Provisions; Company's Option to Effect Defeasance or Covenant Defeasance. If pursuant to Section 3.1 provision is made for either or both of (i) defeasance of the Securities of or within a series under Section 4.4 or (ii) covenant defeasance of the Securities of or within a series under Section 4.5, then the provisions of such Section or Sections, as the case may be, together with the provisions of Sections 4.6 through 4.9 inclusive, with such modifications thereto as may be specified pursuant to Section 3.1 with respect to any Securities, shall be applicable to such Securities and any coupons appertaining thereto, and the Company may at its option by Board Resolution, at any time, with respect to such Securities and any coupons appertaining thereto, elect to have Section 4.4 (if applicable) or Section 4.5 (if applicable) be applied to such Outstanding Securities and any coupons appertaining thereto upon compliance with the conditions set forth below in this Article.

Section 4.4. Defeasance and Discharge. Upon the Company's exercise of the option specified in Section 4.3 applicable to this Section with respect to the Securities of or within a series, the Company shall be deemed to have been discharged from its obligations with respect to such Securities and any coupons appertaining thereto on the date the conditions set forth in Section 4.6 are satisfied (hereinafter "defeasance"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Securities and any coupons appertaining thereto which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 4.7 and the other Sections of this Indenture referred to in clause (ii) of this Section, and to have satisfied all its other obligations under such Securities and any coupons appertaining thereto and this Indenture insofar as such Securities and any coupons appertaining thereto are concerned (and the Trustee, at the expense of the Company, shall on Company Order execute proper instruments acknowledging the same), except the following which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of such Securities and any coupons appertaining thereto to receive, solely from the trust funds described in Section 4.6(a) and as more fully set forth in such Section, payments in respect of the principal of, premium if any, and interest, if any, on such Securities or any coupons appertaining thereto when such payments are due; (ii) the Company's obligations with respect to such Securities under Sections 3.5, 3.6, 9.2 and 9.3 and with respect to the payment of additional amounts, if any, payable with respect to such Securities as specified pursuant to Section 3.1(b)(16); (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder; and (iv) this Article 4. Subject to compliance with this Article 4, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 4.5 with respect to such Securities and any coupons appertaining thereto. Following a defeasance, payment of such Securities may not be accelerated because of an Event of Default.

Section 4.5. Covenant Defeasance. Upon the Company's exercise of the option specified in Section 4.3 applicable to this Section with respect to any Securities of or within a series, the Company shall be released from its obligations under Article 7 and Sections 9.4 and 9.5, and, if specified pursuant to Section 3.1, its obligations under any other covenant, with respect to such Securities and any coupons appertaining thereto on and after the date the conditions set forth in Section 4.6 are satisfied (hereinafter, "covenant defeasance"), and such Securities and any coupons appertaining thereto shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with Article 7 and Sections 9.4 and 9.5, or such other covenant, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Securities and any coupons appertaining thereto, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other

provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.1(3) or 5.1(5) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities and any coupons appertaining thereto shall be unaffected thereby.

Section 4.6. Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of Section 4.4 or Section 4.5 to any Securities of or within a series and any coupons appertaining thereto:

(a) The Company shall have deposited or caused to be deposited irrevocably with the Trustee (or another trustee satisfying the requirements of Section 6.11 who shall agree to comply with, and shall be entitled to the benefits of, the provisions of Sections 4.3 through 4.9 inclusive and the last paragraph of Section 9.3 applicable to the Trustee, for purposes of such Sections also a "Trustee") as trust funds in trust for the purpose of making the payments referred to in clauses (x) and (y) of this Section 4.6(a), specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities and any coupons appertaining thereto, with instructions to the Trustee as to the application thereof, (A) money in an amount (in such currency, currencies or currency unit in which such Securities and any coupons appertaining thereto are then specified as payable at Maturity), or (B) if Securities of such series are not subject to repayment at the option of Holders, Government Obligations which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment referred to in clause (x) or (y) of this Section 4.6(a), money in an amount or (C) a combination thereof in an amount, sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, (x) the principal of, premium, if any, and interest, if any, on such Securities and any coupons appertaining thereto on the Maturity of such principal or installment of principal or interest and (y) any mandatory sinking fund payments applicable to such Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and such Securities and any coupons appertaining thereto. Before such a deposit the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date or dates in accordance with Article 10, which shall be given effect in applying the foregoing.

(b) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default or Event of Default under, this Indenture or result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company is a party or by which it is bound.

(c) No Default or Event of Default under Section 5.1(4) or 5.1(5) with respect to such Securities and any coupons appertaining thereto shall have occurred and be continuing during the period commencing on the date of such deposit and ending on the 91st day after such date (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(d) In the case of an election under Section 4.4, the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel to the effect that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance 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 deposit, defeasance and discharge had not occurred.

(e) In the case of an election under Section 4.5, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(f) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance under Section 4.4

or the covenant defeasance under Section 4.5 (as the case may be) have been complied with and an Opinion of Counsel to the effect that either (i) as a result of a deposit pursuant to subsection (a) above and the related exercise of the Company's option under Section 4.4 or Section 4.5 (as the case may be), registration is not required under the Investment Company Act of 1940, as amended, by the Company, with respect to the trust funds representing such deposit or by the trustee for such trust funds or (ii) all necessary registrations under said act have been effected.

(g) Such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on the Company in connection therewith as contemplated by Section 3.1.

Section 4.7. Deposited Money and Government Obligations to Be Held in Trust. Subject to the provisions of the last paragraph of Section 9.3, all money and Government Obligations (or other property as may be provided pursuant to Section 3.1) (including the proceeds thereof) deposited with the Trustee pursuant to Section 4.6 in respect of any Securities of any series and any coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and any coupons appertaining thereto and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities and any coupons appertaining thereto of all sums due and to become due thereon in respect of principal, premium, if any, and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to any Security pursuant to Section 3.1, if, after a deposit referred to in Section 4.6(a) has been made, (i) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 3.11(b) or the terms of such Security to receive payment in a currency or currency unit other than that in which the deposit pursuant to Section 4.6(a) has been made in respect of such Security, or (ii) a Conversion Event occurs as contemplated in Section 3.11(d) or 3.11(e) or by the terms of any Security in respect of which the deposit pursuant to Section 4.6(a) has been made, the indebtedness represented by such Security and any coupons appertaining thereto shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of, premium, if any, and interest, if any, on such Security as the same becomes due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the currency or currency unit in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such currency or currency unit in effect on the second Business Day prior to each payment date, except in the case of a Conversion Event with respect to such currency or currency unit which is in effect (as nearly as feasible) at the time of the Conversion Event.

Section 4.8. Transfers and Distribution at Company Request. To the extent permitted by the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 76, as amended or interpreted by the Financial Accounting Standards Board from time to time, or any successor thereto ("Standard No. 76"), or to the extent permitted by the Commission, the Trustee shall, from time to time, take one or more of the following actions as specified in a Company Request:

(a) Retransfer, reassign and deliver to the Company any securities deposited with the Trustee pursuant to Section 4.6(a), provided that the Company shall, in substitution therefor, simultaneously transfer, assign and deliver to the Trustee other Government Obligations appropriate to satisfy the Company's obligations in respect of the relevant Securities; and

(b) The Trustee (and any Paying Agent) shall promptly pay to the Company, upon Company Request, any excess money or securities held by them at any time, including, without limitation, any assets deposited with the Trustee pursuant to Section 4.6(a) exceeding those necessary for the purposes of Section 4.6(a).

The Trustee shall not take the actions described in subsections (a) and (b) of this Section 4.8 unless it shall have first received a written report of Arthur Andersen LLP, or another nationally recognized independent public accounting firm, (i) expressing their opinion that the contemplated action is permitted by Standard No. 76 or the Commission, for transactions accounted for as extinguishment of debt under the circumstances described in paragraph 3.c of Standard No. 76 or any successor provision, and (ii) verifying the accuracy, after giving effect to such action or actions, of the computations which demonstrate that the amounts remaining to be earned on the Government Obligations deposited with the Trustee pursuant to Section

4.6(a) will be sufficient for purposes of Section 4.6(a).

ARTICLE 5

Defaults and Remedies

Section 5.1. Events of Default. An "Event of Default" occurs with respect to the Securities of any series if (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article 12 or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) the Company defaults in the payment of interest on any Security of that series or any coupon appertaining thereto or any additional amount payable with respect to any Security of that series as specified pursuant to Section 3.1(b)(16) when the same becomes due and payable and such default continues for a period of 30 days;

(2) the Company defaults in the payment of the principal of or any premium on any Security of that series when the same becomes due and payable at its Maturity or on redemption or otherwise, or in the payment of a mandatory sinking fund payment when and as due by the terms of the Securities of that series, and in each case such default continues for a period of ten days;

(3) the Company defaults in the performance of, or breaches, any covenant or warranty of the Company in this Indenture, with respect to any Security of that series (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and such default or breach continues for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(4) the Company pursuant to or within the meaning of any Bankruptcy Law (A) commences a voluntary case, (B) consents to the entry of an order for relief against it in an involuntary case, (C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or (D) makes a general assignment for the benefit of its creditors;

(5) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (A) is for relief against the Company in an involuntary case, (B) appoints a Custodian of the Company for all or substantially all of its property, or (C) orders the liquidation of the Company; and the order or decree remains unstayed and in effect for 90 days; or

(6) any other Event of Default provided as contemplated by Section 3.1 with respect to Securities of that series.

The term "Bankruptcy Law" means Title 11, U.S. Code, or any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

Section 5.2. Acceleration; Rescission and Annulment. If an Event of Default with respect to the Securities of any series at the time Outstanding occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of all of the outstanding Securities of that series, by written notice to the Company (and, if given by the Holders, to the Trustee), may declare the principal (or, if the Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Securities of that series to be due and payable and upon any such declaration such principal (or, in the case of original Issue Discount Securities or Indexed Securities, such specified amount) shall be immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the outstanding Securities of that series, by written notice to the Trustee, may rescind and annul such declaration and its consequences if all existing Defaults and Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.7. No such rescission shall affect any subsequent default or impair any right consequent

thereon.

Section 5.3. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if

(1) default is made in the payment of any interest on any Security or coupon, if any, when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof and such default continues for a period of 10 days,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities or coupons, if any, the whole amount then due and payable on such Securities for principal, premium, if any, and interest, if any, and, to the extent that payment of any such interest shall be legally enforceable, interest on any overdue principal or premium, if any, and on any overdue interest, at the rate or rates prescribed therefor in such Securities or coupons, if any, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 5.4. Trustee May File Proofs of Claim. The 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 Trustee and the Holders of Securities allowed in any judicial proceedings relating to the Company, its creditors or its property.

Section 5.5. Trustee May Enforce Claims Without Possession of Securities. All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto.

Section 5.6. Delay or Omission Not Waiver. No delay or omission by the Trustee or any Holder of any Securities to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of or acquiescence in any such Event of Default.

Section 5.7. Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of Outstanding Securities of any series by notice to the Trustee may waive on behalf of the Holders of all Securities of such series a past Default or Event of Default with respect to that series and its consequences except (i) a Default or Event of Default in the payment of the principal of, premium, if any, or interest, if any, on any Security of such series or any coupon appertaining thereto or (ii) in respect of a covenant or provision hereof which pursuant to Section 8.2 cannot be amended or modified without the consent of the Holder of each outstanding Security of such series adversely affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture.

Section 5.8. Control by Majority. The Holders of a majority in aggregate principal amount of the Outstanding Securities of each series affected (with each such series voting as a class) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it with respect to Securities of that series; provided, however, that (i) the Trustee may refuse to follow any direction that conflicts with law or this Indenture, (ii) the Trustee may refuse to follow any direction that is unduly prejudicial to the rights of the Holders of Securities of such series not consenting, or that would in the good faith judgment of the Trustee have a substantial likelihood of involving the Trustee in personal liability and (iii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 5.9. Limitation on Suits by Holders. No Holder of any Security of any series or any related coupons shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) the Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of that series have made a written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense to be, or which may be, incurred by the Trustee in pursuing the remedy;

(4) the Trustee for 60 days after its receipt of such notice, request and the offer of indemnity has failed to institute any such proceedings; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the Outstanding Securities of that series have not given to the Trustee a direction inconsistent with such written request.

No one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

Section 5.10. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, but subject to Section 9.2, the right of any Holder of a Security or coupon to receive payment of principal of, premium, if any, and, subject to Sections 3.5 and 3.7, interest, if any, on the Security, on or after the respective due dates expressed in the Security (or, in case of redemption, on the redemption dates) and the right of any Holder of a coupon to receive payment of interest due as provided in such coupon, or, subject to Section 5.9, 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 5.11. Application of Money Collected. Subject to Article 12, if the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium, if any, or interest, if any, upon presentation of the Securities and any coupons appertaining thereto and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: to the Trustee for amounts due under Section 6.9;

Second: to Holders of Securities and coupons in respect of which or for the benefit of which such money has been collected for amounts due and unpaid on such Securities for principal of, premium, if any, and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest, if any, respectively; and

Third: to the Person or Persons entitled thereto.

Section 5.12. Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 5.13. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.14. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent

provided in the Trust Indenture Act; provided that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company, and any provision of the Trust Indenture Act to such effect is hereby expressly excluded from this Indenture, as permitted by the Trust Indenture Act.

Section 5.15. Action Respecting Securities Held in UAL Corporation Capital Trust. With respect to any series of Securities held as trust assets of a UAL Corporation Capital Trust and with respect to which a Security Exchange has not theretofore occurred, any authorization, approval, consent, request, notice, waiver or other action of Holders required or permitted to be taken under this Indenture or pursuant to the terms of any Security, in addition to any other authorization, approval, consent, request, notice, waiver or other action required hereunder, will require such authorization, approval, consent, request, notice, waiver or other action of holders of the Preferred Securities and the Common Securities of such UAL Corporation Capital Trust as may be required under the Declaration of Trust of such UAL Corporation Capital Trust.

ARTICLE 6

The Trustee -----

Section 6.1. Certain Duties and Responsibilities. (a) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing with respect to the Securities of any series, the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to the Securities of such series, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

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

(3) 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 Holders of a majority in principal amount of the Outstanding Securities of any series 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 Indenture with respect to the Securities of such series.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, 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 or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 6.2. Rights of Trustee. Subject to the provisions of the Trust Indenture Act:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note 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 Company Request or Company Order (other than delivery of any Security, and any coupons appertaining thereto, to the Trustee for authentication and delivery pursuant to Section 3.3, which shall be sufficiently evidenced as provided therein), and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution.

(c) Whenever in the administration of this Indenture 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.

(d) The Trustee may consult with counsel of its selection and the written 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 Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, 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, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney.

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

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

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

Section 6.3. Trustee May Hold Securities. The Trustee, any Paying Agent, any Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and coupons and, subject to Sections 310(b) and 311 of the Trust Indenture Act, may otherwise deal with the Company, an Affiliate or Subsidiary with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

Section 6.4. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed to in writing with the Company.

Section 6.5. Trustee's Disclaimer. The recitals contained herein and in the Securities, except the Trustee's certificate of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or adequacy of this Indenture, the Securities or any coupon. The Trustee shall not be accountable for the Company's use of the proceeds from the Securities or for monies paid over to the Company pursuant to the Indenture.

Section 6.6. Notice of Defaults. If a Default occurs and is continuing with respect to the Securities of any series and if it is known to the Trustee, the Trustee shall, within 90 days after it occurs, transmit, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, notice of all uncured Defaults known to it; provided, however, that, in the case of a Default in

payment on the Securities of any series, the Trustee may withhold the notice if and so long as the board of directors, the executive committee or a committee of its Responsible Officers in good faith determines that withholding such notice is in the interests of Holders of Securities of that series; provided further that, in the case of any default or breach of the character specified in Section 5.1(3) with respect to the Securities and coupons of such series, no such notice to Holders shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

Section 6.7. Reports by Trustee to Holders. (a) Within 60 days after each May 15 of each year commencing with the first May 15 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit by mail to all Holders of Securities 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. The Trustee also shall comply with Section 313(b) and (d) of the Trust Indenture Act.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange, if any, upon which the Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee when the Securities are listed on any stock exchange.

Section 6.8. Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of Securities of each series. If the Trustee is not the Registrar, the Company shall furnish to the Trustee semiannually on or before the last day of June and December in each year, and at such other times as the Trustee may request in writing, a list, in such form and as of such date as the Trustee may reasonably require, containing all the information in the possession of the Registrar, the Company or any of its Paying Agents other than the Trustee as to the names and addresses of Holders of Securities of each such series. If there are Bearer Securities of any series outstanding, even if the Trustee is the Registrar, the Company shall furnish to the Trustee such a list containing such information with respect to Holders of such Bearer Securities only.

Section 6.9. Compensation and Indemnity. (a) The Company shall pay to the Trustee from time to time such compensation as shall be agreed to in writing between the Company and the Trustee for all services rendered by it hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it in connection with the performance of its duties under this Indenture, except any such expense as may be attributable to its negligence or bad faith.

(b) The Company shall indemnify the Trustee and any predecessor Trustee for, and hold it harmless against, any loss, liability or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee), incurred by it without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of the trust or trusts hereunder. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

(c) The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or bad faith.

(d) To secure the payment obligations of the Company pursuant to this Section, the Trustee shall have a lien prior to the Securities of any series on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest, if any, on particular Securities.

(e) When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 5.1(4) or Section 5.1(5), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

(f) The provisions of this Section shall survive the termination of this Indenture.

Section 6.10. Replacement of Trustee. (a) The resignation or removal of the Trustee and the appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of any series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to 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 with respect to the Securities of such series.

(c) The Holders of a majority in aggregate principal amount of the Outstanding Securities of any series may remove the Trustee with respect to that series by so notifying the Trustee and the Company and may appoint a successor Trustee for such series with the Company's consent.

(d) If at any time:

(1) the Trustee fails to comply with Section 310(b) of the Trust Indenture Act after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months;

(2) the Trustee shall cease to be eligible under Section 310(a) of the Trust Indenture Act and shall fail to resign after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months; or

(3) the Trustee becomes incapable of acting, is adjudged a bankrupt or an insolvent or a receiver or public officer takes charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (i) the Company by or pursuant to a Board Resolution may remove the Trustee with respect to all Securities, or (ii) subject to Section 315(e) of the Trust Indenture Act, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all other persons similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, with respect to Securities of one or more series, the Company, by or pursuant to Board Resolution, shall promptly appoint a successor Trustee with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a bona fide Holder of a Security of such 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 with respect to the Securities of such series.

Section 6.11. Acceptance of Appointment by Successor. (a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee, without further act, deed or conveyance, shall become vested with all the rights, powers and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the 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 hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and such successor Trustee shall execute and deliver an indenture supplemental hereto wherein such successor Trustee shall accept such appointment and which (i) shall contain such provisions as shall be necessary or desirable to

transfer and confirm to, and to vest in, such successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each 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 with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Trust Indenture Act.

(e) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series in the manner provided for notices to the Holders of Securities in Section 1.6. Each notice shall include the name of the successor Trustee with respect to the securities of such series and the address of its Corporate Trust office.

Section 6.12. Eligibility; Disqualification. There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under Section 310(a)(1) of the Trust Indenture Act and shall have a combined capital and surplus of at least \$75,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or the requirements of Federal, State, Territorial or District of Columbia supervising or examining authority, then, for the purposes of this Section, 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 condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 6.13. 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 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 Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 6.14. Appointment of Authenticating Agent. The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue, exchange, registration of transfer or partial redemption thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, a copy of which instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of

authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and, except as may otherwise be provided pursuant to Section 3.1, shall at all times be a bank or trust company or corporation organized and doing business and in good standing under the laws of the United States of America or of any State or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$1,500,000 and subject to supervision or examination by Federal or State authorities. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent for any series of Securities may at any time resign by giving written notice of resignation to the Trustee for such series and to the Company. The Trustee for any series of Securities may at any time terminate the agency of an Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee for such series may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner set forth in Section 1.6. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation including reimbursement of its reasonable expenses for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of a series issued under the within-mentioned Indenture.

Dated: _____ The First National Bank of Chicago,
as Trustee

By _____
as Authenticating Agent

By _____
Authorized Signatory

Sections 6.2, 6.3, 6.5 and 6.9 shall be applicable to any Authenticating Agent.

Section 6.15. Trustee's Application for Instructions from the Company. Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. The Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than fifteen Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of

an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE 7

Consolidation, Merger or Sale by the Company -----

The Company may merge or consolidate with or into any other corporation or sell, convey, transfer or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, if (i)(A) in the case of a merger or consolidation, the Company is the surviving corporation or (B) in the case of a merger or consolidation where the Company is not the surviving corporation and in the case of any such sale, conveyance or other disposition, the successor or acquiring corporation is a corporation organized and existing under the laws of the United States or a State thereof and such corporation expressly assumes by supplemental indenture all the obligations of the Company under the Securities and any coupons appertaining thereto and under this Indenture, (ii) immediately thereafter, giving effect to such merger or consolidation, or such sale, conveyance, transfer or other disposition, no Default or Event of Default shall have occurred and be continuing, and (iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such merger or consolidation, or such sale, conveyance, transfer or other disposition complies with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with. In the event of the assumption by a successor corporation of the obligations of the Company as provided in clause (i)(B) of the immediately preceding sentence, such successor corporation shall succeed to and be substituted for the Company hereunder and under the Securities and any coupons appertaining thereto and all such obligations of the Company shall terminate.

ARTICLE 8

Supplemental Indentures -----

Section 8.1. Supplemental Indentures Without Consent of Holders. Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into indentures supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes:

- (1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities;
- (2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company;
- (3) to add any additional Events of Default with respect to all or any series of Securities;
- (4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to facilitate the issuance of Bearer Securities (including, without limitation, to provide that Bearer Securities may be registrable as to principal only) or to facilitate the issuance of Securities in global form;
- (5) to add to, change or eliminate any of the provisions of this Indenture, provided that any such addition, change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;
- (6) to secure the Securities;
- (7) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 3.1;
- (8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.10;
- (9) if allowed without penalty under applicable laws and regulations, to permit payment in the United States (including any of the states and the District of Columbia), its territories,

its possessions and other areas subject to its jurisdiction of principal, premium, if any, or interest, if any, on Bearer Securities or coupons, if any;

(10) to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, to cure any ambiguity or correct any mistake or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series; or

(11) to comply with any requirement of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act.

Section 8.2. Supplemental Indentures With Consent of Holders. With the written consent of the Holders of a majority of the aggregate principal amount of the Outstanding Securities of each series adversely affected by such supplemental indenture, the Company and the Trustee may enter into an indenture or indentures supplemental hereto to add any provisions to or to change or eliminate any provisions of this Indenture or of any other indenture supplemental hereto or to modify the rights of the Holders of Securities of each such series; provided, however, that without the consent of the Holder of each Outstanding Security affected thereby, an amendment under this Section may not:

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security (except that a valid extension of an interest payment period by the Company, in accordance with the terms of any indenture supplemental hereto, shall not constitute a change for this purpose) or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.2, or change the coin or currency in which, any Securities or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or modify the provisions of this indenture with respect to the subordination of the Securities, or adversely affect the right to convert any Security as may be provided pursuant to Section 3.1 herein;

(2) reduce the percentage of principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture;

(3) change any obligation of the Company to maintain an office or agency in the places and for the purposes specified in Section 9.2;

(4) adversely affect the right to convert the Securities of any series as provided in Article 12 hereof; or

(5) make any change in Section 5.7 or this Section 8.2 except to increase any percentage or to provide that certain other provisions of this Indenture cannot be modified or waived with the consent of the Holders of each Outstanding Security affected thereby.

For the purposes of this Section 8.2, if the Securities of any series are issuable upon the exercise of warrants, any holder of an unexercised and unexpired warrant with respect to such series shall not be deemed to be a Holder of Outstanding Securities of such series in the amount issuable upon the exercise of such warrants.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture, which has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It is not necessary under this Section 8.2 for the Holders to consent to the particular form of any proposed supplemental indenture, but it is sufficient if they consent to the substance thereof.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated

proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be canceled and of no further effect.

Section 8.3. Compliance with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall comply with the requirements of the Trust Indenture Act as then in effect.

Section 8.4. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, 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 indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.5. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder and of any coupon appertaining thereto shall be bound thereby.

Section 8.6. Reference in Securities to Supplemental Indentures. Securities, including any coupons, of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities including any coupons of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities including any coupons of such series.

ARTICLE 9

Covenants

Section 9.1. Payment of Principal, Premium, If Any, and Interest. The Company covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually pay the principal of, premium, if any, and interest, if any, on the Securities of that series in accordance with the terms of the Securities of such series, any coupons appertaining thereto and this Indenture. An installment of principal or interest shall be considered paid on the date it is due if the Trustee or Paying Agent holds on that date money designated for and sufficient to pay the installment.

If at any time while the Trustee is the Holder of any Securities, any UAL Corporation Capital Trust or the Trustee is required to pay any taxes, duties, assessments or governmental charges of whatever nature (other than withholding taxes) imposed by the United States, or any other taxing authority, then, in any such case, the Company will pay as additional interest ("Additional Interest") on the Securities held by the Trustee, such amounts as shall be required so that the net amounts received and retained by such UAL Corporation Capital Trust and the Trustee after paying any such taxes, duties, assessments or other governmental charges will be not less than the amounts such UAL Corporation Capital Trust and the Trustee would have received had no such taxes, duties, assessments or other governmental charges been imposed.

Section 9.2. Maintenance of Office or Agency. If Securities of a series are issued as Registered Securities, the Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange, where Securities may be surrendered for conversion and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Company will maintain, (i) subject to any laws or regulations applicable thereto, an office or agency in a Place of Payment for that series which is located outside the United States, where Securities of that series and related coupons may be presented and surrendered for payment; provided, however, that if the Securities of that series are listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited,

the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that series in London, Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of that series are listed on such exchange, and (ii) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States, where Securities of that series may be surrendered for exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified as contemplated by Section 3.1, no payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States, by check mailed to any address in the United States, by transfer to an account located in the United States or upon presentation or surrender in the United States of a Bearer Security or coupon for payment, even if the payment would be credited to an account located outside the United States; provided, however, that, if the Securities of a series are denominated and payable in Dollars, payment of principal of and any premium or interest on any such Bearer Security shall be made at the office of the Company's Paying Agent in the Borough of Manhattan, The City of New York, if (but only if) payment in Dollars of the full amount of such principal, premium or interest, as the case may be, at all offices or agencies outside the United States maintained for the purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other offices or agencies where the Securities (including any coupons, if any) of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities (including any coupons, if any) of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Unless otherwise specified as contemplated by Section 3.1, the Trustee shall initially serve as Paying Agent.

Section 9.3. Money for Securities to Be Held in Trust; Unclaimed Money. If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of, premium, if any, or interest, if any, on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal, premium, if any, or interest, if any, so becoming due until such sums shall be paid to such persons or otherwise disposed of as herein provided and will promptly notify the Trustee in writing of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of, premium, if any, or interest, if any, on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal, premium, if any, or interest, if any, on the Securities; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or 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.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of any principal, premium or interest on any Security of any series and remaining unclaimed for two years after such principal, premium, if any, or interest, if any, has become due and payable shall be paid to the Company on Company Request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security and coupon, if any, shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, or cause to be mailed to 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 such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 9.4. Corporate Existence. Subject to Article 7, the Company will at all times do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence; provided that nothing in this Section 9.4 shall prevent the abandonment or termination of any right or franchise of the Company, if, in the opinion of the Company, such abandonment or termination is in the best interests of the Company and does not materially adversely affect the ability of the Company to operate its business or to fulfill its obligations hereunder.

Section 9.5. Insurance. The Company covenants and agrees that it will maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations or through a program of self-insurance in such amounts and covering such risks as are consistent with sound business practice for corporations engaged in the same or a similar business similarly situated.

Section 9.6. Reports by the Company. The Company covenants:

(a) to file with the Trustee, within 30 days after the Company is required to file the same with the Commission, 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 Commission may from time to time by rules and regulations prescribe) which it may be required to file with the Commission pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934, as amended; or, if it is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, 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 from time to time in such rules and regulations;

(b) to file with the Trustee and the Commission, in accordance with the rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by it with the conditions and covenants provided for in this Indenture, as may be required from time to time by such rules and regulations; and

(c) to transmit to all Holders of Securities, within 30 days after the filing thereof with the Trustee, 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 it pursuant to subsections (a) and (b) of this Section 9.6, as may be required by rules and regulations prescribed from time to time by the Commission.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 9.7. Annual Review Certificate. The Company covenants and agrees to deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, 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 Indenture. For purposes of this Section 9.7, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

Section 9.8. Limitation on Dividends and Capital Stock Acquisitions. The Company covenants and agrees that, if at any time it has failed to make any payment of interest, principal or premium on the Securities when due (after giving effect to any grace period for payment thereof as provided in Section 5.1), the Company will not, until all defaulted interest on the Securities and all principal and premium, if any, then due and payable on the Securities shall have been paid in full, (i) declare, set aside or pay any dividend or distribution on any capital stock of the Company (except for dividends or distributions in shares of its capital stock or rights to acquire shares of its capital stock), or (ii) repurchase, redeem or otherwise acquire, or make any sinking fund payment for the purchase or redemption of, any shares of its capital stock (except by conversion into or exchange for shares of its capital stock and except for a redemption, purchase or other acquisition of shares of its capital stock made for the purpose of an employee incentive plan or benefit plan of the Company or any of its subsidiaries); provided, however, that any moneys theretofore deposited in any sinking fund with respect to any preferred stock of the Company in compliance with this Section 9.8 and the provisions of such sinking fund may thereafter be applied to the purchase or redemption of such preferred stock in accordance with the terms of such sinking fund without regard to the restrictions in this Section 9.8.

Section 9.9. Notice of Default. The Company shall file with the Trustee written notice of the occurrence of any Default or Event of Default within 30 Business Days of its becoming aware of any such Default or Event of Default.

ARTICLE 10

Redemption -----

Section 10.1. Applicability of Article. Securities (including coupons, if any) of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.1 for Securities of any series) in accordance with this Article.

Section 10.2. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Securities, including coupons, if any, shall be evidenced by or pursuant to a Board Resolution or an Officers' Certificate. In the case of any redemption at the election of the Company of less than all the Securities or coupons, if any, of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the tenor of the Securities to be redeemed. In the case of any redemption of Securities (i) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture or (ii) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction or condition.

Section 10.3. Selection of Securities to Be Redeemed. Unless otherwise specified as contemplated by Section 3.1, if less than all the Securities (including coupons, if any) of a series with the same original issue date, interest rate and Stated Maturity are to be redeemed, the Trustee, not more than 45 days prior to the redemption date, shall select the Securities of the series to be redeemed in such manner as the Trustee shall deem fair and appropriate. The Trustee shall make the selection from Securities of the series that are Outstanding and that have not previously been called for redemption and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities, including coupons, if any, of that series or any integral multiple thereof) of the principal amount of Securities, including coupons, if any, of such series of a denomination larger than the minimum authorized denomination for Securities of that series. The Trustee shall promptly notify the Company in writing of the Securities selected by the Trustee for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities (including coupons, if any) shall relate, in the case of any Securities (including coupons, if any) redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities (including coupons, if any) which has been or is to be redeemed.

Section 10.4. Notice of Redemption. Unless otherwise specified as contemplated by Section 3.1, notice of redemption shall be given in the manner provided in Section 1.6 not less than 30 days nor more than 60 days prior to the Redemption Date to the Holders of the Securities to be redeemed.

All notices of redemption shall state:

- (1) the Redemption Date;
- (2) the Redemption Price;
- (3) if fewer than all the Outstanding Securities of a series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Security or Securities to be redeemed;
- (4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the holder will receive, without a charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;
- (5) the Place or Places of Payment where such Securities, together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the Redemption Date, are to be surrendered for payment for the Redemption Price;
- (6) that Securities of the series called for redemption and all unmatured coupons, if any, appertaining thereto must be surrendered to the Paying Agent to collect the Redemption Price;
- (7) that, on the Redemption Date, the Redemption Price will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;
- (8) that the redemption is for a sinking fund, if such is the case;
- (9) that, unless otherwise specified in such notice, Bearer Securities of any series, if any, surrendered for redemption must be accompanied by all coupons maturing subsequent to the Redemption Date or the amount of any such missing coupon or coupons will be deducted from the Redemption Price, unless security or indemnity satisfactory to the Company, the Trustee and any Paying Agent is furnished; and
- (10) CUSIP number.

Notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

Section 10.5. Deposit of Redemption Price. On or prior to 12:00 noon New York City time on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 9.3) an amount of money in the currency or currencies (including currency units or composite currencies) in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.1 for the Securities of such series) sufficient to pay on the Redemption Date the Redemption Price of, and (unless the Redemption Date shall be an Interest Payment Date) interest accrued to the Redemption Date on, all Securities or portions thereof which are to be redeemed on that date.

Unless any Security by its terms prohibits any sinking fund payment obligation from being satisfied by delivering and crediting Securities (including Securities redeemed otherwise than through a sinking fund), the Company may deliver such Securities to the Trustee for crediting against such payment obligation in accordance with the terms of such Securities and this Indenture.

Section 10.6. Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest and the coupons for any such interest appertaining to any Bearer Security so to be redeemed, except to the extent provided below, shall be void. Except as provided in the next succeeding paragraph, upon surrender of any such Security, including coupons, if any, for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest on Bearer Securities whose Stated Maturity is prior to the Redemption Date shall be payable only at an office or

agency located outside the United States and its possessions (except as otherwise provided in Section 9.2) and, unless otherwise specified as contemplated by Section 3.1, only upon presentation and surrender of coupons for such interest; and provided further that, unless otherwise specified as contemplated by Section 3.1, installments of interest on Registered Securities whose Stated Maturity is prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.7.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Bearer Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Bearer Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside of the United States (except as otherwise provided pursuant to Section 9.2) and, unless otherwise specified as contemplated by Section 3.1, only upon presentation and surrender of those coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

Section 10.7. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part at any Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Company shall execute and the Trustee shall authenticate and deliver to the Holder of that Security, without service charge, a new Security or Securities of the same series, the same form and the same Maturity in any authorized denomination equal in aggregate principal amount to the unredeemed portion of the principal of the Security surrendered.

ARTICLE 11

Sinking Funds

Section 11.1. Applicability of Article. The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.1 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment." If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 11.2. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 11.2. Satisfaction of Sinking Fund Payments with Securities. The Company (i) may deliver Outstanding Securities of a series (other than any previously called for redemption) together, in the case of Bearer Securities of such series, with all unmatured coupons appertaining thereto and (ii) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 11.3. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by

payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 11.2 and will also deliver to the Trustee any Securities to be so delivered. Not less than 30 days before each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 10.3 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 10.4. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 10.6 and 10.7.

ARTICLE 12

Subordination of Securities

Section 12.1. Securities Subordinated to Senior Indebtedness. (a) The Company agrees, and each Holder of the Securities by acceptance thereof likewise agrees, that the payment of the principal of, premium, if any, and interest, if any, on the Securities is subordinated, to the extent and in the manner provided in this Article 12, to the prior payment in full of all Senior Indebtedness of the Company.

(b) All provisions of this Article 12 shall be subject to Section 12.14.

Section 12.2. Company Not to Make Payments with Respect to Securities in Certain Circumstances; Limitations on Acceleration of Securities. (a) Upon the maturity of any Senior Indebtedness of the Company by lapse of time, acceleration or otherwise, all obligations with respect thereto shall first be paid in full, or such payment duly provided for in cash or in a manner satisfactory to the holders of such Senior Indebtedness, before any payment is made on account of the principal of, premium, if any, or interest, if any, on the Securities or to redeem, retire, purchase, deposit moneys for the defeasance of or acquire any of the Securities.

(b) Upon the happening of (i) any default in payment of any Senior Indebtedness of the Company or (ii) any other default on Senior Indebtedness of the Company and the maturity of such Senior Indebtedness is accelerated in accordance with its terms, then, unless (w) such default relates to Senior Indebtedness of the Company in an aggregate amount equal to or less than \$20 million, (x) such default shall have been cured or waived or shall have ceased to exist, (y) any such acceleration has been rescinded, or (z) such Senior Indebtedness has been paid in full, no direct or indirect payment in cash, property or securities, by set-off or otherwise (except payment of the Securities from funds previously deposited in accordance with Section 4.1 at any time such deposit was not prohibited by this Indenture), shall be made or agreed to be made by the Company on account of the principal of, premium, if any, or interest, if any, on the Securities, or in respect of any redemption, retirement, purchase, deposit of moneys for the defeasance or other acquisition of any of the Securities in the case of such a default in Senior Indebtedness of the Company, the Company shall not deposit money for any such payment or distribution with the Trustee or any Paying Agent nor shall the Company (if the Company is acting as its own Paying Agent) segregate and hold in trust money for any such payment or distribution.

(c) Upon the happening of an event of default (other than under circumstances when the terms of paragraph (b) of this Section 12.2 are applicable) with respect to any Senior Indebtedness of the Company pursuant to which the holders thereof are entitled under the terms of such Senior Indebtedness to immediately accelerate the maturity thereof (without further notice or expiration of any applicable grace periods), upon written notice thereof given to each of the Company and the Trustee by the trustee for or other representative of the holders of at least \$25 million of Senior Indebtedness of the Company (a "Payment Notice"), then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no direct or indirect payment in cash, property or securities, by set-off or otherwise (except payment of the Securities from funds previously deposited in accordance with Section 4.1 at any time such deposit was not prohibited by this Indenture), shall be made or agreed to be made by the Company on account of the principal of or premium, if any, or interest, if any, on the Securities, or in respect of any redemption, retirement, purchase, deposit of moneys for the defeasance or other acquisition of any of the Securities, and the Company shall not deposit money for any such payment or distribution with the Trustee or any Paying Agent nor shall the Company or a Subsidiary (if the Company or such Subsidiary is acting as Paying Agent) segregate and hold in trust money for any such payment or distribution (a "Payment Block"); provided, however, that this Section 12.2(c) shall not prevent the making of any payment for more than 120 days after a Payment Notice shall have been given unless the Senior Indebtedness in respect of which such event of default exists has been declared due and payable in its entirety, in which case no such payment shall be made until such acceleration has been rescinded or

annulled or such Senior Indebtedness has been paid in full in accordance with its terms. Notwithstanding the foregoing, (i) not more than one Payment Notice shall be given with respect to a particular event of default (which shall not bar subsequent Payment Notices for other such events of default), (ii) all events of default under Senior Indebtedness occurring within any 30-day period shall be treated as one event of default to the extent that one or more Payment Notices are issued in connection therewith and (iii) no more than two Payment Blocks shall be permitted within any period of 12 consecutive months. Any payment made in contravention of the provisions of this Section 12.2(c) shall be returned to the Company.

(d) In the event that, notwithstanding the provisions of Section 12.2(a) or 12.2(b), the Trustee or the Holder of any Security shall have received any payment on account of the principal of or premium, if any, or interest, if any, on the Securities in contravention of Section 12.2(a) or 12.2(b) or after the happening of a default in payment of any Senior Indebtedness of the Company, or any acceleration of the maturity of any Senior Indebtedness of the Company, then, in either such case, except in the case of any such default which shall have been cured or waived or shall have ceased to exist, such payment (subject to the provisions of Sections 12.6 and 12.7) shall be held for the benefit of, and shall be paid over and delivered to, the holders of such Senior Indebtedness of the Company (pro rata as to each of such holders on the basis of the respective amounts of Senior Indebtedness of the Company held by them) or their representative or the trustee under the indenture or other agreement (if any) pursuant to which Senior Indebtedness of the Company may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness of the Company remaining unpaid to the extent necessary to pay all Senior Indebtedness of the Company in full in accordance with its terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness of the Company.

(e) (1) Upon the occurrence of an Event of Default under Section 5.1(1) through (3) and (6), the Trustee or holders of 25% of the outstanding principal amount of the Securities of any series must give notice of such Event of Default and the intention to accelerate to the Company and any holders of Senior Indebtedness which have theretofore requested of the Trustee such notice, and no acceleration of the Securities of any series shall be effective unless and until such Event of Default is continuing on the sixtieth day after the date of delivery of such notice. The Company may pay the holders of the Securities of any series any defaulted payment and all other amounts due following any such acceleration of the maturity of the Securities if Section 12.2(a) would not prohibit such payment to be made at that time.

(2) Nothing in this Article 12 shall prevent or delay the Trustee or the holders of the Securities from taking any action in connection with the acceleration of the maturity of the Securities pursuant to Section 5.2 upon the occurrence of an Event of Default under either of Section 5.1(4) or 5.1(5).

(3) Except as provided in Section 12.2(e)(1), a failure to make any payment with respect to the Securities as a result of the rights of holders of Senior Indebtedness of the Company described in Section 12.2(b) or 12.2(c) will not have any effect on the right of holders of the Securities to accelerate the maturities thereof as a result of such payment default. The Company shall give prompt written notice to the Trustee of any default in the payment of principal of or interest on any Senior Indebtedness of the Company, and in the event of any such default, shall provide to the Trustee, in the form of an Officers' Certificate, the names, addresses and respective amounts due holders of such Senior Indebtedness or the name and address of the trustee acting on their behalf, if any. The Trustee shall be entitled to rely conclusively on such Officers' Certificate without independent verification.

Section 12.3. Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of the Company. Upon the distribution of assets of the Company in any Dissolution, winding up, liquidation (total or partial) or similar proceeding relating to the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(1) the holders of all Senior Indebtedness of the Company shall first be entitled to receive payment in full of all Senior Indebtedness (or to have such payment duly provided for in a manner satisfactory to them) in cash or in a manner satisfactory to the holders of Senior Indebtedness of the Company before the Holders of the Securities, in the case of Senior Indebtedness of the Company, are entitled to receive any payment on account of the principal of, premium, if any, or interest, if any, on the Securities;

(2) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities

(other than securities of the Company as reorganized or readjusted or securities of the Company or any other company, trust or corporation provided for by a plan of reorganization or readjustment, the payment of which is junior or otherwise subordinate, at least to the extent provided in this Article 12 with respect to the Securities, to the payment of all Senior Indebtedness of the Company at the time outstanding and to the payment of all securities issued in exchange therefor to the holders of the Senior Indebtedness of the Company at the time outstanding), to which the Holders of the Securities or the Trustee on behalf of the Holders of the Securities would be entitled except for the provisions of this Article 12, shall be paid by the liquidating trustee or agent or other person making such payment or distribution directly to the holders of the Senior Indebtedness of the Company or their representatives or to the trustee under any indenture under which such Senior Indebtedness may have been issued (pro rata) as to each such holder, representative or trustee on the basis of respective amounts of unpaid Senior Indebtedness held or represented by each), to the extent necessary to make payment in full of all Senior Indebtedness of the Company remaining unpaid, after giving effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness; and

(3) in the event that notwithstanding the foregoing provisions of this Section 12.3, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than securities of the Company as reorganized or readjusted or securities of the Company or any other company, trust or corporation provided for by a plan of reorganization or readjustment, the payment of which is junior or otherwise subordinate, at least to the extent provided in this Article 12 with respect to the Securities, to the payment of all Senior Indebtedness of the Company at the time outstanding and to the payment of all securities issued in exchange therefor to the holders of the Senior Indebtedness of the Company at the time outstanding), shall be received by the Trustee or the Holders of the Securities on account of principal of, premium, if any, or interest, if any, on the Securities before all Senior Indebtedness of the Company is paid in full in cash or in a manner satisfactory to the holders of such Senior Indebtedness in accordance with its terms, or effective provision made for its payment, such payment or distribution (subject to the provisions of Sections 12.6 and 12.7) shall be received and held for the benefit of and paid over to the holders of the Senior Indebtedness of the Company remaining unpaid or unprovided for or their representative, or to the trustee under any indenture under which such Senior Indebtedness of the Company may have been issued (pro rata as provided in paragraph (2) above), for application to the payment of such Senior Indebtedness of the Company to the extent necessary to pay all such Senior Indebtedness of the Company in full in cash or in a manner satisfactory to the holders of Senior Indebtedness of the Company, in accordance with its terms, after giving effect to any concurrent payment or distribution or provision therefor to the holders of such Senior Indebtedness of the Company.

The Company shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Company or any assignment for the benefit of the Company's creditors tending toward the liquidation of the business and assets of the Company.

Section 12.4. Holders to Be Subrogated to Rights of Holders of Senior Indebtedness. Upon the payment in full of all Senior Indebtedness of the Company in cash or in a manner satisfactory to the holders of such Senior Indebtedness, the Holders of the Securities shall be subrogated equally and ratably to the rights of the holders of Senior Indebtedness of the Company to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness of the Company until all amounts owing on the Securities shall be paid in full, and for the purpose of such subrogation no payments or distributions to the holders of Senior Indebtedness of the Company by or on behalf of the Company or by or on behalf of Holders of the Securities by virtue of this Article 12 which otherwise would have been made to the Holders of the Securities shall, as between the Company and the Holders of the Securities, be deemed to be payment by the Company to or on account of Senior Indebtedness of the Company, it being understood that the provisions of this Article 12 are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of Senior Indebtedness of the Company, on the other hand.

Section 12.5. Obligation of the Company Unconditional. Nothing contained in this Article 12 or elsewhere in this Indenture or in any Security is intended to or shall impair, as between the Company and the Holders of the Securities, the obligations of the Company, which are absolute and unconditional, to pay to the Holders of the Securities the principal of (and premium, if any) and interest, if any, on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of

the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness of the Company, nor, except as expressly provided in this Article 12, shall anything herein or in the Securities prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 12 of the holders of Senior Indebtedness of the Company in respect of cash, property or securities of the Company upon the exercise of any such remedy. Upon any distribution of assets of the Company referred to in this Article 12, the Trustee, subject to the provisions of Section 6.1, and the Holders of the Securities shall be entitled to rely upon any order or decree by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee or the Holders of the securities, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of Senior Indebtedness of the Company and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 12.

Nothing contained in this Article 12 or elsewhere in this Indenture or in any Security is intended to or shall affect the obligations of the Company to make, or prevent the Company from making, at any time except during the pendency of any dissolution, winding up, liquidation (total or partial) or similar proceeding, and except during the continuance of any event specified in Section 12.2 (not cured or waived), payments at any time of the principal of (or premium, if any) or interest, if any, on the Securities.

Section 12.6. Knowledge of Trustee. Notwithstanding any provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee until three Business Days after a Responsible Officer of the Trustee on behalf of the Trustee shall have received at the Corporate Trust Office of the Trustee written notice thereof from the Company, any Holder, or the holder or representative of any class of Senior Indebtedness of the Company identifying the specific sections of this Indenture involved and describing in detail the facts that would obligate the Trustee to withhold payments to Holders of Securities, and prior to such time, the Trustee, subject to the provisions of Section 6.1, shall be entitled in all respects conclusively to assume that no such facts exist. The Trustee shall be entitled to rely on the delivery to it of a written notice by an individual representing himself to be a holder of Senior Indebtedness of the Company (or a trustee on behalf of such holder) to establish that such notice has been given by a holder of any such Senior Indebtedness or a trustee on behalf of any such holder.

In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness of the Company to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness of the Company held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

Section 12.7. Application by Trustee of Moneys Deposited with It. If two Business Days prior to the date on which by the terms of this Indenture any moneys deposited with the Trustee or any Paying Agent (other than the Company or a Subsidiary) may become payable for any purpose (including, without limitation, the payment of the principal of, premium, if any, or interest, if any, on any Security) the Trustee shall not have received with respect to such moneys the notice provided for in Section 12.6, then the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received and shall not be affected by any notice to the contrary which may be received by it on or after such date. This Section 12.7 shall be construed solely for the benefit of the Trustee and Paying Agent and shall not otherwise affect the rights of holders of such Senior Indebtedness.

Section 12.8. Subordination Rights Not Impaired by Acts or Omissions of Company or Holders of Senior Indebtedness. No right of any present or future holders of any Senior Indebtedness of the Company to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any noncompliance by the Company with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

Section 12.9. Holders Authorize Trustee to Effectuate Subordination of Securities. Each Holder of the Securities by his

acceptance thereof authorizes and expressly directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate in the discretion of the Trustee to effectuate the subordination provided in this Article 12 and appoints the Trustee such Holder's attorney in-fact for such purpose, including, without limitation, in the event of any dissolution, winding up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) tending towards liquidation of the business and assets of the Company, the timely filing of a claim for the unpaid balance of such Holder's Securities in the form required in said proceedings. If the Trustee does not file a proper claim or proof of debt in the form required in such proceedings before the expiration of the time to file such claim or claims, then the holders of Senior Indebtedness of the Company are hereby authorized to have the right to file and are hereby authorized to file an appropriate claim for and on behalf of the Holders of said Securities.

Section 12.10. Right of Trustee to Hold Senior Indebtedness. The Trustee shall be entitled to all of the rights set forth in this Article 12 in respect of any Senior Indebtedness of the Company at any time held by it to the same extent as any other holder of such Senior Indebtedness of the Company, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder. With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article 12, and no implied covenants or obligations with respect to the holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Company, and the Trustee shall not be liable to any holder of Senior Indebtedness of the Company if it shall mistakenly pay over or deliver to Holders of Securities, the Company or any other Person moneys or assets to which any holder of such Senior Indebtedness shall be entitled by virtue of this Article 12 or otherwise.

Section 12.11. Article 12 Not to Prevent Events of Default. The failure to make a payment on account of principal or interest by reason of any provision in this Article 12 shall not be construed as preventing the occurrence of an Event of Default under Section 5.1.

Section 12.12. Paying Agents Other Than the Trustee. In case at any time any Paying Agent (including, without limitation, the Company or any Subsidiary) other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article 12 shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent (except the Company and its subsidiaries in the case of Sections 12.6 and 12.7) within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article 12 in addition to or in place of the Trustee.

Section 12.13. Trustee's Compensation Not Prejudiced. Nothing in this Article 12 shall apply to amounts due to the Trustee pursuant to Section 6.9.

Section 12.14. Trust Moneys Not Subordinated. Notwithstanding anything contained herein to the contrary, payments from money held in trust under Article 4 by the Trustee for the payment of principal of, premium if any, and interest, if any, on the Securities shall not be subordinated to the prior payment of any Senior Indebtedness of the Company or subject to the restrictions set forth in this Article 12 and none of the Holders shall be obligated to pay over any such amount to the Company or any holder of Senior Indebtedness of the Company or any other creditor of the Company.

Section 12.15. Reliance on Judicial Order or Certificate of Liquidating Agent. Upon any payment or distribution of assets of the Company referred to in this Article Twelve, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Twelve.

Section 12.16. Trustee Not Fiduciary for Holders or Senior Indebtedness of the Company. The Trustee shall not be deemed to owe any fiduciary duty to the Holders of any Senior Indebtedness and shall not be liable to any such holders if the Trustee shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other person cash, property or securities to which any holders of Senior Indebtedness of the Company shall be entitled by

virtue of this Article Twelve or otherwise. The Trustee shall not be charged with knowledge of the existence of Senior Indebtedness of the Company or of any facts that would prohibit any payment hereunder unless a Responsible Officer of the Trustee shall have received notice to that effect at the address of the Trustee, provided that the Trustee shall be deemed to have knowledge of the existence of any Senior Indebtedness to which it acts as Trustee. With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article Twelve and no implied covenants or obligations with respect to holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee.

This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

UAL CORPORATION

By: /s/ Douglas A. Hacker

Title: Senior Vice President
and Chief Financial Officer

Attest:

/s/ Francesca M. Maher

Title: Corporate Secretary

THE FIRST NATIONAL BANK OF CHICAGO,
TRUSTEE

By: /s/ Richard D. Manella

Title: Vice President

Attest:

/s/ Leland Hansen

Title: Assistant Vice President

UAL CORPORATION

Officer's Certificate

Pursuant to Sections 2.1 and 3.1 of the Indenture, dated as of December 20, 1996 (the "Indenture"), between UAL Corporation, a Delaware corporation (the "Company"), and The First National Bank of Chicago, a national banking association, as trustee (the "Trustee"), the undersigned officer of the Company hereby certifies on behalf of the Company as follows:

1. Authorization. The establishment of a series of Securities of the Company has been approved and authorized in accordance with the provisions of the Indenture pursuant to resolutions of the Board of Directors of the Company adopted on June 27, 1996 and September 26, 1996 and the resolutions of the Series B Committee of the Company adopted on November 20, 1996.

2. Compliance with Covenants and Conditions Precedent. All conditions precedent, if any, provided for in the Indenture relating to the establishment of a series of Securities have been complied with.

3. Terms. The terms of the series of Securities established pursuant to this Officer's Certificate will be as follows:

- (i) Title. The title of the Securities is "13-1/4% Junior Subordinated Debentures due 2026" (the "Junior Subordinated Debentures").
- (ii) Aggregate Principal Amount. The Junior Subordinated Debentures shall be limited in aggregate principal amount to \$77,301,649.50 (except for Junior Subordinated Debentures authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Debentures pursuant to Sections 3.4, 3.5, 3.6, 8.6 or 10.7 of the Indenture and except for any Junior Subordinated Debentures that, pursuant to the last paragraph of Section 3.3 of the Indenture, are deemed never to have been authenticated and delivered under the Indenture).
- (iii) Stated Maturity. The date on which the principal of the Junior Subordinated Debentures is payable is December 15, 2026.
- (iv) Rate of Interest; Interest Payment Dates; Regular Record Dates. Each Junior Subordinated Debenture will bear interest from December 21, 1996 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly in arrears on March 31, June 30, September 30 and December 31 of each year (each, an "Interest Payment Date") (subject to extension as provided in the form of Junior Subordinated Debenture attached hereto as Exhibit A), commencing on December 31, 1996, at the rate of 13-1/4% per annum until the principal thereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the rate of 13-1/4% per annum, compounded quarterly, on any overdue principal and premium and on any overdue installment of interest. Except as set forth below, the interest so payable shall be paid to the person in whose name such Junior Subordinated Debenture (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which, except as set forth below, shall be the close of business 15 calendar days prior to such Interest Payment Date, except that the record date for the payment to be made on December 31, 1996 shall be the date of exchange of the Preferred Securities for the Depositary Shares. In addition, each Junior Subordinated Debenture will bear interest from November 1, 1996 through December 20, 1996 at the rate of 12-1/4% per annum (the

"Pre-Issuance Accrued Distribution"), payable on December 31, 1996 to the person in whose name such Junior Subordinated Debenture is registered at the close of business on the Regular Record Date for such Interest Payment Date. With the exception of the interest payment described in the immediately preceding sentence, any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered holder on such Regular Record Date and may either be paid to the person in whose name such Junior Subordinated Debenture (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to the registered holder of such Junior Subordinated Debenture 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 Junior Subordinated Debentures may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30-day months and, for any period shorter than a full quarterly interest period for which interest is computed, the amount of interest payable will be computed on the basis of the actual number of days elapsed in such a 30-day month. In the event that any Interest Payment Date is not a business day, then payment of interest payable on such date will be made on the next succeeding business day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day (notwithstanding Section 1.12 of the Indenture), in each case with the same force and effect as if made on such date.

- (v) Place of Payment. Principal and interest on the Junior Subordinated Debentures will be payable, the transfer of such Junior Subordinated Debentures will be registrable and such Junior Subordinated Debentures will be exchangeable for Junior Subordinated Debentures bearing identical terms and provisions at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City and State of New York; provided, however, that, at the option of the Company, payments of interest may be made by check mailed to the registered holder at such address as shall appear in the Security Register and that the payment of principal with respect to any Junior Subordinated Debenture will only be made upon surrender of such Junior Subordinated Debenture to the Trustee.
- (vi) Optional Redemption. Junior Subordinated Debentures may be redeemed at the option of the Company as set forth in the form of Junior Subordinated Debenture attached hereto as Exhibit A.
- (vii) Mandatory Redemption. The Junior Subordinated Debentures will contain no provision for mandatory redemption, a sinking fund or any analogous provisions.
- (viii) Denominations. The Junior Subordinated Debentures will be issuable in denominations of \$25 and integral multiples thereof.
- (ix) Currency. The Junior Subordinated Debentures will be denominated in Dollars and the principal of and interest on the Junior Subordinated Debentures will be payable in Dollars. The Junior Subordinated Debentures will be satisfied and discharged as provided in Article 4 of the Indenture.
- (x) Payment Currency. The principal of and interest on the Junior Subordinated Debentures will not be payable in a currency other than Dollars.
- (xi) Formula. The amount of payments of principal of and interest on the Junior Subordinated

Debentures will not be determined with reference to an index, formula or other method.

- (xii) Amount Payable Upon Acceleration. The principal amount of the Junior Subordinated Debentures will be payable upon declaration of acceleration pursuant to Section 5.2 of the Indenture.
- (xiii) Payment of Interest. The payment of interest on the Junior Subordinated Debentures will be governed by Section 3.7 of the Indenture.
- (xiv) Special Rights. There are no provisions granting special rights to the Holders upon the occurrence of specified events.
- (xv) Covenants; Events of Default. There shall be no deletions from, modifications or additions to the Events of Default set forth in Section 5.1 of the Indenture or covenants of the Company set forth in Article 9 with respect to the Junior Subordinated Debentures.
- (xvi) Additional Amounts. The Company will not pay additional amounts on the Junior Subordinated Debentures held by a Person that is not a U.S. Person in respect of taxes or similar charges withheld or deducted.
- (xvii) Registered Securities. The Junior Subordinated Debentures will be issuable in definitive form as Registered Securities, without interest coupons. Section 3.5 of the Indenture will govern the Junior Subordinated Debentures.
- (xviii) Bearer Securities; Temporary Global Security. The Junior Subordinated Debentures will not be Bearer Securities or represented by a temporary global Security.
- (xix) Defeasance and Covenant Defeasance. Sections 4.4 and 4.5 of the Indenture will apply to the Junior Subordinated Debentures and the term "Government Obligations" shall not include obligations referred to in the Definition of such term in the Indenture which are not obligations of the United States or an agency or instrumentality of the United States.
- (xx) Registrar; Paying Agent. The Trustee will be the Registrar and the Paying Agent for the Junior Subordinated Debentures.
- (xxi) Warrants. No warrants will be issued in connection with the Junior Subordinated Debentures.
- (xxii) Exchange Rate Agent. There will be no Exchange Rate Agent with respect to the Junior Subordinated Debentures.
- (xxiii) Global Form. The Junior Subordinated Debentures will not be issued in temporary or permanent global form.
- (xxiv) Conversion. The Junior Subordinated Debentures will not be convertible into any other security of the Company.
- (xxv) Subordination. Article 12 of the Indenture will govern the terms and conditions under which the Junior Subordinated Debentures are subordinate to the Senior Indebtedness of the Company.
- (xxvi) Other Terms. The Junior Subordinated Debentures will have the other terms and will be substantially in the form set forth in the form of Junior Subordinated Debenture attached hereto as Exhibit A. In case of any conflict between this certificate and the Junior Subordinated Debentures in the form attached hereto as Exhibit A, or between the Resolutions and the Junior Subordinated Debentures in such form, the Junior Subordinated Debentures will control.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to those terms in the Indenture.

The undersigned, for himself, states that he has read and is familiar with the provisions of Article 2 of the Indenture

relating to the establishment of the form of Security representing a series of Securities thereunder and Article 3 of the Indenture relating to the establishment of a series of Securities thereunder, and in each case, the definitions therein relating thereto; that he is generally familiar with the other provisions of the Indenture and with the affairs of the Company and its acts and proceedings and that the statements and opinions made by him in this Certificate are based upon such familiarity; that, in his opinion, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not the covenants and conditions referred to above have been complied with; and, that in his opinion, the covenants and conditions referred to above have been complied with.

Insofar as this Certificate relates to legal matters, it is based, as provided for in Section 1.3 of the Indenture, upon the opinion of Counsel delivered to the Trustee contemporaneously herewith pursuant to Section 3.3 of the Indenture and relating to the Junior Subordinated Debentures.

IN WITNESS WHEREOF, the undersigned has hereunto signed this Certificate on behalf of the Company this 30th day of December 1996.

UAL CORPORATION

By: /s/ Douglas A. Hacker

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

EXHIBIT A

No. R-1
\$77,301,649.50

CUSIP NO.
902549 AC 8

UAL CORPORATION

13-1/4% JUNIOR SUBORDINATED DEBENTURE DUE 2026

UAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor under the Indenture hereinafter referred to), hereby promises to pay to The First National Bank of Chicago as Institutional Trustee for UAL Corporation Capital Trust I (the "Trust") or registered assigns, the principal sum of Seventy-Seven Million Three Hundred One Thousand Six Hundred Forty-Nine and 50/100 Dollars, on December 15, 2026.

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

Unless the Certificate of Authentication hereon has been executed by the Trustee referred to on the reverse side hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Security to be duly executed in its corporate name by the manual or facsimile signature of its Chairman of the Board or its President and Chief Executive Officer and impressed or imprinted with its corporate seal or facsimile thereof, attested by the manual or facsimile signature of its Secretary on this 30th day of December.

UAL CORPORATION

By _____
Title:

Attest:

Secretary

This is one of the Securities of a series issued under the within-mentioned Indenture.

Dated:

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

By: _____
Authorized Signatory

(REVERSE OF SECURITY)

(1) Indenture. This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") issued and to be issued in one or more series under an indenture (the "Indenture"), dated as of December 20, 1996, between the Company and The First National Bank of Chicago, a national banking association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and, to the extent specifically set forth in the Indenture, the holders of Senior Indebtedness and Preferred Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date upon which the Securities are first issued under the Indenture (the "Issue Date"). The Securities are unsecured general obligations of the Company. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$77,301,649.50. All capitalized terms used in this Security and not defined herein will have the meanings assigned to them in the Indenture.

(2) Interest. The Company promises to pay interest on said principal amount in cash from December 21, 1996 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly in arrears (subject to deferral for up to 20 consecutive quarters as described in Section 3 hereof) on March 31, June 30, September 30 and December 31 of each year, commencing December 31, 1996, at the rate of 13-1/4% per annum of the principal amount at stated maturity plus Compounded Interest and Additional Interest (as defined below), if any, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the rate of 13-1/4% per annum, compounded quarterly, on any overdue principal and on any overdue installment of interest. In addition, the Company promises to pay to the Holder or registered assigns interest from November 1, 1996 through December 20, 1996 at the rate of 12-1/4% per annum (the "Pre-Issuance Accrued Distribution"), payable on December 31, 1996. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly interest period for which interest is computed, the amount of interest payable will be computed on the basis of the actual number of days elapsed in such a 30-day month. In the event that any Interest Payment Date is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day (notwithstanding Section 1.12 of the Indenture), in each case with the same force and effect as if made on such date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest installment, which shall be the close of business 15 calendar days prior to the such Interest Payment Date, except that the record date for the payment to be made on December 31, 1996 shall be the date of exchange of the Preferred Securities for the Depositary Shares. With the exception of the Pre-Issuance Accrued Distribution, any such interest not so punctually paid or duly provided for shall bear interest at a rate equal to 13-1/4% per annum (to the extent lawful) and will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities 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 Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The Company shall pay as additional interest on the Securities

such amounts as shall be required so that the net amounts received and retained by the Trust after paying any taxes, duties, assessment or other governmental charges of whatever nature (other than withholding taxes) imposed on the Trust by the United States or any other taxing authority ("Additional Interest") will be not less than the amounts the Trust would have received had no such taxes, duties, assessment or governmental charges been imposed.

(3) Extension of Interest Payment Period. So long as the Company is not in default in the payment of interest on the Securities of this series, the Company shall have the right, at any time during the term of the Securities of this series, from time to time to extend the interest payment period of such Securities (other than with respect to the Pre-Issuance Accrued Distribution) for up to 20 consecutive quarterly interest periods (the "Extended Interest Payment Period"); provided, no Extended Interest Payment Period may extend beyond the maturity date of the Securities. At the end of each such period the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate of 13-1/4% per annum compounded quarterly to the extent permitted by applicable law ("Compounded Interest")). During such Extended Interest Payment Period, the Company shall not declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Securities, or make any guarantee payments with respect thereto; provided, however, that the Company may pay cash in lieu of fractional shares upon the conversion of any of its preferred stock in accordance with the terms of such stock. Prior to the termination of any such Extended Interest Payment Period, the Company may pay all or any portion of the interest accrued on the Securities on any Interest Payment Date to holders of record on the Regular Record Date for such Interest Payment Date or from time to time further extend such Extended Interest Payment Period, provided that such Extended Interest Payment Period, together with all previous and further extensions thereof, shall not exceed 20 consecutive quarterly interest periods and shall not extend beyond the maturity of the Securities. At the termination of any such Extended Interest Payment Period and upon the payment of all accrued and unpaid interest then due, together with Compounded Interest, the Company may commence a new Extended Interest Payment Period, subject to the foregoing requirements. No interest on this Security shall be due and payable during an Extended Interest Payment Period, except at the end thereof. At the end of the Extended Interest Payment Period, the Company shall pay all interest accrued and unpaid on the Securities including any Compounded Interest which shall be payable to the holders of the Securities in whose names the Securities are registered in the Security Register on the Regular Record Date for the first Interest Payment Date occurring on or after the end of the Extended Interest Payment Period.

If the Trust is the sole holder of the Securities at the time the Company selects an Extension Period, the Company shall give notice to the Indenture Trustee and the Institutional Trustee of its selection of such Extension Period at least ten Business Days prior to the earlier of (i) the date the distributions on the Preferred Securities are payable or (ii) if the Preferred Securities are listed on the New York Stock Exchange or other stock exchange or quotation system, the date the Trust is required to give notice to the New York Stock Exchange or other applicable self-regulatory organization or to the holders of the Preferred Securities on the record date or the date such distributions are payable, but in any event not less than one Business Day prior to such record date. The Company shall cause the Trust to give notice of the Company's selection of such Extension Period to the holders of the Preferred Securities.

If the Trust is not the sole holder of the Securities at the time the Company selects an Extension Period, the Company shall give the Holders of these Securities notice of its selection of an Extension Period at least ten Business Days prior to the earlier of (i) the next succeeding Interest Payment Date or (ii) if the Preferred Securities are listed on the New York Stock Exchange or other stock exchange or quotation system, the date the Company is required to give notice to the New York Stock Exchange or other applicable self-regulatory organization or to holders of the Securities on the record or payment date of such related interest payment, but in any event not less than two Business Days prior to such record date.

The quarter in which such notice is given pursuant to the second and third paragraphs of this section shall be counted as one of the 20 quarters permitted in the maximum Extension Period permitted under the first paragraph of this section.

(4) Method of Payment. Payment of the principal of and any such interest on this Security will be made at the office or

agency of the Company maintained for that purpose in the Borough of Manhattan, the City and State of New York, 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 at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and, provided further, that the payment of principal will only be made upon the surrender of this Security to the Trustee. Notwithstanding the foregoing, so long as the owner and record holder of this Security is the Trust, the payment of the principal of and interest (including Compounded Interest, if any) on this Security will be made at such place and to such account of the Trust as may be designated by the institutional trustee of the Trust.

(5) Redemption. Except as provided in the next paragraph, the Securities of this series may not be redeemed by the Company prior to July 12, 2004. The Securities of this series are subject to redemption upon not less than 10 nor more than 60 days' notice by mail, at any time on or after July 12, 2004, as a whole or in part, at the election of the Company (an "Optional Redemption"), at a Redemption Price equal to 100% of the principal amount together with any accrued but unpaid interest, including Compounded Interest, if any, to the Redemption Date (the "Optional Redemption Price").

If, at any time, a Tax Event (as defined below) shall occur and be continuing and (i) the regular trustees (the "Regular Trustees") of the Trust shall have received an opinion (a "Redemption Tax Opinion") of a nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that the Company would be precluded from deducting the interest on the Securities of this series for United States federal income tax purposes even if the Securities were distributed to the holders of Preferred Securities and Common Securities in liquidation of such holder's interest in the Trust as set forth in the Declaration of Trust or (ii) the Regular Trustees shall have been informed by such tax counsel that a No Recognition Opinion (as defined below) cannot be delivered to the Trust, the Company shall have the right at any time, upon not less than 10 nor more than 60 days' notice, to redeem the Securities in whole or in part for cash at the Optional Redemption Price within 90 days following the occurrence of such Tax Event; provided, however, that, if at the time there is available to the Company or the Regular Trustees on behalf of the Trust the opportunity to eliminate, within such 90 day period, the Tax Event by taking some ministerial action ("Ministerial Action"), such as filing a form or making an election, or pursuing some other similar reasonable measure, which has no adverse effect on the Trust, the Company or the holders of the Preferred Securities, the Company or the Regular Trustees on behalf of the Trust will pursue such measure in lieu of redemption and, provided further, that the Company shall have no right to redeem the Securities while the Regular Trustees on behalf of the Trust are pursuing any such Ministerial Action.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after December 20, 1996, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after December 20, 1996, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Securities, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of taxes, duties or other governmental charges or (iii) interest payable by the Company to the Trust on the Securities is not, or within 90 days of the date thereof will not be, deductible by the Company for United States federal income tax purposes.

"No Recognition Opinion" means an opinion of a nationally recognized independent tax counsel experienced in such matters, which opinion may rely on any then applicable published

revenue ruling of the Internal Revenue Service, to the effect that the holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of a dissolution of the Trust and distribution of the Securities as provided in the Declaration of Trust.

If the Securities of this Series are only partially redeemed by the Company pursuant to an Optional Redemption or as a result of a Tax Event as described above, the Securities of this series will be redeemed pro rata or by lot or by any other method as the Trustee shall deem fair and appropriate. Notwithstanding the foregoing, if a partial redemption of the Securities of this series would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, the Company shall not be permitted to effect such partial redemption and will only redeem the Securities of this series as a whole.

In the event of redemption of this Security in part only, a new Security or Securities of this series for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

(6) Defeasance. The Securities are subject to the defeasance and covenant defeasance provisions set forth in Article Four of the Indenture.

(7) Denominations, Transfer, Exchange. The Securities are issuable only as registered Securities without coupons in the denominations of \$25 and any integral multiple thereof. As provided in the Indenture, and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities of different authorized denominations as requested by the Holder surrendering the same and upon surrender of the Security for registration of transfer at the office or agency of the Company in the City of New York, the Company will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities, of authorized denominations and of a like aggregate principal amount and tenor. Every Security surrendered for registration of transfer or exchange will, if required by the Company, the Registrar or the Trustee, be duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company, the Registrar and the Trustee duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing. No service charge will be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(8) Persons Deemed Owners. Prior to due presentment for registration of transfer of this Security, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent will be affected by notice to the contrary.

(9) Defaults and Remedies. If an Event of Default as defined in the Indenture shall occur, the principal of all Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

(10) Subordination. The Company and each Holder, by acceptance hereof, agrees that the payment of the principal of and interest on the Securities is subordinated, to the extent and in the manner provided in the Indenture, to the prior payment in full of the Senior Indebtedness of the Company as defined in the Indenture and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate in the discretion of the Trustee to effectuate the subordination so provided and appoints the Trustee his attorney-in-fact for such purpose.

(11) Indebtedness. The Company and, by its acceptance of this Security or a beneficial interest herein, the Holder of, and any Person that acquires a beneficial interest in, this Security agree that for United States federal, state and local tax purposes it is intended that this Security constitute indebtedness.

(12) Amendments and Waivers. The Indenture permits, with certain exceptions as therein provided, the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series affected at the time outstanding, as defined in the

Indenture (and, in the case of any series of Securities held as trust assets of a UAL Corporation Capital Trust and with respect to which a Security Exchange has not theretofore occurred, such consent of holders of the Preferred Securities and the Common Securities of such UAL Corporation Capital Trust as may be required under the Declaration of Trust of such UAL Corporation Capital Trust), to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities; provided, however, that no such supplemental indenture shall, without the consent of the holder of each Security so affected, (i) change the time for payment of principal, premium, if any, or interest on any Security; (ii) reduce the principal of, or any installment of principal of, or interest on any Security; (iii) reduce the amount of premium, if any, payable upon the redemption of any Security; (iv) reduce the amount of principal payable upon acceleration of the maturity of an Original Issue Discount Security (as defined in the Indenture); (v) change the coin or currency in which any Security or any premium or interest thereon is payable; (vi) impair the right to institute suit for the enforcement of any payment on or with respect to any Security; (vii) reduce the percentage in principal amount of the outstanding Securities the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults; (viii) change the obligation of the Company to maintain an office or agency in the places and for the purposes specified in the Indenture; (ix) modify the provisions relating to waiver of certain defaults or any of the foregoing provisions; (x) adversely affect the right to convert the Securities or (xi) modify the provisions with respect to the subordination of the Securities. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the securities of all series at the time outstanding affected thereby (subject, in the case of any series of Securities held as trust assets of a UAL Corporation Capital Trust and with respect to which a Security Exchange has not theretofore occurred, to such consent of holders of Preferred Securities and Common Securities of such UAL Corporation Capital Trust as may be required under the Declaration of Trust of such UAL Corporation Capital Trust), on behalf of the Holders of the Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

(13) **Obligation Absolute.** No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, hereto prescribed.

(14) **No Recourse Against Others.** No recourse for the payment of the principal of or interest on this Security, or for any claim based hereon or on the Indenture and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Security, or because of the creation of any indebtedness represented hereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

(15) **Governing Law.** THIS SECURITY WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: UAL Corporation, P.O. Box 66100, Chicago, Illinois 60666, Attention: Treasurer.

No. R-1
\$77,301,649.50

CUSIP NO.
902549 AC 8

UAL CORPORATION

13-1/4% JUNIOR SUBORDINATED DEBENTURE DUE 2026

UAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor under the Indenture hereinafter referred to), hereby promises to pay to The First National Bank of Chicago as Institutional Trustee for UAL Corporation Capital Trust I (the "Trust") or registered assigns, the principal sum of Seventy-Seven Million Three Hundred One Thousand Six Hundred Forty-Nine and 50/100 Dollars, on December 15, 2026.

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

Unless the Certificate of Authentication hereon has been executed by the Trustee referred to on the reverse side hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this Security to be duly executed in its corporate name by the manual or facsimile signature of its Chairman of the Board or its President and Chief Executive Officer and impressed or imprinted with its corporate seal or facsimile thereof, attested by the manual or facsimile signature of its Secretary on this 30th day of December, 1996.

UAL CORPORATION

By _____
Title:

Attest:

Secretary

This is one of the Securities of a series issued under the within-mentioned Indenture.

Dated: THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

By: _____
Authorized Signatory

(REVERSE OF SECURITY)

(1) Indenture. This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") issued and to be issued in one or more series under an indenture (the "Indenture"), dated as of December 20, 1996, between the Company and The First National Bank of Chicago, a national banking association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and, to the extent specifically set forth in the Indenture, the holders of Senior Indebtedness and Preferred Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date upon which the Securities are first issued under the Indenture (the "Issue Date"). The Securities are unsecured general obligations of the Company. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$77,301,649.50. All capitalized terms used in this Security and not defined herein will have the meanings assigned to them in the Indenture.

(2) Interest. The Company promises to pay interest on

said principal amount in cash from December 21, 1996 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly in arrears (subject to deferral for up to 20 consecutive quarters as described in Section 3 hereof) on March 31, June 30, September 30 and December 31 of each year, commencing December 31, 1996, at the rate of 13-1/4% per annum of the principal amount at stated maturity plus Compounded Interest and Additional Interest (as defined below), if any, until the principal hereof is paid or made available for payment, and (to the extent that the payment of such interest shall be legally enforceable) at the rate of 13-1/4% per annum, compounded quarterly, on any overdue principal and on any overdue installment of interest. In addition, the Company promises to pay to the Holder or registered assigns interest from November 1, 1996 through December 20, 1996 at the rate of 12-1/4% per annum (the "Pre-Issuance Accrued Distribution"), payable on December 31, 1996. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly interest period for which interest is computed, the amount of interest payable will be computed on the basis of the actual number of days elapsed in such a 30-day month. In the event that any Interest Payment Date is not a business day, then payment of interest payable on such date will be made on the next succeeding day which is a business day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest installment, which shall be the close of business 15 calendar days prior to the such Interest Payment Date. With the exception of the Pre-Issuance Accrued Distribution, any such interest not so punctually paid or duly provided for shall bear interest at a rate equal to 13-1/4% per annum (to the extent lawful) and will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities 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 Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture. The Company shall pay as additional interest on the Securities such amounts as shall be required so that the net amounts received and retained by the Trust after paying any taxes, duties, assessment or other governmental charges of whatever nature (other than withholding taxes) imposed on the Trust by the United States or any other taxing authority ("Additional Interest") will be not less than the amounts the Trust would have received had no such taxes, duties, assessment or governmental charges been imposed.

(3) Extension of Interest Payment Period. So long as the Company is not in default in the payment of interest on the Securities of this series, the Company shall have the right, at any time during the term of the Securities of this series, from time to time to extend the interest payment period of such Securities (other than with respect to the Pre-Issuance Accrued Distribution) for up to 20 consecutive quarterly interest periods (the "Extended Interest Payment Period"); provided, no Extended Interest Payment Period may extend beyond the maturity date of the Securities. At the end of each such period the Company shall pay all interest then accrued and unpaid (together with interest thereon at the rate of 13-1/4% per annum compounded quarterly to the extent permitted by applicable law ("Compounded Interest")). During such Extended Interest Payment Period, the Company shall not declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Securities, or make any guarantee payments with respect thereto; provided, however, that the Company may pay dividends (and cash in lieu of fractional shares) upon the conversion, other than at the Company's option, of any of its preferred stock in accordance with the terms of such stock. Prior to the termination of any such Extended Interest Payment Period, the Company may pay all or any portion of the interest accrued on the Securities on any Interest Payment Date to holders of record on the Regular Record Date for such Interest Payment Date or from time to time further extend such Extended Interest Payment Period, provided that such Extended Interest Payment Period, together with all previous and further extensions thereof, shall not exceed 20 consecutive quarterly interest periods and shall not extend beyond the

maturity of the Securities. At the termination of any such Extended Interest Payment Period and upon the payment of all accrued and unpaid interest then due, together with Compounded Interest, the Company may select a new Extended Interest Payment Period, subject to the foregoing requirements. No interest on this Security shall be due and payable during an Extended Interest Payment Period, except at the end thereof. At the end of the Extended Interest Payment Period, the Company shall pay all interest accrued and unpaid on the Securities including any Compounded Interest which shall be payable to the holders of the Securities in whose names the Securities are registered in the Security Register on the Regular Record Date for the first Interest Payment Date occurring on or after the end of the Extended Interest Payment Period.

If the Trust is the sole holder of the Securities at the time the Company selects an Extension Period, the Company shall give notice to the Indenture Trustee and the Institutional Trustee of its selection of such Extension Period at least ten Business Days prior to the earlier of (i) the date the distributions on the Preferred Securities are payable or (ii) if the Preferred Securities are listed on the New York Stock Exchange or other stock exchange or quotation system, the date the Trust is required to give notice to the New York Stock Exchange or other applicable self-regulatory organization or to the holders of the Preferred Securities on the record date or the date such distributions are payable, but in any event not less than one Business Day prior to such record date. The Company shall cause the Trust to give notice of the Company's selection of such Extension Period to the holders of the Preferred Securities.

If the Trust is not the sole holder of the Securities at the time the Company selects an Extension Period, the Company shall give the Holders of these Securities notice of its selection of an Extension Period at least ten Business Days prior to the earlier of (i) the next succeeding Interest Payment Date or (ii) if the Preferred Securities are listed on the New York Stock Exchange or other stock exchange or quotation system, the date the Company is required to give notice to the New York Stock Exchange or other applicable self-regulatory organization or to holders of the Securities on the record or payment date of such related interest payment, but in any event not less than two Business Days prior to such record date.

The quarter in which such notice is given pursuant to the second and third paragraphs of this section shall be counted as one of the 20 quarters permitted in the maximum Extension Period permitted under the first paragraph of this Section.

(4) Method of Payment. Payment of the principal of and any such interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City and State of New York, 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 at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register and, provided further, that the payment of principal will only be made upon the surrender of this Security to the Trustee. Notwithstanding the foregoing, so long as the owner and record holder of this Security is the Trust, the payment of the principal of and interest (including Compounded Interest, if any) on this Security will be made at such place and to such account of the Trust as may be designated by the institutional trustee of the Trust.

(5) Redemption. Except as provided in the next paragraph, the Securities of this series may not be redeemed by the Company prior to July 12, 2004. The Securities of this series are subject to redemption upon not less than 10 nor more than 60 days' notice by mail, at any time on or after July 12, 2004, as a whole or in part, at the election of the Company (an "Optional Redemption"), at a Redemption Price equal to 100% of the principal amount together with any accrued but unpaid interest, including Compounded Interest, if any, to the Redemption Date (the "Optional Redemption Price").

If, at any time, a Tax Event (as defined below) shall occur and be continuing and (i) the regular trustees (the "Regular Trustees") of the Trust shall have received an opinion (a "Redemption Tax Opinion") of a nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that the Company would be precluded from deducting the interest on the Securities of this series for United States federal income tax purposes even if the Securities were distributed to the holders of Preferred Securities and Common Securities in liquidation of such holder's interest in the Trust as set forth in the Declaration of Trust or (ii) the Regular Trustees shall

have been informed by such tax counsel that a No Recognition Opinion (as defined below) cannot be delivered to the Trust, the Company shall have the right at any time, upon not less than 10 nor more than 60 days' notice, to redeem the Securities in whole or in part for cash at the Optional Redemption Price within 90 days following the occurrence of such Tax Event; provided, however, that, if at the time there is available to the Company or the Regular Trustees on behalf of the Trust the opportunity to eliminate, within such 90 day period, the Tax Event by taking some ministerial action ("Ministerial Action"), such as filing a form or making an election, or pursuing some other similar reasonable measure, which has no adverse effect on the Trust, the Company or the holders of the Preferred Securities, the Company or the Regular Trustees on behalf of the Trust will pursue such measure in lieu of redemption and, provided further, that the Company shall have no right to redeem the Securities while the Regular Trustees on behalf of the Trust are pursuing any such Ministerial Action.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after December 20, 1996, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after December 20, 1996, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Securities, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of taxes, duties or other governmental charges or (iii) interest payable by the Company to the Trust on the Securities is not, or within 90 days of the date thereof will not be, deductible by the Company for United States federal income tax purposes.

"No Recognition Opinion" means an opinion of a nationally recognized independent tax counsel experienced in such matters, which opinion may rely on any then applicable published revenue ruling of the Internal Revenue Service, to the effect that the holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of a dissolution of the Trust and distribution of the Securities as provided in the Declaration of Trust.

If the Securities of this Series are only partially redeemed by the Company pursuant to an Optional Redemption or as a result of a Tax Event as described above, the Securities of this series will be redeemed pro rata or by lot or by any other method as the Trustee shall deem fair and appropriate. Notwithstanding the foregoing, if a partial redemption of the Securities of this series would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, the Company shall not be permitted to effect such partial redemption and will only redeem the Securities of this series as a whole.

In the event of redemption of this Security in part only, a new Security or Securities of this series for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

(6) Defeasance. The Securities are subject to the defeasance and covenant defeasance provisions set forth in Article Four of the Indenture.

(7) Denominations, Transfer, Exchange. The Securities are issuable only as registered Securities without coupons in the denominations of \$25 and any integral multiple thereof. As provided in the Indenture, and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities of different authorized denominations as requested by the Holder surrendering the same and upon surrender of the Security for registration of transfer at the office or agency of the Company in the City of New York, the Company will execute, and the Trustee will authenticate and deliver, in the name of the designated transferee or transferees,

one or more new Securities, of authorized denominations and of a like aggregate principal amount and tenor. Every Security surrendered for registration of transfer or exchange will, if required by the Company, the Registrar or the Trustee, be duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company, the Registrar and the Trustee duly executed by, the Holder hereof or such Holder's attorney duly authorized in writing. No service charge will be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

(8) Persons Deemed Owners. Prior to due presentment for registration of transfer of this Security, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Security is overdue, and neither the Company, the Trustee nor any such agent will be affected by notice to the contrary.

(9) Defaults and Remedies. If an Event of Default as defined in the Indenture shall occur, the principal of all Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

(10) Subordination. The Company and each Holder, by acceptance hereof, agrees that the payment of the principal of and interest on the Securities is subordinated, to the extent and in the manner provided in the Indenture, to the prior payment in full of the Senior Indebtedness of the Company as defined in the Indenture and this Security is issued subject to the provisions of the Indenture with respect thereto. Each Holder of this Security, by accepting the same, authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate in the discretion of the Trustee to effectuate the subordination so provided and appoints the Trustee his attorney-in-fact for such purpose.

(11) Indebtedness. The Company and, by its acceptance of this Security or a beneficial interest herein, the Holder of, and any Person that acquires a beneficial interest in, this Security agree that for United States federal, state and local tax purposes it is intended that this Security constitute indebtedness.

(12) Amendments and Waivers. The Indenture permits, with certain exceptions as therein provided, the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series affected at the time outstanding, as defined in the Indenture (and, in the case of any series of Securities held as trust assets of a UAL Corporation Capital Trust and with respect to which a Security Exchange has not theretofore occurred, such consent of holders of the Preferred Securities and the Common Securities of such UAL Corporation Capital Trust as may be required under the Declaration of Trust of such UAL Corporation Capital Trust), to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities; provided, however, that no such supplemental indenture shall, without the consent of the holder of each Security so affected, (i) change the time for payment of principal, premium, if any, or interest on any Security; (ii) reduce the principal of, or any installment of principal of, or interest on any Security; (iii) reduce the amount of premium, if any, payable upon the redemption of any Security; (iv) reduce the amount of principal payable upon acceleration of the maturity of an Original Issue Discount Security (as defined in the Indenture); (v) change the coin or currency in which any Security or any premium or interest thereon is payable; (vi) impair the right to institute suit for the enforcement of any payment on or with respect to any Security; (vii) reduce the percentage in principal amount of the outstanding Securities the consent of whose holders is required for modification or amendment of the Indenture or for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults; (viii) change the obligation of the Company to maintain an office or agency in the places and for the purposes specified in the Indenture; (ix) modify the provisions relating to waiver of certain defaults or any of the foregoing provisions; (x) adversely affect the right to convert the Securities or (xi) modify the provisions with respect to the subordination of the Securities. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the securities of all series at the time outstanding affected thereby (subject, in the case of any series of Securities held as trust assets of a UAL Corporation Capital Trust and with respect to which a Security Exchange has not theretofore occurred, to such consent of holders of Preferred

Securities and Common Securities of such UAL Corporation Capital Trust as may be required under the Declaration of Trust of such UAL Corporation Capital Trust), on behalf of the Holders of the Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security (unless revoked as provided in the Indenture) shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

(13) Obligation Absolute. No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, hereto prescribed.

(14) No Recourse Against Others. No recourse for the payment of the principal of or interest on this Security, or for any claim based hereon or on the Indenture and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Security, or because of the creation of any indebtedness represented hereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

(15) Governing Law. THIS SECURITY WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to: UAL Corporation, P.O. Box 66100, Chicago, Illinois 60666, Attention: Treasurer.

GUARANTEE AGREEMENT

This GUARANTEE AGREEMENT, dated as of December 30, 1996, is executed and delivered by UAL Corporation, a Delaware corporation (the "Guarantor"), and The First National Bank of Chicago as the initial Guarantor Trustee (as defined herein) for the benefit of the Holders (as defined herein) from time to time of the Preferred Securities (as defined herein) of UAL Corporation Capital Trust I, a Delaware statutory business trust (the "Issuer").

WHEREAS, pursuant to an Amended and Restated Declaration of Trust (the "Declaration"), dated as of December 30, 1996 among the trustees of the Issuer named therein, UAL Corporation, as Sponsor, and the Holders from time to time of undivided beneficial interests in the assets of the Issuer, the Issuer is issuing as of the date hereof in accordance with the Offer (as defined herein) \$74,982,600 aggregate liquidation amount of its 13-1/4% Trust Originated Preferred Securities (the "Preferred Securities") representing undivided beneficial interests in the assets of the Issuer and having the terms set forth in Exhibit B to the Declaration;

WHEREAS, the Preferred Securities will be issued by the Issuer upon deposit of the Guarantor's Debentures (as defined herein) with the Issuer as trust assets; and

WHEREAS, as incentive for the Holders to exchange Depositary Shares ("Depositary Shares") representing 1/1,000 of a share of the 12-1/4% Series B Preferred Stock of the Guarantor for Preferred Securities pursuant to the Offer, the Guarantor desires to irrevocably and unconditionally agree, to the extent set forth herein, to pay to the Holders of the Preferred Securities the Guarantee Payments (as defined herein) and to make certain other payments on the terms and conditions set forth herein.

WHEREAS, the Guarantor is also executing and delivering a guarantee agreement (the "Common Securities Guarantee Agreement") in substantially identical terms to this Guarantee Agreement for the benefit of the holders of the Common Securities (as defined herein), except that if an event of default under the Indenture has occurred and is continuing, the rights of holders of the Common Securities to receive Guarantee Payments under the Common Securities Guarantee Agreement are subordinated to the rights of Holders to receive Guarantee Payments under this Guarantee Agreement.

NOW, THEREFORE, in consideration of the exchange of Depositary Shares for Preferred Securities, which exchange the Guarantor hereby agrees shall benefit the Guarantor, the Guarantor executes and delivers this Guarantee Agreement for the benefit of the Holders from time to time of the Preferred Securities.

ARTICLE I

SECTION 1.1 Definitions. (a) Capitalized terms used in this Guarantee Agreement but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) a term defined anywhere in this Guarantee Agreement has the same meaning throughout;

(c) all references to "the Guarantee Agreement" or "this Guarantee Agreement" are to this Guarantee Agreement as modified, supplemented or amended from time to time;

(d) all references in this Guarantee Agreement to Articles and Sections are to Articles and Sections of this Guarantee Agreement unless otherwise specified;

(e) a term defined in the Trust Indenture Act has the same meaning when used in this Guarantee Agreement unless otherwise defined in this Guarantee Agreement or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"Affiliate" has the same meaning as given to that term in Rule 405 of the Securities Act of 1933, as amended, or any successor rule thereunder.

"Commission" means the United States Securities and Exchange Commission.

"Common Securities" means the securities representing undivided beneficial interests in the assets of the Issuer, having the terms set forth in Exhibit C to the Declaration.

"Covered Person" means any Holder of Preferred Securities.

"Debentures" means the series of Junior Subordinated Debentures issued by the Guarantor under the Indenture and entitled the "13-1/4% Junior Subordinated Debentures due 2026".

"Distributions" means the periodic distributions and other payments payable to Holders of Preferred Securities in accordance with the terms of the Preferred Securities set forth in Exhibit B to the Declaration.

"Event of Default" means a default by the Guarantor on any of its payment or other obligations under this Guarantee Agreement.

"Guarantee Payments" means the following payments or distributions, without duplication, with respect to the Preferred Securities, to the extent not paid or made by the Issuer: (i) any accrued and unpaid Distributions and the redemption price, including all accrued and unpaid Distributions to the date of redemption (the "Redemption Price"), with respect to the Preferred Securities called for redemption by the Issuer but if and only to the extent that in each case the Guarantor has made a payment to the Trust of interest or principal on the Debentures and (ii) upon a voluntary or involuntary dissolution, winding-up or termination of the Issuer (other than in connection with the distribution of Debentures to Holders or the redemption of all the Preferred Securities upon the maturity or redemption of the Debentures as provided in the Declaration), the lesser of (a) the aggregate of the liquidation amount and all accrued and unpaid Distributions on the Preferred Securities to the date of payment, to the extent the Issuer has funds available therefor, and (b) the amount of assets of the Issuer remaining available for distribution to Holders in liquidation of the Issuer (in either case, the "Liquidation Distribution"). If an event of default under the Indenture has occurred and is continuing the rights of holders of the Common Securities to receive payments under the Common Securities Guarantee Agreement are subordinated to the rights of Holders to receive Guarantee Payments.

"Guarantee Trustee" means The First National Bank of Chicago until a Successor Guarantee Trustee has been appointed and accepted such appointment pursuant to the terms of this Guarantee Agreement, and thereafter means each such Successor Guarantee Trustee.

"Holder" shall mean any holder, as registered on the books and records of the Issuer, of any Preferred Securities; provided, however, that in determining whether the holders of the requisite percentage of Preferred Securities have given any request, notice, consent or waiver hereunder, "Holder" shall not include the Guarantor or any entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Guarantor.

"Indemnified Person" means the Guarantee Trustee, any Affiliate of the Guarantee Trustee, and any officers, directors, shareholders, members, partners, employees, representatives or agents of the Guarantee Trustee.

"Indenture" means the Indenture dated as of December 20, 1996 between the Guarantor and The First National Bank of Chicago, as trustee, as supplemented by the board resolution or supplemental indenture pursuant to which the Debentures are to be issued.

"Majority in liquidation amount of the Preferred Securities" means, except as otherwise required by the Trust Indenture Act, Holder(s) of outstanding Preferred Securities voting together as a single class, who are the record owners of Preferred Securities whose liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) represents more than 50% of the liquidation amount of all outstanding Preferred Securities.

"Offer" means the offer by the Issuer to exchange Preferred Securities for outstanding Depositary Shares in consideration for the deposit by the Guarantor of Debentures as trust assets of the Issuer, all as described in a Prospectus dated November 21, 1996.

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Securities" has the meaning set forth in the first recital clause above.

"Redemption Price" means the amount payable on redemption of the Preferred Securities in accordance with the terms of the Preferred Securities.

"Responsible Officer" means, with respect to the Guarantee Trustee, the chairman of the board of directors, the president, any vice-president, any assistant vice-president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Guarantee Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Successor Guarantee Trustee" means a successor Guarantee Trustee possessing the qualifications to act as a Guarantee Trustee under Section 4.1.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

ARTICLE II

TRUST INDENTURE ACT

SECTION 2.1 Trust Indenture Act; Application. (a) This Guarantee Agreement is subject to the provisions of the Trust Indenture Act that are required to be part of this Guarantee Agreement and shall, to the extent applicable, be governed by such provisions.

(b) If and to the extent that any provision of this Guarantee Agreement limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control.

(c) The application of the Trust Indenture Act to this Guarantee Agreement shall not affect the nature of the Preferred Securities as equity securities representing undivided beneficial interests in the assets of the Issuer.

SECTION 2.2 Lists of Holders of Preferred Securities. (a) The Guarantor shall provide the Guarantee Trustee with such information as is required under Section 312(a) of the Trust Indenture Act at the times and in the manner provided in Section 312(a).

(b) the Guarantee Trustee shall comply with its obligations under Sections 310(b), 311 and 312(b) of the Trust Indenture Act.

SECTION 2.3 Reports by the Guarantee Trustee. Within 60 days after May 15 of each year, the Guarantee Trustee shall provide to the Holders of the Preferred Securities such reports as are required by Section 313 of the Trust Indenture Act, if any, in the form, in the manner and at the times provided by Section 313 of the Trust Indenture Act. The Guarantee Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

SECTION 2.4 Periodic Reports to Guarantee Trustee. The Guarantor shall provide to the Guarantee Trustee, the Commission and the Holders of the Preferred Securities, as applicable, such documents, reports and information, if any, as required by Section 314(a)(1)-(3) of the Trust Indenture Act and the compliance certificates required by Section 314(a)(4) and (c) of the Trust Indenture Act, any such certificates to be provided in the form, in the manner and at the times required by Section 314(a)(4) and (c) of the Trust Indenture Act (provided that any certificate to be provided pursuant to Section 314(a)(4) of the Trust Indenture Act shall be provided within 120 days of the end of each fiscal year of the Issuer).

SECTION 2.5 Evidence of Compliance with Conditions Precedent. The Guarantor shall provide to the Guarantee Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Guarantee Agreement which relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given pursuant to Section 314(c) shall comply with Section 314(e) of the Trust Indenture Act.

SECTION 2.6 Events of Default; Waiver. (a) Subject to Section 2.6(b), Holders of Preferred Securities may by vote of at least a Majority in liquidation amount of the Preferred Securities, (A) direct the time, method and place of conducting

any proceeding for any remedy available to the Guarantee Trustee, or exercising any trust or power conferred upon the Guarantee Trustee or (B) on behalf of the Holders of all Preferred Securities waive any past Event of Default and its consequences. Upon such waiver, any such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Guarantee Agreement, but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

(b) The right of any Holder of Preferred Securities to receive payment of the Guarantee Payments in accordance with this Guarantee Agreement, or to institute suit for the enforcement of any such payment, shall not be impaired without the consent of each such Holder.

SECTION 2.7 Disclosure of Information. The disclosure of information as to the names and addresses of the Holders of the Preferred Securities in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or any law hereafter enacted which does not specifically refer to Section 312 of the Trust Indenture Act, nor shall the Guarantee Trustee be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

SECTION 2.8 Conflicting Interest. The Declaration shall be deemed to be specifically described in this Guarantee Agreement for the purposes of clause (i) of the first provision contained in Section 310(b) of the Trust Indenture Act.

ARTICLE III

POWERS, DUTIES AND RIGHTS OF GUARANTEE TRUSTEE

SECTION 3.1 Powers and Duties of the Guarantee Trustee.

(a) This Guarantee Agreement shall be held by the Guarantee Trustee in trust for the benefit of the Holders of the Preferred Securities. The Guarantee Trustee shall not transfer its right, title and interest in the Guarantee Agreement to any Person except a Successor Guarantee Trustee on acceptance by such Successor Guarantee Trustee of its appointment to act as Guarantee Trustee or to a Holder of Preferred Securities exercising his or her rights pursuant to Section 5.4. The right, title and interest of the Guarantee Trustee to the Guarantee Agreement shall vest automatically in each Person who may hereafter be appointed as Guarantee Trustee in accordance with Article IV. Such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered.

(b) If an Event of Default occurs and is continuing, the Guarantee Trustee shall enforce this Guarantee Agreement for the benefit of the Holders of the Preferred Securities.

(c) This Guarantee Agreement and all moneys received by the Trust hereunder in respect of the Guarantee Payments will not be subject to any right, charge, security interest, lien or claim of any kind in favor of, or for the benefit of, the Guarantee Trustee or its agents or their creditors.

(d) The Guarantee Trustee shall transmit, after the occurrence of an Event of Default, by first class mail, postage prepaid, to the holders of the Preferred Securities, as their names and addresses appear upon the register, notice of all Events of Default known to the Guarantee Trustee, unless such defaults shall have been cured before the giving of such notice; provided that the Guarantee 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 Guarantee Trustee in good faith determine that the withholding of such notice is in the interests of the Holders of the Preferred Securities. The Guarantee Trustee shall not be deemed to have knowledge of any default except any default as to which the Guarantee Trustee shall have received written notice or a Responsible Officer charged with the administration of this Guarantee Agreement shall have obtained written notice.

(e) The Guarantee Trustee shall not resign as a Trustee unless a Successor Guarantee Trustee has been appointed and accepted that appointment in accordance with Article IV.

SECTION 3.2 Certain Rights and Duties of the Guarantee Trustee. (a) The Guarantee Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Guarantee Agreement, and no implied covenants shall be read into this Guarantee Agreement against the Guarantee Trustee. In case an Event of

Default has occurred (that has not been cured or waived pursuant to Section 2.6(a)), the Guarantee Trustee shall exercise such of the rights and powers vested in it by this Guarantee Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) No provision of this Guarantee Agreement shall be construed to relieve the Guarantee Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Guarantee Trustee shall be determined solely by the express provisions of this Guarantee Agreement, and the Guarantee Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Guarantee Agreement, and no implied covenants or obligations shall be read into this Guarantee Agreement against the Guarantee Trustee; and

(B) in the absence of bad faith on the part of the Guarantee Trustee, the Guarantee Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Guarantee Trustee and conforming to the requirements of this Guarantee Agreement; but in the case of any such certificates or opinions that are specifically required to be furnished to the Guarantee Trustee by any provision hereof, the Guarantee Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Guarantee Agreement;

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

(iii) the Guarantee 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 Holders of Preferred Securities as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Guarantee Trustee, or exercising any trust or power conferred upon the Guarantee Trustee under this Guarantee Agreement; and

(iv) no provision of this Guarantee Agreement shall require the Guarantee Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers if it shall have reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Guarantee Agreement or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Subject to the provisions of Section 3.2(a) and (b):

(i) Whenever, in the administration of this Guarantee Agreement, the Guarantee Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Guarantee Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part, request and rely upon a certificate, which shall comply with the provisions of Section 314(e) of the Trust Indenture Act, signed by any authorized officer of the Guarantor;

(ii) the Guarantee Trustee (A) may consult with counsel (which may be counsel to the Guarantor or any of its Affiliates and may include any of its employees) selected by it in good faith and with due care and the written advice or opinion of such counsel with respect to legal matters 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 and in accordance with such advice and opinion and (B) shall have the right at any time to seek instructions concerning the administration of this Guarantee Agreement from any court of competent jurisdiction;

(iii) The Guarantee Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Guarantee Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it in good faith and with due care;

(iv) The Guarantee Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Guarantee Agreement at the request or direction of any Holders of Preferred Securities, unless such Holders shall have offered to the Guarantee Trustee reasonable security and indemnity against the costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction; provided that nothing contained in this clause (iv) shall relieve the Guarantee Trustee of the obligation, upon the occurrence of an Event of Default (which has not been cured or waived), to exercise such of the rights and powers vested in it by this Guarantee Agreement, and to use the same degree of care and skill in this exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; and

(v) Any action taken by the Guarantee Trustee or its agents hereunder shall bind the Holders of the Preferred Securities and the signature of the Guarantee Trustee or its agents alone shall be sufficient and effective to perform any such action; and no third party shall be required to inquire as to the authority of the Guarantee Trustee to so act, or as to its compliance with any of the terms and provisions of this Guarantee Agreement, both of which shall be conclusively evidenced by the Guarantee Trustee's or its agent's taking such action.

SECTION 3.3 Not Responsible for Recitals or Issuance of Guarantee. The recitals contained in this Guarantee shall be taken as the statements of the Guarantor and the Guarantee Trustee does not assume any responsibility for their correctness. The Guarantee Trustee makes no representations as to the validity or sufficiency of this Guarantee Agreement.

ARTICLE IV

GUARANTEE TRUSTEE

SECTION 4.1 Qualifications. (a) There shall at all times be a Guarantee Trustee which shall:

(i) not be an Affiliate of the Guarantor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a corporation or Person permitted by the Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal, state, territorial or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then for the purposes of this Section 4.1(a)(ii), 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 condition so published.

If at any time the Guarantee Trustee shall cease to satisfy the requirements of clauses (i)-(ii) above, the Guarantee Trustee shall immediately resign in the manner and with the effect set out in Section 4.2. If the Guarantee Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Guarantee Trustee and the Guarantor shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act.

SECTION 4.2 Appointment, Removal and Resignation of Guarantee Trustee. (a) Subject to Section 4.2(b), the Guarantee Trustee may be appointed or removed without cause at any time by the Guarantor.

(b) The Guarantee Trustee shall not be removed in accordance with Section 4.2(a) until a Successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4.1(a) has been appointed and has accepted such appointment by written instrument executed by such Successor Guarantee Trustee and delivered to the Guarantor and the Guarantee Trustee being removed.

(c) The Guarantee Trustee appointed to office shall hold office until his or her successor shall have been appointed or until its removal or resignation.

(d) The Guarantee Trustee may resign from office (without need for prior or subsequent accounting) by an instrument (a "Resignation Request") in writing signed by the Guarantee Trustee and delivered to the Guarantor, which resignation shall take effect upon such delivery or upon such later date as is specified therein; provided, however, that no such resignation of the

Guarantee Trustee shall be effective until a Successor Guarantee Trustee possessing the qualifications to act as Guarantee Trustee under Section 4.1(a) has been appointed and has accepted such appointment by instrument executed by such Successor Guarantee Trustee and delivered to Guarantor and the resigning Guarantee Trustee.

(e) If no Successor Guarantee Trustee shall have been appointed and accepted appointment as provided in this Section 4.2 within 60 days after delivery to the Guarantor of a Resignation Request, the resigning Guarantee Trustee may petition any court of competent jurisdiction for appointment of a Successor Guarantee Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a Successor Guarantee Trustee.

ARTICLE V

GUARANTEE

SECTION 5.1 Guarantee. The Guarantor irrevocably and unconditionally agrees to pay in full to the Holders the Guarantee Payments (without duplication of amounts theretofore paid by the Issuer) regardless of any defense, right of set-off or counterclaim which the Issuer may have or assert. The Guarantor's obligation to make a Guarantee Payment may be satisfied by direct payment of the required amounts by the Guarantor to the Holders or by causing the Issuer to pay such amounts to the Holders.

SECTION 5.2 Waiver of Notice. The Guarantor hereby waives notice of acceptance of this Guarantee Agreement and of any liability to which it applies or may apply, presentment, demand for payment, any right to require a proceeding first against the Issuer or any other Person before proceeding against the Guarantor, protest, notice of nonpayment, notice of dishonor, notice of redemption and all other notices and demands.

SECTION 5.3 Obligations Not Affected. The obligations, covenants, agreements and duties of the Guarantor under this Guarantee Agreement shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

(a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by the Issuer;

(b) the extension of time for the payment by the Issuer of all or any portion of the Distributions (other than an extension of time for payment of Distributions that results from the extension of any interest payment period on the Debentures), Redemption Price, Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities;

(c) any failure, omission, delay or lack of diligence on the part of the Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;

(d) the voluntary or involuntary liquidation, dissolution, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;

(e) any invalidity of, or defect or deficiency in, the Preferred Securities;

(f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or

(g) any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a guarantor, it being the intent of this Section 5.3 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances. There shall be no obligation of the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

SECTION 5.4 Enforcement of Guarantee. The Guarantor and the Guarantee Trustee expressly acknowledge that (i) this Guarantee Agreement will be deposited with the Guarantee Trustee

to be held for the benefit of the Holders; (ii) the Guarantee Trustee has the right to enforce this Guarantee Agreement on behalf of the Holders; (iii) Holders representing not less than a Majority in liquidation amount of the Preferred Securities have the right to direct the time, method and place of conducting any proceeding for any remedy available in respect of this Guarantee Agreement, including the giving of directions to the Guarantee Trustee, or exercising any trust or other power conferred upon the Guarantee Trustee under this Guarantee Agreement, and (iv) any Holder may institute a legal proceeding directly against the Guarantor to enforce such Holder's rights under this Guarantee Agreement, without first instituting a legal proceeding against the Issuer, the Guarantee Trustee, or any other Person and without prior notice to the Guarantee Trustee.

SECTION 5.5 Guarantee of Payment. This Guarantee Agreement creates a guarantee of payment and not merely of collection. This Guarantee Agreement will not be discharged except by payment of the Guarantee Payments in full (without duplication of amounts theretofore paid by the Issuer).

SECTION 5.6 Subrogation. The Guarantor shall be subrogated to all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Guarantee Agreement; provided, however, that the Guarantor shall not (except to the extent required by mandatory provisions of law) be entitled to enforce or exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of payment under this Guarantee Agreement, if, at the time of any such payment, any amounts are due and unpaid under this Guarantee Agreement. If any amount shall be paid to the Guarantor in violation of the preceding sentence, the Guarantor agrees to hold such amount in trust for the Holders and to pay over such amount to the Holders.

SECTION 5.7 Independent Obligations. The Guarantor acknowledges that its obligations hereunder are independent of the obligations of the Issuer with respect to the Preferred Securities and that the Guarantor shall be liable as principal and as debtor hereunder to make Guarantee Payments pursuant to the terms of this Guarantee Agreement notwithstanding the occurrence of any event referred to in subsections (a) through (g), inclusive, of Section 5.3 hereof.

ARTICLE VI

LIMITATION OF TRANSACTIONS; SUBORDINATION

SECTION 6.1 Limitation of Transactions. So long as any Preferred Securities remain outstanding, the Guarantor will not declare or pay any dividend on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of its common stock or preferred stock or any other securities similar to the Preferred Securities or the Debentures, or make any guarantee payments with respect thereto, if at such time (i) the Guarantor shall be in default with respect to its Guarantee Payments or other payment obligations hereunder, (ii) there shall have occurred and be continuing any event of default under the Indenture or (iii) the Guarantor shall have given notice of its selection of an Extension Period (as defined in the Indenture) and such period, or any extension thereof, is continuing; provided that the Guarantor will be permitted to pay dividends (and cash in lieu of fractional shares) upon the mandatory conversion of any of its preferred stock in accordance with the terms of such stock. In addition, so long as any Preferred Securities remain outstanding, the Guarantor (i) will remain the sole direct or indirect owner of all of the outstanding Common Securities and shall not cause or permit the Common Securities to be transferred except to the extent such transfer is permitted under Section 9.1(c) of the Declaration; provided that any permitted successor of the Guarantor under the Indenture may succeed to the Guarantor's ownership of the Common Securities and (ii) will not take any action which would cause the Issuer to cease to be treated as a grantor trust for United States federal income tax purposes except in connection with a distribution of Debentures as provided in the Declaration.

SECTION 6.2 Subordination. This Guarantee Agreement will constitute an unsecured obligation of the Guarantor and will rank (i) subordinate and junior in right of payment to all other liabilities of the Guarantor, except those made pari passu or subordinate by their terms, and (ii) senior to all capital stock now or hereafter issued by the Guarantor and to any guarantee now or hereafter entered into by the Guarantor in respect of any of its capital stock.

ARTICLE VII

TERMINATION

SECTION 7.1 Termination. This Guarantee Agreement shall

terminate and be of no further force and effect upon full payment of the Redemption Price of all Preferred Securities, upon the distribution of Debentures to Holders of Preferred Securities and Common Securities in exchange for all of the Preferred Securities and Common Securities or upon full payment of the amounts payable in accordance with the Declaration upon liquidation of the Issuer. Notwithstanding the foregoing, this Guarantee Agreement will continue to be effective or will be reinstated, as the case may be, if at any time any Holder must restore payment of any sums paid with respect to the Preferred Securities or this Guarantee Agreement.

ARTICLE VIII

LIMITATION OF LIABILITY; INDEMNIFICATION

SECTION 8.1 Exculpation. (a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Guarantor or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Guarantee Agreement or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's negligence or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Guarantor and upon such information, opinions, reports or statements presented to the Guarantor by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Guarantor, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders of Preferred Securities might properly be paid.

SECTION 8.2 Indemnification. (a) To the fullest extent permitted by applicable law, the Guarantor shall indemnify and hold harmless each Indemnified Person from and against any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Guarantee Agreement, except that no Indemnified Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of negligence or willful misconduct with respect to such acts or omissions.

(b) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Guarantor prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Guarantor of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in Section 8.2(a).

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Successors and Assigns. All guarantees and agreements contained in this Guarantee Agreement shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders of the Preferred Securities then outstanding. Except in connection with a consolidation, merger or sale involving the Guarantor that is permitted under Article Eight of the Indenture, the Guarantor shall not assign its obligations hereunder.

SECTION 9.2 Amendments. Except with respect to any changes which do not adversely affect the rights of Holders (in which case no consent of Holders will be required), this Guarantee Agreement may only be amended with the prior approval of the Holders of not less than a Majority in liquidation amount of the Preferred Securities. The provisions of Section 12.2 of the Declaration concerning meetings of Holders shall apply to the giving of such approval.

SECTION 9.3 Notices. Any notice, request or other communication required or permitted to be given hereunder shall be in writing, duly signed by the party giving such notice, and delivered, telecopied or mailed by first class mail as follows:

(a) if given to the Guarantor, to the address set forth below or such other address as the Guarantor may give notice of to the Holders:

UAL Corporation
1200 East Algonquin Road
Elk Grove Township, Illinois 60007
Facsimile No.: (847) 700-4000
Attention: Corporate Secretary

(b) if given to the Guarantee Trustee, to the address set forth below or such other address as the Guarantee Trustee may give notice of to the Holders:

The First National Bank of Chicago
One First National Plaza, Suite 0126
Chicago, Illinois 60670-0126
Attention: Corporate Trust Administration

(c) if given to any Holder of Preferred Securities, at the address set forth on the books and records of the Issuer.

All notices hereunder shall be deemed to have been given when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 9.4 Genders. The masculine, feminine and neuter genders used herein shall include the masculine, feminine and neuter genders.

SECTION 9.5 Benefit. This Guarantee Agreement is solely for the benefit of the Holders and subject to Section 3.1(a) is not separately transferable from the Preferred Securities.

SECTION 9.6 Governing Law. THIS GUARANTEE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.7 Counterparts. This Guarantee Agreement may be executed in counterparts, each of which shall be an original; but such counterparts shall together constitute one and the same instrument.

THIS GUARANTEE AGREEMENT is executed as of the day and year first above written.

UAL CORPORATION

By: /s/ Douglas A. Hacker

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

THE FIRST NATIONAL BANK OF
CHICAGO, as Guarantee Trustee

By: /s/ Richard D. Manella

Name: Richard D. Manella
Title: Vice President

AMENDED AND RESTATED
DECLARATION OF TRUST

of

UAL Corporation Capital Trust I

December 30, 1996

AMENDED AND RESTATED DECLARATION OF TRUST ("Declaration") dated and effective as of December 30, 1996 by the undersigned trustees (together with all other Persons from time to time duly appointed and serving as trustees in accordance with the provisions of this Declaration, the "Trustees"), UAL Corporation, a Delaware corporation, as trust sponsor ("UAL" or the "Sponsor") and the holders from time to time of undivided interests in the assets of the Trust (as hereinafter defined).

WHEREAS, the Sponsor and certain of the Trustees entered into a Declaration of Trust dated as of October 15, 1996 (the "Original Declaration") in order to establish a statutory business trust (the "Trust") under the Business Trust Act (as hereinafter defined);

WHEREAS, the Certificate of Trust (the "Certificate of Trust") of the Trust was filed with the office of the Secretary of State of the State of Delaware on October 15, 1996;

WHEREAS, the Trustees and the Sponsor desire to continue the Trust pursuant to the Business Trust Act for the purpose of, as described more fully in Section 3.3 hereof, (i) issuing Preferred Securities (as hereinafter defined) representing undivided beneficial interests in the assets of the Trust in exchange for Depositary Shares ("Depositary Shares") each representing 1/1,000 of a share of 12-1/4% Series B Preferred Stock (as hereinafter defined) of UAL pursuant to the Offer (as hereinafter defined) and delivering such Depositary Shares to UAL in consideration for the deposit by UAL as trust assets of Debentures (as hereinafter defined) of UAL issued under the Indenture (as hereinafter defined) and (ii) issuing and selling Common Securities (as hereinafter defined) representing undivided beneficial interests in the assets of the Trust to UAL in exchange for cash and investing the proceeds thereof in additional Debentures (as hereinafter defined) of UAL issued under the Indenture to be held as assets of the Trust; and

NOW, THEREFORE, it being the intention of the parties hereto that the Trust constitute a business trust under the Business Trust Act, that the Original Declaration be amended and restated in its entirety as provided herein and that this Declaration constitute the governing instrument of such business trust, the Trustees declare that all assets referred to in clauses (i) and (ii) of the previous recital clause contributed to or purchased by the Trust will be held in trust for the benefit of the Holders (as hereinafter defined) from time to time of the Certificates (as hereinafter defined) representing undivided beneficial interests in the assets of the Trust issued hereunder, subject to the provisions of this Declaration.

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions.

(a) Capitalized terms used in this Declaration but not defined in the preamble above have the respective meanings assigned to them in this Section 1.1;

(b) a term defined anywhere in this Declaration has the same meaning throughout;

(c) all references to "the Declaration" or "this Declaration" are to this Amended and Restated Declaration of Trust (including Exhibits A, B and C hereto (the "Exhibits")) as modified, supplemented or amended from time to time;

(d) all references in this Declaration to Articles and Sections and Exhibits are to Articles and Sections of and Exhibits to this Declaration unless otherwise specified;

(e) a term defined in the Trust Indenture Act has the same meaning when used in this Declaration unless otherwise defined in this Declaration or unless the context otherwise requires; and

(f) a reference to the singular includes the plural and vice versa.

"Affiliate" has the same meaning as given to that term in Rule 405 under the Securities Act or any successor rule thereunder.

"Book Entry Interest" means a beneficial interest in a Certificate registered in the name of a Clearing Agency or a nominee thereof, ownership and transfers of which shall be maintained and made through book entries by such Clearing Agency as described in Section 9.4.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions are authorized or obligated by law or executive order to close in the Place of Payment (as such term is defined in the Indenture).

"Business Trust Act" means Chapter 38 of Title 12 of the Delaware Code, 12 Del. C. Sec. 3801 et seq., as it may be amended from time to time.

"Certificate" means a Common Security Certificate or a Preferred Security Certificate.

"Certificate of Trust" has the meaning set forth in the second Whereas clause above.

"Clearing Agency" means an organization registered as a "Clearing Agency" pursuant to Section 17A of the Exchange Act that is acting as a depository for the Preferred Securities and in whose name or in the name of a nominee of that organization shall be registered a Certificate and which shall undertake to effect book entry transfers and pledges of the Preferred Securities.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time the Clearing Agency effects book entry transfers and pledges of securities deposited with the Clearing Agency.

"Code" means the Internal Revenue Code of 1986, as amended from time to time or any successor legislation. A reference to a specific section of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the date of this Declaration, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Declaration containing such reference.

"Commission" means the U.S. Securities and Exchange Commission.

"Common Guarantee" means the Common Securities Guarantee Agreement dated as of December 30, 1996 of UAL in respect of the Common Securities.

"Common Security" has the meaning specified in Section 7.1(b).

"Common Security Certificate" means a definitive certificate in fully registered form representing a Common Security substantially in the form of Annex I to Exhibit C.

"Covered Person" means (i) any officer, director, shareholder, partner, member, representative, employee or agent of the Trust or its Affiliates, (ii) any officer, director, shareholder, employee, representative or agent of UAL or its Affiliates and (iii) the Holders from time to time of the Securities.

"Dealer Manager Agreement" means the dealer manager agreement entered into among UAL, the Trust and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Smith Barney Inc. with respect to, among other things, the Offer and the Preferred Securities.

"Debenture Trustee" means The First National Bank of Chicago as trustee under the Indenture until a successor is appointed thereunder and thereafter means any such successor trustee.

"Debentures" means the series of Junior Subordinated Debentures issued by UAL under the Indenture to the Trust and entitled the "13 1/4% Junior Subordinated Debentures due 2026".

"Delaware Trustee" has the meaning set forth in Section 5.1(a)(3).

"Distribution" means a distribution payable to Holders of Securities in accordance with Section 6.1.

"DTC" means The Depository Trust Company, the initial Clearing Agency.

"Event of Default" in respect of the Securities means an Indenture Event of Default has occurred and is continuing in respect of the Debentures.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor legislation.

"Expiration Date" has the meaning set forth in the Prospectus.

"Fiscal Year" has the meaning specified in Section 11.1.

"Holder" means a Person in whose name a Certificate representing a Security is registered, such Person being a beneficial owner within the meaning of the Business Trust Act.

"Indemnified Person" means any Trustee, any Affiliate of any Trustee, any officers, directors, shareholders, members, partners, employees, representatives or agents of any Trustee, or any employee or agent of the Trust or its Affiliates.

"Indenture" means the Indenture dated as of December 20, 1996 between UAL and the Debenture Trustee as supplemented by the board resolution, supplemental indenture or officers' certificate pursuant to which the Debentures are to be issued.

"Indenture Event of Default" means any event or condition defined as an "Event of Default" with respect to the Debentures under Section 5.1 of the Indenture that has occurred and is continuing.

"Institutional Trustee" means the Trustee meeting the eligibility requirements set forth in Section 5.1(c) and having the duties set forth for the Institutional Trustee herein.

"Investment Company" means an investment company as defined in the Investment Company Act.

"Investment Company Act" means the Investment Company Act of 1940, as amended from time to time, or any successor legislation.

"Legal Action" has the meaning specified in Section 3.6(g).

"Liquidation Distribution" has the meaning set forth in Exhibits B and C hereto establishing the terms of the Securities.

"Majority in liquidation amount of the Securities" means, except as otherwise required by the Trust Indenture Act and except as provided in the penultimate paragraph of paragraph 5 of Exhibit B hereto, Holder(s) of outstanding Securities voting together as a single class or, as the context may require, Holder(s) of outstanding Preferred Securities or Common Securities each voting separately as a class, who are the record owners of a relevant class of Securities whose liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) represents more than 50% of the liquidation amount of all outstanding Securities of such class.

"Ministerial Action" has the meaning set forth in the terms of the Securities as set forth in Exhibits B and C hereto.

"Offer" means the offer by the Trust to exchange Preferred Securities of the Trust for outstanding Depository Shares of UAL in consideration for the deposit to the Trust by UAL, as trust assets, of Debentures issued under the Indenture, all as described in the Prospectus.

"Original Declaration" has the meaning set forth in the first recital clause above.

"Paying Agent" has the meaning specified in Section 3.8(g).

"Person" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated association, or government or any agency or political subdivision thereof, or any other entity of whatever nature.

"Preferred Guarantee" means the Guarantee Agreement dated as of December 30, 1996 of UAL in respect of the Preferred Securities.

"Preferred Security" has the meaning specified in Section 7.1(b).

"Preferred Security Beneficial Owner" means, with respect to a Book Entry Interest, a Person who is the beneficial owner of such Book Entry Interest, as reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of such Clearing Agency).

"Preferred Security Certificate" means a definitive certificate in fully registered form representing a Preferred Security substantially in the form of Annex I to Exhibit B.

"Prospectus" means the Prospectus dated November 21, 1996 relating to the Offer.

"Quorum" means a majority of the Regular Trustees or, if there are only two Regular Trustees, both such Regular Trustees.

"Regular Trustee" means any Trustee other than the Institutional Trustee and the Delaware Trustee.

"Related Party" means any direct or indirect wholly owned subsidiary of UAL or any Person which owns, directly or indirectly, 100% of the outstanding voting securities of UAL.

"Resignation Request" has the meaning specified in Section 5.2(d).

"Responsible Officer" means, with respect to the Institutional Trustee, the chairman of the board of directors, the president, any vice-president, any assistant vice-president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any trust officer or assistant trust officer or any other officer of the Institutional Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Rule 3a-5" means Rule 3a-5 under the Investment Company Act or any successor rule thereunder.

"Securities" means the Common Securities and the Preferred Securities.

"Securities Act" means the Securities Act of 1933, as amended from time to time, or any successor legislation.

"Series B Preferred Stock" means the 12-1/4% Series B Preferred Stock of UAL.

"Special Event" has the meaning set forth in the terms of the Securities as set forth in Exhibits B and C hereto.

"Sponsor" or "UAL" means UAL Corporation, a Delaware corporation, or any successor entity in a merger or consolidation, in its capacity as sponsor of the Trust.

"Successor Delaware Trustee" has the meaning specified in Section 5.2(b)(ii).

"Successor Institutional Trustee" means a successor Trustee possessing the qualifications to act as Institutional Trustee under Section 5.1(c).

"10% in liquidation amount of the Securities" means, except as otherwise required by the Trust Indenture Act and except as provided in the penultimate paragraph of paragraph 5 of Exhibit B hereto, Holder(s) of outstanding Securities voting together as a single class or, as the context may require, Holder(s) of outstanding Preferred Securities or Common Securities, voting separately as a class, who are the record owners of a relevant class of Securities whose liquidation amount (including the stated amount that would be paid on redemption, liquidation or otherwise, plus accrued and unpaid Distributions to the date upon which the voting percentages are determined) represents 10% or more of the liquidation amount of all outstanding Securities of such class.

"Treasury Regulations" means the income tax regulations, including temporary and proposed regulations, promulgated under the Code by the United States Treasury, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Trustee" or "Trustees" means each Person who has signed this Declaration as a trustee, so long as such Person shall continue in office in accordance with the terms hereof, and all other Persons who may from time to time be duly appointed,

qualified and serving as trustees in accordance with the provisions hereof, and references herein to a Trustee or the Trustees shall refer to such Person or Persons solely in their capacity as trustees hereunder.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended from time to time, or any successor legislation.

"UAL Corporation Capital Trust" shall mean any statutory business trust created under the laws of the State of Delaware specified in the applicable board resolution, supplemental indenture or officers' certificate establishing a particular series of debt securities pursuant to Section 3.1 of the Indenture.

ARTICLE II

TRUST INDENTURE ACT

SECTION 2.1 Trust Indenture Act; Application.

(a) This Declaration is subject to the provisions of the Trust Indenture Act that are required to be part of this Declaration and shall, to the extent applicable, be governed by such provisions;

(b) if and to the extent that any provision of this Declaration limits, qualifies or conflicts with the duties imposed by Sections 310 to 317, inclusive, of the Trust Indenture Act, such imposed duties shall control;

(c) the Institutional Trustee, to the extent permitted by applicable law and/or the rules and regulations of the Commission, shall be the only Trustee which is a trustee for the purposes of the Trust Indenture Act; and

(d) the application of the Trust Indenture Act to this Declaration shall not affect the nature of the Securities as equity securities representing undivided beneficial interests in the assets of the Trust.

SECTION 2.2 Lists of Holders of Preferred Securities.

(a) Each of the Sponsor and the Regular Trustees on behalf of the Trust shall provide the Institutional Trustee with such information as is required under Section 312(a) of the Trust Indenture Act at the times and in the manner provided in Section 312(a); and

(b) the Institutional Trustee shall comply with its obligations under Sections 310(b), 311 and 312(b) of the Trust Indenture Act.

SECTION 2.3 Reports by the Institutional Trustee.

Within 60 days after May 15 of each year, the Institutional Trustee shall provide to the Holders of the Securities such reports, if any, as are required by Section 313 of the Trust Indenture Act in the form, in the manner and at the times provided by Section 313 of the Trust Indenture Act. The Institutional Trustee shall also comply with the requirements of Section 313(d) of the Trust Indenture Act.

SECTION 2.4 Periodic Reports to Institutional Trustee.

Each of the Sponsor and the Regular Trustees on behalf of the Trust shall provide to the Institutional Trustee, the Commission and the Holders of the Securities, as applicable, such documents, reports and information, if any, as required by Section 314(a)(1)-(3) of the Trust Indenture Act and the compliance certificates required by Section 314(a)(4) and (c) of the Trust Indenture Act, any such certificates to be provided in the form, in the manner and at the times required by Section 314(a)(4) and (c) of the Trust Indenture Act (provided that any certificate to be provided pursuant to Section 314(a)(4) of the Trust Indenture Act shall be provided within 120 days of the end of each Fiscal Year).

SECTION 2.5 Evidence of Compliance with Conditions Precedent.

Each of the Sponsor and the Regular Trustees on behalf of the Trust shall provide to the Institutional Trustee such evidence of compliance with any conditions precedent, if any, provided for in this Declaration which relate to any of the matters set forth in Section 314(c) of the Trust Indenture Act. Any certificate or opinion required to be given pursuant to

Section 314(c) shall comply with Section 314(e) of the Trust Indenture Act.

SECTION 2.6 Events of Default; Waiver.

(a) Subject to Section 2.6(c), Holders of Preferred Securities may by vote of at least a Majority in liquidation amount of the Preferred Securities, voting separately as a class, (A) in accordance with the terms of the Preferred Securities, direct the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee, or (B) on behalf of all Holders of Preferred Securities waive any past Event of Default in respect of the Preferred Securities and its consequences, provided that if the Event of Default arises out of an Indenture Event of Default:

(i) which is not waivable under the Indenture, the Event of Default under this Declaration shall also not be waivable; or

(ii) which requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures, or (2) each holder of Debentures, the Event of Default under this Declaration may only be waived by, in the case of clause (1) above, the vote of Holders of Preferred Securities representing such specified percentage of the aggregate liquidation amount of the Preferred Securities, or, in the case of clause (2) above, each Holder of Preferred Securities.

Upon such waiver, any such default shall cease to exist, and any Event of Default with respect to the Preferred Securities arising therefrom shall be deemed to have been cured, for every purpose of this Declaration, but no such waiver shall extend to any subsequent or other default or Event of Default with respect to the Preferred Securities or impair any right consequent thereon.

(b) Subject to Section 2.6(c), Holders of Common Securities may by vote of at least a Majority in liquidation amount of the Common Securities, voting separately as a class, (A) in accordance with the terms of the Common Securities, direct the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee, or (B) on behalf of all Holders of Common Securities, waive any past Event of Default with respect to the Common Securities and its consequences, provided that, if the Event of Default arises out of an Indenture Event of Default:

(i) which is not waivable under the Indenture, except where the Holders of the Common Securities are deemed to have waived such Event of Default under the Declaration as provided below, the Event of Default under this Declaration shall also not be waivable; or

(ii) which requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, except where the holders of the Common Securities are deemed to have waived such Event of Default under this Declaration as provided below, the Event of Default under this Declaration may only be waived by, in the case of clause (1) above, the vote of Holders of Common Securities representing such specified percentage of the aggregate liquidation amount of the Common Securities, or, in the case of clause (2) above, each Holder of Common Securities; and provided further that each Holder of Common Securities will be deemed to have waived any Event of Default with respect to the Common Securities and its consequences until all Events of Default with respect to the Preferred Securities have been cured, waived by the Holders of Preferred Securities as provided in this Declaration or otherwise eliminated and, until all Events of Default with respect to the Preferred Securities have been so cured, waived or otherwise eliminated, the Institutional Trustee will be deemed to be acting solely on behalf of the Holders of the Preferred Securities and only the Holders of the Preferred Securities will have the right to direct the Institutional Trustee in accordance with the terms of this Declaration or the Securities. If any Event of Default with respect to the Preferred Securities is waived by the Holders of Preferred Securities as provided in this Declaration, the Holders of Common Securities agree that such waiver shall also constitute the waiver of such Event of Default with respect to the Common Securities for all purposes under this Declaration without any further act, vote or consent of the Holders of the Common Securities. Subject to the foregoing provisions of this Section 2.6(b), upon such waiver, any such default shall cease to exist and any Event of Default with respect to the Common Securities arising therefrom shall be deemed to have been cured, for every purpose of this Declaration, but no such waiver shall

extend to any subsequent or other default or Event of Default with respect to the Common Securities or impair any right consequent thereon.

(c) The right of any Holder of Securities to receive payment of Distributions on the Securities in accordance with this Declaration and the terms of the Securities set forth in Exhibits B and C on or after the respective payment dates therefor, or to institute suit for the enforcement of any such payment on or after such payment dates, shall not be impaired without the consent of each such Holder.

(d) As provided in the terms of the Securities set forth in Exhibits B and C hereto, a waiver of an Indenture Event of Default by the Institutional Trustee at the written direction of the Holders of the Preferred Securities constitutes a waiver of the corresponding Event of Default under this Declaration in respect of the Securities.

SECTION 2.7 Disclosure of Information.

The disclosure of information as to the names and addresses of the Holders of the Securities in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, shall not be deemed to be a violation of any existing law, or any law hereafter enacted which does not specifically refer to Section 312 of the Trust Indenture Act, nor shall the Institutional Trustee be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

ARTICLE III

ORGANIZATION

SECTION 3.1 Name.

The Trust continued by this Declaration is named "UAL Corporation Capital Trust I" as such name may be modified from time to time by the Regular Trustees following written notice to the Holders of Securities. The Trust's activities may be conducted under the name of the Trust or any other name deemed advisable by the Regular Trustees.

SECTION 3.2 Office.

The address of the principal office of the Trust is c/o UAL Corporation, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007, telephone number (847) 700-4000. Upon ten days' written notice to the Holders, the Regular Trustees may change the location of the Trust's principal office.

SECTION 3.3 Purpose.

The exclusive purposes and functions of the Trust are:
(a)(i) to issue Preferred Securities in exchange for Depositary Shares pursuant to the Offer and to deliver such Depositary Shares to UAL in consideration for the deposit to the Trust by UAL, as trust assets, of Debentures issued under the Indenture having an aggregate principal amount equal to the aggregate liquidation amount of the Depositary Shares so delivered; (ii) to enter into such agreements and arrangements as may be necessary in connection with the Offer and to take all action, and exercise such discretion, as may be necessary or desirable in connection with the Offer and to file such registration statements or make such other filings under the Securities Act, the Exchange Act or state securities or "Blue Sky" laws as may be necessary or desirable in connection with the Offer and the issuance of the Preferred Securities; and (iii) to issue and sell Common Securities to UAL for cash and use the proceeds of such sale to purchase as trust assets an equal aggregate principal amount of Debentures issued under the Indenture; and (b) except as otherwise limited herein, to engage in only those other activities necessary or incidental thereto. The Trust shall not borrow money, issue debt or reinvest proceeds derived from investments, pledge any of its assets or, at any time while the Securities are outstanding, otherwise undertake (or permit to be undertaken) any activity that would result in or cause the Trust to be treated as anything other than a grantor trust for United States federal income tax purposes.

SECTION 3.4 Authority.

Subject to the limitations provided in this Declaration and to the specific duties of the Institutional Trustee, the Regular Trustees shall have exclusive and complete authority to carry out

the purposes of the Trust. An action taken by the Regular Trustees in accordance with their powers shall constitute the act of and serve to bind the Trust and an action taken by the Institutional Trustee in accordance with its powers shall constitute the act of and serve to bind the Trust. In dealing with the Trustees acting on behalf of the Trust, no Person shall be required to inquire into the authority of the Trustees to bind the Trust. Persons dealing with the Trust are entitled to rely conclusively on the power and authority of the Trustees as set forth in this Declaration.

SECTION 3.5 Title to Property of the Trust.

Unless otherwise provided in this Declaration, legal title to all assets of the Trust shall be vested in the Trust. The Holders of Certificates shall not have legal title to any part of the assets of the Trust, but shall have an individual undivided beneficial interest in the assets of the Trust.

SECTION 3.6 Powers and Duties of the Regular Trustees.

The Regular Trustees shall have the exclusive power, authority and duty to cause the Trust, and shall cause the Trust, to engage in the following activities:

(a) to issue Preferred Securities and Common Securities, in each case in accordance with this Declaration; provided, however, that the Trust may issue no more than one series of Preferred Securities and no more than one series of Common Securities, and, provided further, there shall be no interests in the Trust other than the Securities and the issuance of Securities shall be limited to a one-time, simultaneous issuance of both Preferred Securities and Common Securities;

(b) in connection with the Offer and the issuance of the Preferred Securities, at the direction of the Sponsor, to effect or cause to be effected the filings, and to execute or cause to be executed the documents, set forth in Section 3.11;

(c) to acquire as trust assets Debentures upon consummation of the Offer in connection with the exchange of Preferred Securities for Depositary Shares pursuant to the Offer and to acquire as trust assets additional Debentures with the proceeds of the sale of the Common Securities;

(d) to cause the Trust to enter into the Dealer Manager Agreement and such other agreements and arrangements as may be necessary or desirable in connection with the Offer and the consummation thereof, and to take all action, and exercise all discretion, as may be necessary or desirable in connection with the Offer or the consummation thereof;

(e) to give the Sponsor and the Institutional Trustee prompt written notice of the occurrence of a Special Event, provided that the Regular Trustees shall consult with the Sponsor and the Institutional Trustee before taking or refraining from taking any Ministerial Action in relation to a Special Event;

(f) to establish a record date with respect to all actions to be taken hereunder that require a record date be established, including for the purposes of Section 316(c) of the Trust Indenture Act and with respect to Distributions, voting rights, redemptions, and exchanges, and to issue relevant notices to Holders of the Preferred Securities and Common Securities as to such actions and applicable record dates;

(g) to bring or defend, pay, collect, compromise, arbitrate, resort to legal action, or otherwise adjust claims or demands of or against the Trust ("Legal Action"), unless, pursuant to Section 3.8(c), the Institutional Trustee has the exclusive power to bring such Legal Action;

(h) to employ or otherwise engage employees and agents (who may be designated as officers with titles) and managers, contractors, advisors, and consultants and pay reasonable compensation for such services;

(i) to cause the Trust to comply with the Trust's obligations under the Trust Indenture Act;

(j) to give the certificate to the Institutional Trustee required by Section 314(a)(4) of the Trust Indenture Act, which certificate may be executed by any Regular Trustee;

(k) to incur expenses which are necessary or incidental to carry out any of the purposes of the Trust;

(l) to act as, or appoint another Person to act as, registrar and transfer agent for the Securities, the Regular

Trustees hereby initially appointing The First National Bank of Chicago for such purposes;

(m) to take all actions and perform such duties as may be required of the Regular Trustee pursuant to the terms of the Securities set forth in Exhibits B and C hereto;

(n) to execute all documents or instruments, perform all duties and powers, and do all things for and on behalf of the Trust in all matters necessary or incidental to the foregoing;

(o) to take all action which may be necessary or appropriate for the preservation and the continuation of the Trust's valid existence, rights, franchises and privileges as a statutory business trust under the laws of the State of Delaware and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Holders of the Securities or to enable the Trust to effect the purposes for which the Trust has been created;

(p) to take all action, not inconsistent with this Declaration or with applicable law, which the Regular Trustees determine in their discretion to be reasonable and necessary or desirable in carrying out the activities of the Trust as set out in this Section 3.6, in order that:

(i) the Trust will not be deemed to be an Investment Company required to be registered under the Investment Company Act;

(ii) the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership and will be treated as a grantor trust for United States federal income tax purposes; and

(iii) the Trust will comply with any requirements imposed by any taxing authority on holders of instruments treated as indebtedness for United States federal income tax purposes;

provided that such action does not adversely affect the interests of Holders;

(q) to take all action necessary to cause all applicable tax returns and tax information reports that are required to be filed with respect to the Trust to be duly prepared and filed by the Regular Trustees, on behalf of the Trust; and

(r) subject to the requirements of Rule 3a-5 and Section 317(b) of the Trust Indenture Act, to appoint one or more Paying Agents in addition to the Institutional Trustee.

The Regular Trustees must exercise the powers set forth in this Section 3.6 in a manner which is consistent with the purposes and functions of the Trust set out in Section 3.3 and the Regular Trustees shall not take any action which is inconsistent with the purposes and functions of the Trust set forth in Section 3.3.

Subject to this Section 3.6, the Regular Trustees shall have none of the powers nor any of the authority of the Institutional Trustee set forth in Section 3.8.

SECTION 3.7 Prohibition of Actions by Trust and Trustees.

The Trust shall not, and the Trustees (including the Institutional Trustee) shall cause the Trust not to, engage in any activity other than as required or authorized by this Declaration. In particular, the Trust shall not and the Trustees (including the Institutional Trustee) shall cause the Trust not to:

(a) invest any proceeds received by the Trust from holding the Debentures but shall promptly distribute all such proceeds to Holders of Securities pursuant to the terms of this Declaration and of the Securities;

(b) acquire any assets other than as expressly provided herein;

(c) possess Trust property for other than a Trust purpose;

(d) make any investments, other than investments represented by the Debentures;

(e) possess any power or otherwise act in such a way as to vary the Trust assets or the terms of the Securities in any way whatsoever;

(f) issue any securities or other evidences of beneficial ownership of, or beneficial interests in, the Trust other than

the Securities;

(g) incur any indebtedness for borrowed money; or

(h) (i) direct the time, method and place of exercising any trust or power conferred upon the Debenture Trustee with respect to the Debentures, (ii) waive any past default that is waivable under Section 5.7 of the Indenture, (iii) exercise any right to rescind or annul any declaration that the principal of all of the Debentures shall be due and payable or (iv) consent to any amendment, modification or termination of the Indenture or the Debentures, in each case where such consent shall be required, unless in the case of this clause (h) the Institutional Trustee shall have received an unqualified opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that such action will not cause the Trust to be classified for United States federal income tax purposes as an association taxable as a corporation or partnership and that the Trust will continue to be classified as a grantor trust for United States federal income tax purposes.

SECTION 3.8 Powers and Duties of the Institutional Trustee.

(a) The Institutional Trustee shall:

(i) on the receipt of payments of funds made in respect of the Debentures held by the Trust, without any further acts of the Institutional Trustee or the Regular Trustees, promptly make payments to the Holders of the Preferred Securities and Common Securities in accordance with Section 6.1. Funds held in the Trust may be held uninvested, and without liability for interest thereon, until disbursed in accordance with this Declaration;

(ii) engage in such ministerial activities as shall be necessary or appropriate to effect promptly the redemption of the Preferred Securities and the Common Securities to the extent the Debentures are redeemed or mature;

(iii) upon notice of distribution issued by the Regular Trustees in accordance with the terms of the Preferred Securities and the Common Securities, engage in such ministerial activities as shall be necessary or appropriate to effect promptly the distribution pursuant to terms of the Securities of Debentures to Holders of Securities upon the occurrence of a Special Event; and

(iv) have the legal power to exercise all of the rights, powers and privileges of a holder of the Debentures under the Indenture and, if an Event of Default occurs and is continuing, the Institutional Trustee, subject to Section 2.6(b), shall, for the benefit of the Holders of the Securities, enforce its rights as holder of the Debentures under the Indenture, subject to the rights of the Holders of the Preferred Securities pursuant to the terms of this Declaration and the Trust Indenture Act.

(b) The Institutional Trustee shall take all actions and perform such duties as may be specifically required of the Institutional Trustee pursuant to the terms of the Securities set forth in Exhibits B and C hereto.

(c) The Institutional Trustee shall take any Legal Action which arises out of or in connection with an Event of Default or the Institutional Trustee's duties and obligations under this Declaration or the Trust Indenture Act.

(d) All moneys and all Debentures held by the Trust will not be subject to any right, charge, security interest, lien or claim of any kind in favor of, or for the benefit of, the Institutional Trustee or its agents or their creditors.

(e) The Institutional Trustee shall, within 90 days after the occurrence of a default with respect to the Securities, transmit by mail, first class postage prepaid, to the Holders of the Securities, as their names and addresses appear upon the register, notice of all defaults with respect to the Securities known to the Institutional Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purposes of this Section 3.8(e) being hereby defined to be an Indenture Event of Default, not including any periods of grace provided for in the Indenture and irrespective of the giving of any notice provided therein); provided that, except in the case of default in the payment of the principal of or interest on any of the Debentures, the Institutional 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 Institutional Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of

the Securities. The Institutional Trustee shall not be deemed to have knowledge of any default, except (i) a default in the payment of principal, premium or interest on the Debentures or (ii) any default as to which the Institutional Trustee shall have received written notice or a Responsible Officer charged with the administration of this Declaration shall have obtained written notice.

(f) The Institutional Trustee shall continue to serve as a Trustee until:

(i) the Trust has been completely liquidated and the proceeds thereof distributed to the Holders of Securities pursuant to the terms of the Securities; or

(ii) a Successor Institutional Trustee has been appointed and has accepted that appointment in accordance with Article V.

(g) The Institutional Trustee shall act or appoint another Person to act as paying agent in respect of the Securities and, subject to Section 3.6(r), may authorize one or more Persons (each, a "Paying Agent") to pay Distributions, redemption payments or liquidation payments on behalf of the Trust with respect to the Preferred Securities. Any such Paying Agent shall comply with Section 317(b) of the Trust Indenture Act. Any Paying Agent may be removed by the Institutional Trustee, after consultation with the Regular Trustees, at any time and a successor Paying Agent or additional Paying Agents may be appointed at any time by the Institutional Trustee, subject to Section 3.6(r). The Institutional Trustee hereby initially appoints The First National Bank of Chicago as the Paying Agent.

(h) The Institutional Trustee shall give prompt written notice to the Holders of the Securities of any notice received by it from UAL of its election to defer payments of interest on the Debentures by extending the interest payment period with respect thereto.

(i) Subject to this Section 3.8, the Institutional Trustee shall have none of the powers or the authority of the Regular Trustees set forth in Section 3.6.

(j) The Institutional Trustee shall exercise the powers, duties and rights set forth in this Section 3.8 and Section 3.10 in a manner which is consistent with the purposes and functions of the Trust set out in Section 3.3 and the Institutional Trustee shall not take any action which is inconsistent with the purposes and functions of the Trust set forth in Section 3.3.

SECTION 3.9 Delaware Trustee.

Notwithstanding any other provision of this Declaration other than Section 5.1(a)(3), the Delaware Trustee shall not be entitled to exercise any powers, nor shall the Delaware Trustee have any of the duties and responsibilities, of the Regular Trustees and the Institutional Trustee described in this Declaration or any of the duties or responsibilities of Trustees generally. Except as set forth in Section 5.1(a)(3), the Delaware Trustee shall be a Trustee for the sole and limited purpose of fulfilling the requirements of Section 3807 of the Business Trust Act. No implied covenants or obligations shall be read into this Declaration against the Delaware Trustee.

SECTION 3.10 Certain Rights and Duties of the Institutional Trustee.

(a) The Institutional Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, shall undertake to perform only such duties as are specifically set forth in this Declaration, and no implied covenants shall be read into this Declaration against the Institutional Trustee. In case an Event of Default has occurred (that has not been cured or waived pursuant to Section 2.6), the Institutional Trustee shall exercise such of the rights and powers vested in it by this Declaration, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) No provision of this Declaration shall be construed to relieve the Institutional Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) prior to the occurrence of an Event of Default and after the curing or waiving of all such Events of Default that may have occurred:

(A) the duties and obligations of the Institutional Trustee shall be determined solely by the express provisions of this Declaration, and the Institutional Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Declaration, and no implied covenants or obligations shall be read into this Declaration against the Institutional Trustee; and

(B) in the absence of bad faith on the part of the Institutional Trustee, the Institutional Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Institutional Trustee and conforming to the requirements of this Declaration; but, in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Institutional Trustee, the Institutional Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Declaration;

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

(iii) the Institutional 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 Holders as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee hereunder or under the Indenture, or exercising any trust or power conferred upon the Institutional Trustee under this Declaration; and

(iv) no provision of this Declaration shall require the Institutional Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable ground for believing that the repayment of such funds or liability is not reasonably assured to it under the terms of this Declaration or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) Subject to the provisions of Section 3.10(a) and (b):

(i) whenever, in the administration of this Declaration, the Institutional Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Institutional Trustee (unless other evidence is herein specifically prescribed) may, in the absence of bad faith on its part and, if the Trust is excluded from the definition of Investment Company solely by means of Rule 3a-5, subject to the requirements of Rule 3a-5, request and rely upon a certificate, which shall comply with the provisions of Section 314(e) of the Trust Indenture Act, signed by any two of the Regular Trustees or by an authorized officer of the Sponsor, as the case may be;

(ii) The Institutional Trustee (A) may consult with counsel of its choice (which may be counsel to the Sponsor or any of its Affiliates and may include any of its employees) selected by it in good faith and with due care and the written advice or opinion of such counsel with respect to legal matters 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 and in accordance with such advice and opinion and (B) shall have the right at any time to seek instructions concerning the administration of this Declaration from any court of competent jurisdiction;

(iii) The Institutional Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Institutional Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it in good faith and with due care;

(iv) The Institutional Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Declaration at the request or direction of any Holders, unless such Holders shall have offered to the Institutional Trustee reasonable security and indemnity against the costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by it in complying with such request or direction; provided that nothing contained in this clause (iv) shall relieve the Institutional Trustee of the obligation, upon the occurrence of an Event of Default (which has not been cured or waived) to exercise such of the rights and powers vested in it by this Declaration, and to use the same degree of care and skill

in this exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs; and

(v) Any action taken by the Institutional Trustee or its agents hereunder shall bind the Holders of the Securities and the signature of the Institutional Trustee or its agents alone shall be sufficient and effective to perform any such action; and no third party shall be required to inquire as to the authority of the Institutional Trustee to so act, or as to its compliance with any of the terms and provisions of this Declaration, both of which shall be conclusively evidenced by the Institutional Trustee's or its agent's taking such action.

SECTION 3.11 Registration Statement and Related Matters.

In accordance with the Original Declaration, UAL and the Trustees have authorized and directed, and hereby confirm the authorization of, UAL, as the sponsor of the Trust, (i) to file with the Commission and execute, in each case on behalf of the Trust, (a) the Registration Statement on Form S-4 (File No. 333-14245) (the "1933 Act Registration Statement") and any pre-effective or post-effective amendments to such Registration Statement, relating to the registration under the Securities Act of the Preferred Securities of the Trust, (b) a Registration Statement on Form 8-A or other appropriate form (the "1934 Act Registration Statement") (including all pre-effective and post-effective amendments thereto) relating to the registration of the Preferred Securities of the Trust under Section 12(b) of the Exchange Act and (c) an Issuer Tender Offer Statement on Schedule 13E-4 and any other tender offer statement required to be filed by the Trust with the Commission (including, if necessary, Schedule 14D-1) relating to the Offer (collectively, the "Tender Offer Schedules") and any amendment or supplement thereto; (ii) to file with the New York Stock Exchange ("NYSE") and execute on behalf of the Trust a listing application and all other applications, statements, certificates, agreements and other instruments as shall be necessary or desirable to cause the Preferred Securities to be listed on the NYSE; (iii) to file and execute on behalf of the Trust such applications, reports, surety bonds, irrevocable consents, appointments of attorney for service of process and other papers and documents as shall be necessary or desirable to register the Preferred Securities under the securities or "Blue Sky" laws of such jurisdictions as UAL, on behalf of the Trust, may deem necessary or desirable and (iv) to execute on behalf of the Trust the Dealer Manager Agreement, relating to the Offer, substantially in the form included as Exhibit 1 to the 1933 Act Registration Statement. In the event that any filing referred to in clauses (i)-(iii) above is required by the rules and regulations of the Commission, the NYSE or state securities or "Blue Sky" laws, to be executed on behalf of the Trust by the Trustees, the Regular Trustees, in their capacities as Trustees of the Trust, are hereby authorized and directed to join in any such filing and to execute on behalf of the Trust any and all of the foregoing, it being understood that the Institutional Trustee and the Delaware Trustee, in their capacities as Trustees of the Trust, shall not be required to join in any such filing or execute on behalf of the Trust any such document unless required by the rules and regulations of the Commission, the NYSE or state securities or "Blue Sky" laws. In connection with all of the foregoing, each Trustee, solely in its capacity as Trustee of the Trust, has constituted and appointed, and hereby confirms the appointment of, UAL Corporation as his, her or its true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such Trustee or in such Trustee's name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to the 1933 Act Registration Statement, the 1934 Act Registration Statement and the Tender Offer Schedules and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such Trustee might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or its substitute, shall do or cause to be done by virtue hereof.

SECTION 3.12 Filing of Amendments to Certificate of Trust.

The Certificate of Trust as filed with the Secretary of State of the State of Delaware on October 15, 1996 is attached hereto as Exhibit A. On or after the date of execution of this Declaration, the Trustees shall cause the filing with the Secretary of State of the State of Delaware of such amendments to the Certificate of Trust as the Trustees shall deem necessary or desirable.

SECTION 3.13 Execution of Documents by Regular Trustees.

Unless otherwise determined by the Regular Trustees and except as otherwise required by the Business Trust Act with respect to the Certificate of Trust or otherwise, a majority of, or, if there are only two, both of, the Regular Trustees are authorized to execute and deliver on behalf of the Trust any documents which the Regular Trustees have the power and authority to execute or deliver pursuant to this Declaration.

SECTION 3.14 Trustees Not Responsible for Recitals or

Issuance of Securities.

The recitals contained in this Declaration and the Securities shall be taken as the statements of the Sponsor, and the Trustees do not assume any responsibility for their correctness. The Trustees make no representations as to the value or condition of the property of the Trust or any part thereof. The Trustees make no representations as to the validity or sufficiency of this Declaration or the Securities.

SECTION 3.15 Duration of Trust.

The Trust, absent termination pursuant to the provisions of Article VIII hereof, shall have existence until December 15, 2026.

ARTICLE IV

SPONSOR

SECTION 4.1 Purchase of Common Securities by Sponsor.

The Sponsor will purchase Common Securities issued by the Trust at the same time as the Preferred Securities are issued in exchange for Depositary Shares pursuant to the Offer, such purchase to be in an amount equal to 3% of the sum of (i) the aggregate stated liquidation amount of the Preferred Securities issued in exchange for Depositary Shares pursuant to the Offer and (ii) the proceeds derived from the sale of the Common Securities.

SECTION 4.2 Expenses.

(a) The Sponsor shall be responsible for and shall pay for all debts and obligations (other than with respect to the Securities) and all costs and expenses of the Trust (including, but not limited to, costs and expenses relating to the organization of the Trust, the issuance of the Preferred Securities pursuant to the Offer, the fees and expenses (including reasonable counsel fees and expenses) of the Trustees (including any amounts payable under Article X), the costs and expenses relating to the operation of the Trust, including, without limitation, costs and expenses of accountants, attorneys, statistical or bookkeeping services, expenses for printing and engraving and computing or accounting equipment, paying agent(s), registrar(s), transfer agent(s), duplicating, travel and telephone and other telecommunications expenses and costs and expenses incurred in connection with the disposition of Trust assets).

(b) The Sponsor will pay any and all taxes (other than United States withholding taxes attributable to the Trust or its assets) and all liabilities, costs and expenses with respect to such taxes of the Trust.

(c) The Sponsor's obligations under this Section 4.2 shall be for the benefit of, and shall be enforceable by, any Person to whom any such debts, obligations, costs, expenses and taxes are owed (a "Creditor") whether or not such Creditor has received notice hereof. Any such Creditor may enforce the Sponsor's obligations under this Section 4.2 directly against the Sponsor and the Sponsor irrevocably waives any right or remedy to require that any such Creditor take any action against the Trust or any other Person before proceeding against the Sponsor. The Sponsor agrees to execute such additional agreements as may be necessary or desirable in order to give full effect to the provisions of this Section 4.2.

ARTICLE V

TRUSTEES

SECTION 5.1 Number of Trustees; Qualifications.

(a) The number of Trustees initially shall be five (5). At any time (i) before the issuance of the Securities, the Sponsor may, by written instrument, increase or decrease the number of, and appoint, remove and replace the, Trustees, and (ii) after the issuance of the Securities, the number of Trustees may be increased or decreased solely by, and Trustees may be appointed, removed or replaced solely by, vote of Holders of Common Securities representing a Majority in liquidation amount of the Common Securities voting as a class; provided that in any case:

(1) the number of Trustees shall be at least five (5) unless the Trustee that acts as the Institutional Trustee also acts as the Delaware Trustee, in which case the number of Trustees shall be at least three (3);

(2) at least a majority of the Trustees shall at all times be officers, directors or employees of UAL;

(3) if required by the Business Trust Act, one Trustee (the "Delaware Trustee") shall be either a natural person who is a resident of the State of Delaware or, if not a natural person, an entity which has its principal place of business in the State of Delaware and otherwise is permitted to act as a Trustee hereunder under the laws of the State of Delaware, except that if the Institutional Trustee has its principal place of business in the State of Delaware and otherwise is permitted to act as a Trustee hereunder under the laws of the State of Delaware, then the Institutional Trustee shall also be the Delaware Trustee and Section 3.9 shall have no application; and

(4) there shall at all times be an Institutional Trustee hereunder which shall satisfy the requirements of Section 5.1(c).

Each Trustee shall be either a natural person at least 21 years of age or a legal entity which shall act through one or more duly appointed representatives.

(b) The initial Regular Trustees shall be:

Douglas A. Hacker
Francesca M. Maher
Thomas A. Mutryn
c/o UAL Corporation
1200 East Algonquin Road
Elk Grove Township, Illinois 60007

(c) There shall at all times be one Trustee which shall act as Institutional Trustee. In order to act as Institutional Trustee hereunder, such Trustee shall:

(i) not be an Affiliate of the Sponsor; and

(ii) be a corporation organized and doing business under the laws of the United States of America or any State or Territory thereof or of the District of Columbia, or a Person permitted by the Commission to act as an institutional trustee under the Trust Indenture Act, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by Federal, State, Territorial or District of Columbia authority. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of the supervising or examining authority referred to above, then, for the purposes of this Section 5.1(c)(ii), the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

If at any time the Institutional Trustee shall cease to satisfy the requirements of clauses (i)-(ii) above, the Institutional Trustee shall immediately resign in the manner and with the effect set out in Section 5.2(d). If the Institutional Trustee has or shall acquire any "conflicting interest" within the meaning of Section 310(b) of the Trust Indenture Act, the Institutional Trustee and the Holders of the Common Securities (as if such Holders were the obligor referred to in Section 310(b) of the Trust Indenture Act) shall in all respects comply with the provisions of Section 310(b) of the Trust Indenture Act. The Preferred Guarantee shall be deemed to be specifically described in this Declaration for the purposes of clause (i) of the first proviso contained in Section 310(b) of the Trust Indenture Act.

The initial Trustee which shall serve as the Institutional Trustee is The First National Bank of Chicago, whose address is as set forth in Section 14.1(b).

(d) The initial Trustee which shall serve as the Delaware Trustee is First Chicago Delaware Inc., whose address is as set forth in Section 14.1(c).

(e) Any action taken by Holders of Common Securities pursuant to this Article V shall be taken at a meeting of Holders of Common Securities convened for such purpose or by written consent as provided in Section 12.2.

(f) No amendment may be made to this Section 5.1 which would change any rights with respect to the number, existence or appointment and removal of Trustees, except with the consent of each Holder of Common Securities.

SECTION 5.2 Appointment, Removal and Resignation of

Trustees.

(a) Subject to Section 5.2(b), Trustees may be appointed or removed without cause at any time:

(i) until the issuance of the Securities, by written instrument executed by the Sponsor; and

(ii) after the issuance of the Securities, by vote of the Holders of a Majority in liquidation amount of the Common Securities voting as a class.

(b) (i) The Trustee that acts as Institutional Trustee shall not be removed in accordance with Section 5.2(a) until a Successor Institutional Trustee possessing the qualifications to act as Institutional Trustee under Section 5.1(c) has been appointed and has accepted such appointment by written instrument executed by such Successor Institutional Trustee and delivered to the Regular Trustees, the Sponsor and the Institutional Trustee being removed; and

(ii) the Trustee that acts as Delaware Trustee shall not be removed in accordance with Section 5.2(a) until a successor Trustee possessing the qualifications to act as Delaware Trustee under Section 5.1(a)(3) (a "Successor Delaware Trustee") has been appointed and has accepted such appointment by written instrument executed by such Successor Delaware Trustee and delivered to the Regular Trustees, the Sponsor and the Delaware Trustee being removed.

(c) A Trustee appointed to office shall hold office until such Trustee's successor shall have been appointed or until death, removal or resignation.

(d) Any Trustee may resign from office (without need for prior or subsequent accounting) by an instrument (a "Resignation Request") in writing signed by the Trustee and delivered to the Sponsor and the Trust, which resignation shall take effect upon such delivery or upon such later date as is specified therein; provided however, that:

(i) no such resignation of the Trustee that acts as the Institutional Trustee shall be effective until a Successor Institutional Trustee possessing the qualifications to act as Institutional Trustee under Section 5.1(c) has been appointed and has accepted such appointment by instrument executed by such Successor Institutional Trustee and delivered to the Trust, the Sponsor and the resigning Institutional Trustee; and

(ii) no such resignation of the Trustee that acts as the Delaware Trustee shall be effective until a Successor Delaware Trustee has been appointed and has accepted such appointment by instrument executed by such Successor Delaware Trustee and delivered to the Trust, the Sponsor and the resigning Delaware Trustee.

(e) If no Successor Institutional Trustee or Successor Delaware Trustee shall have been appointed and accepted appointment as provided in this Section 5.2 within 60 days after delivery to the Sponsor and the Trust of a Resignation Request, the resigning Institutional Trustee or Delaware Trustee may petition any court of competent jurisdiction for appointment of a Successor Institutional Trustee or Successor Delaware Trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a Successor Institutional Trustee or Successor Delaware Trustee, as the case may be.

SECTION 5.3 Vacancies Among Trustees.

If a Trustee ceases to hold office for any reason and the number of Trustees is not reduced pursuant to Section 5.1 or if the number of Trustees is increased pursuant to Section 5.1, a vacancy shall occur. A resolution certifying the existence of such vacancy by a majority of the Regular Trustees shall be conclusive evidence of the existence of such vacancy. The vacancy shall be filled with a Trustee appointed in accordance with the requirements of this Article V.

SECTION 5.4 Effect of Vacancies.

The death, resignation, retirement, removal, bankruptcy, dissolution, liquidation, incompetence or incapacity to perform the duties of a Trustee, or any one of them, shall not operate to annul the Trust. Whenever a vacancy in the number of Regular Trustees shall occur, until such vacancy is filled as provided in this Article V, the Regular Trustees in office, regardless of their number, shall have all the powers granted to the Regular Trustees and shall discharge all the duties imposed upon the Regular Trustees by this Declaration.

SECTION 5.5 Meetings.

Meetings of the Regular Trustees shall be held from time to time upon the call of any Trustee. Regular meetings of the Regular Trustees may be held at a time and place fixed by resolution of the Regular Trustees. Notice of any in-person meetings of the Regular Trustees shall be hand delivered or otherwise delivered in writing (including by facsimile, with a hard copy by overnight courier) not less than 48 hours before such meeting. Notice of any telephonic meetings of the Regular Trustees or any committee thereof shall be hand delivered or otherwise delivered in writing (including by facsimile, with a hard copy by overnight courier) not less than 24 hours before a meeting. Notices shall contain a brief statement of the time, place and anticipated purposes of the meeting. The presence (whether in person or by telephone) of a Regular Trustee at a meeting shall constitute a waiver of notice of such meeting except where a Regular Trustee attends a meeting for the express purpose of objecting to the transaction of any activity on the ground that the meeting has not been lawfully called or convened. Unless provided otherwise in this Declaration, any action of the Regular Trustees may be taken at a meeting by vote of a majority of the Regular Trustees present (whether in person or by telephone) and eligible to vote with respect to such matter, provided that a Quorum is present, or without a meeting by the unanimous written consent of the Regular Trustees.

SECTION 5.6 Delegation of Power.

(a) Any Regular Trustee may, by power of attorney consistent with applicable law, delegate to any other natural person over the age of 21 his or her power for the purpose of executing any registration statement or amendment thereto or other document or schedule filed with the Commission or making any other governmental filing (including, without limitation filings referred to in Section 3.11).

(b) The Regular Trustees shall have power to delegate from time to time to such of their number the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Regular Trustees or otherwise as the Regular Trustees may deem expedient, to the extent such delegation is not prohibited by applicable law or contrary to the provisions of the Trust, as set forth herein.

ARTICLE VI

DISTRIBUTIONS

SECTION 6.1 Distributions.

Holders shall receive periodic distributions, redemption payments and liquidation distributions in accordance with the applicable terms of the relevant Holder's Securities ("Distributions"). Distributions shall be made to the Holders of Preferred Securities and Common Securities in accordance with the terms of the Securities as set forth in Exhibits B and C hereto. If and to the extent that UAL makes a payment of interest and principal on the Debentures held by the Institutional Trustee (the amount of any such payment being a "Payment Amount"), the Institutional Trustee shall and is directed to promptly make a Distribution of the Payment Amount to Holders in accordance with the terms of the Securities as set forth in Exhibits B and C hereto.

ARTICLE VII

ISSUANCE OF SECURITIES

SECTION 7.1 General Provisions Regarding Securities.

(a) The Regular Trustees shall issue on behalf of the Trust securities in fully registered form representing undivided

beneficial interests in the assets of the Trust in accordance with Section 7.1(b) and for the consideration specified in Section 3.3.

(b) The Regular Trustees shall issue on behalf of the Trust one class of preferred securities representing undivided beneficial interests in the assets of the Trust having such terms as are set forth in Exhibit B (the "Preferred Securities") which terms are incorporated by reference in, and made a part of, this Declaration as if specifically set forth herein, and one class of common securities representing undivided beneficial interests in the assets of the Trust having such terms as are set forth in Exhibit C (the "Common Securities") which terms are incorporated by reference in, and made a part of, this Declaration as if specifically set forth herein. The Trust shall have no securities or other interests in the assets of the Trust other than the Preferred Securities and the Common Securities.

(c) The Certificates shall be signed on behalf of the Trust by the Regular Trustees (or if there are more than two Regular Trustees by any two of the Regular Trustees). Such signatures may be the manual or facsimile signatures of the present or any future Regular Trustee. Typographical and other minor errors or defects in any such reproduction of any such signature shall not affect the validity of any Security. In case any Regular Trustee of the Trust who shall have signed any of the Certificates shall cease to be such Regular Trustee before the Certificate so signed shall be delivered by the Trust, such Certificate nevertheless may be delivered as though the person who signed such Certificate had not ceased to be such Regular Trustee; and any Certificate may be signed on behalf of the Trust by such persons as, at the actual date of the execution of such Security, shall be the Regular Trustees of the Trust, although at the date of the execution and delivery of the Declaration any such person was not such a Regular Trustee. Certificates shall be printed, lithographed or engraved or may be produced in any other manner as is reasonably acceptable to the Regular Trustees, as evidenced by their execution thereof, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements as the Regular Trustees may deem appropriate, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which Securities may be listed, or to conform to usage. Pending the preparation of definitive Certificates, the Regular Trustees on behalf of the Trust may execute temporary Certificates (printed, lithographed or typewritten), substantially in the form of the definitive Certificates in lieu of which they are issued, but with such omissions, insertions and variations as may be appropriate for temporary Certificates, all as may be determined by the Regular Trustees. Each temporary Certificate shall be executed by the Regular Trustees on behalf of the Trust upon the same conditions and in substantially the same manner, and with like effect, as definitive Certificates. Without unnecessary delay, the Regular Trustees on behalf of the Trust will execute and furnish definitive Certificates and thereupon any or all temporary Certificates may be surrendered to the transfer agent and registrar in exchange therefor (without charge to the Holders). Each Certificate whether in temporary or definitive form shall be countersigned by the manual signature of an authorized signatory of the Person acting as registrar and transfer agent for the Securities, which shall initially be The First National Bank of Chicago.

(d) The consideration received by the Trust for the issuance of the Securities shall constitute a contribution to the capital of the Trust and shall not constitute a loan to the Trust.

(e) Upon issuance of the Securities as provided in this Declaration, the Securities so issued shall be deemed to be validly issued, fully paid and non-assessable.

(f) Every Person, by virtue of having become a Holder or a Preferred Security Beneficial Owner in accordance with the terms of this Declaration, shall be deemed to have expressly assented and agreed to the terms of, and shall be bound by, this Declaration.

(g) Upon issuance of the Securities as provided in this Declaration, the Regular Trustees on behalf of the Trust shall return to UAL the \$10 constituting initial trust assets as set forth in the Original Declaration.

ARTICLE VIII

TERMINATION OF TRUST

SECTION 8.1 Termination of Trust.

The Trust shall terminate:

(i) when all of the Securities shall have been called for redemption and the amounts necessary for redemption thereof shall have been paid to the Holders of Securities in accordance with the terms of the Securities; or

(ii) when all of the Debentures shall have been distributed to the Holders of Securities in exchange for all of the Securities in accordance with the terms of the Securities; or

(iii) upon the expiration of the term of the Trust as set forth in Section 3.15, and a certificate of cancellation is filed by the Trustees with the Secretary of State of the State of Delaware; or

(iv) upon the bankruptcy of UAL or the Trust; or

(v) upon the filing of a certificate of dissolution or the equivalent with respect to UAL, the filing of a certificate of cancellation with respect to the Trust after having obtained the consent of at least a majority in liquidation amount of the Securities, voting together as a single class, to file such certificate of cancellation, or the revocation of the charter of UAL and the expiration of 90 days after the date of revocation without a reinstatement thereof; or

(vi) upon the entry of a decree of judicial dissolution of UAL or the Trust.

The Trustees shall file a certificate of cancellation with the Secretary of State of the State of Delaware after (i) termination of the Trust in accordance with this Section 8.1, (ii) satisfaction of creditors of the Trust and (iii) distribution of the Trust's assets in accordance with this Declaration. The provisions of Sections 3.10 and 4.2 and Article X shall survive the termination of the Trust.

ARTICLE IX

TRANSFER OF INTERESTS

SECTION 9.1 Transfer of Securities.

(a) Securities may only be transferred, in whole or in part, in accordance with the terms and conditions set forth in this Declaration. Any transfer or purported transfer of any Security not made in accordance with this Declaration shall be null and void.

(b) Subject to this Article IX, Preferred Securities shall be freely transferable.

(c) Subject to this Article IX, UAL and any Related Party may only transfer Common Securities to UAL or a Related Party, provided that any such transfer shall be subject to the condition that the transferor shall have obtained (1) either a ruling from the Internal Revenue Service or an unqualified written opinion addressed to the Trust and delivered to the Trustees of nationally recognized independent tax counsel experienced in such matters to the effect that such transfer will not (i) cause the Trust to be treated as issuing a class of interests in the Trust differing from the class of interests represented by the Common Securities originally issued to UAL, (ii) result in the Trust acquiring or disposing of, or being deemed to have acquired or disposed of, an asset, or (iii) result in or cause the Trust to be treated as anything other than a grantor trust for United States federal income tax purposes and (2) an unqualified written opinion addressed to the Trust and delivered to the Trustees of a nationally recognized independent counsel experienced in such matters that such transfer will not cause the Trust to be an Investment Company or controlled by an Investment Company.

SECTION 9.2 Transfer of Certificates.

The Regular Trustees shall provide for the registration of Certificates and of transfers of Certificates, which will be effected without charge but only upon payment (with such indemnity as the Regular Trustees may require) in respect of any tax or other government charges which may be imposed in relation to it. Upon surrender for registration of transfer of any Certificate, the Regular Trustees shall cause one or more new Certificates to be issued in the name of the designated transferee or transferees. Every Certificate surrendered for registration of transfer shall be accompanied by a written instrument of transfer in form satisfactory to the Regular Trustees duly executed by the Holder or such Holder's attorney duly authorized in writing. Each Certificate surrendered for registration of transfer shall be canceled by the Regular

Trustees. A transferee of a Certificate shall be entitled to the rights and subject to the obligations of a Holder hereunder upon the receipt by such transferee of a Certificate. By acceptance of a Certificate, each transferee shall be deemed to have agreed to be bound by this Declaration. The Trust shall not be required (i) to issue, or register the transfer of or exchange of, any Securities during the period beginning at the opening of 15 business days before the mailing of a notice of redemption of Securities according to the terms of the Securities and ending at the close of business on the day of the mailing of the relevant notice of redemption or (ii) to register the transfer of or exchange of any Security so selected for redemption, in whole or in part, except the unredeemed portion of any Security being redeemed in part.

SECTION 9.3 Deemed Security Holders.

The Trustees may treat the Person in whose name any Certificate shall be registered on the books and records of the Trust as the sole holder of such Certificate and of the Securities represented by such Certificate for purposes of receiving Distributions and for all other purposes whatsoever and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Certificate or in the Securities represented by such Certificate on the part of any Person, whether or not the Trustees shall have actual or other notice thereof.

SECTION 9.4 Book Entry Interests.

The Preferred Securities Certificates, on original issuance, will be issued in fully registered form. With respect to any Certificates registered on the books and records of the Trust in the name of a Clearing Agency or the nominee of a Clearing Agency:

(i) the Trust and the Trustees shall be entitled to deal with the Clearing Agency for all purposes of this Declaration (including paying Distributions on such Certificates and receiving approvals, votes or consents hereunder) as the Preferred Security Holder and the sole holder of such Certificates and, except as set forth herein, shall have no obligation to the Preferred Security Beneficial Owners;

(ii) to the extent that the provisions of this Section 9.4 conflict with any other provisions of this Declaration, the provisions of this Section 9.4 shall control; and

(iii) the rights of the Preferred Security Beneficial Owners shall be exercised only through the Clearing Agency and shall be limited to those established by law and agreements between such Preferred Security Beneficial Owners and the Clearing Agency and/or the Clearing Agency Participants. The Clearing Agency will make book entry transfers among Clearing Agency Participants and receive and transmit payments of Distributions on such Certificates to such Clearing Agency Participants; provided, that solely for the purposes of determining whether the Holders of the requisite amount of Preferred Securities have voted on any matter provided for in this Declaration, so long as definitive Preferred Security Certificates have not been issued (pursuant to Section 9.7 hereof), the Trustees may conclusively rely on, and shall be protected in relying on, any written instrument (including a proxy) delivered to the Trustees by the Clearing Agency setting forth the Preferred Security Beneficial Owners' votes or assigning the right to vote on any matter to any other Persons either in whole or in part.

SECTION 9.5 Notices to Holders of Certificates.

Whenever a notice or other communication to the Holders is required to be given under this Declaration, the relevant Trustees shall give such notices and communications to the Holders and, with respect to any Preferred Security Certificate registered in the name of a Clearing Agency or the nominee of a Clearing Agency, the Trustees shall, except as set forth herein, have no obligations to the Preferred Security Beneficial Owners.

SECTION 9.6 Appointment of Successor Clearing Agency.

If any Clearing Agency elects to discontinue its services as securities depository with respect to the Preferred Securities, the Regular Trustees may, in their sole discretion, appoint a successor Clearing Agency with respect to the Preferred Securities.

SECTION 9.7 Definitive Preferred Securities Certificates.

If (i) a Clearing Agency elects to discontinue its services as securities depository with respect to the Preferred Securities and a successor Clearing Agency is not appointed within 90 days after such discontinuance pursuant to Section 9.6 or (ii) the Regular Trustees elect after consultation with the Sponsor to terminate the book entry system through the Clearing Agency with respect to the Preferred Securities, then, upon surrender of the Certificates representing the Book Entry Interests with respect to the Preferred Securities by the Clearing Agency, accompanied by registration instructions, the Regular Trustees shall cause definitive Preferred Security Certificates to be delivered to Preferred Security Beneficial Owners in accordance with the instructions of the Clearing Agency. Neither the Trustees nor the Trust shall be liable for any delay in delivery of such instructions and each of them may conclusively rely on, and shall be protected in relying on, such instructions.

SECTION 9.8 Mutilated, Destroyed, Lost or Stolen Certificates.

If (a) any mutilated Certificates should be surrendered to the Regular Trustees, or if the Regular Trustees shall receive evidence to their satisfaction of the destruction, loss or theft of any Certificate; and (b) there shall be delivered to the Regular Trustees such security or indemnity as may be required by them to keep each of them harmless, then in the absence of notice that such Certificate shall have been acquired by a bona fide purchaser, any two Regular Trustees on behalf of the Trust shall execute and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Certificate, a new Certificate of like denomination. In connection with the issuance of any new Certificate under this Section 9.8, the Regular Trustees may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. Any duplicate Certificate issued pursuant to this Section shall constitute conclusive evidence of an ownership interest in the relevant Securities, as if originally issued, whether or not the lost, stolen or destroyed Certificate shall be found at any time.

ARTICLE X

LIMITATION OF LIABILITY; INDEMNIFICATION

SECTION 10.1 Exculpation.

(a) No Indemnified Person shall be liable, responsible or accountable in damages or otherwise to the Trust or any Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of the authority conferred on such Indemnified Person by this Declaration or by law, except that an Indemnified Person shall be liable for any such loss, damage or claim incurred by reason of such Indemnified Person's gross negligence (or, in the case of the Institutional Trustee or the Delaware Trustee, negligence) or willful misconduct with respect to such acts or omissions.

(b) An Indemnified Person shall be fully protected in relying in good faith upon the records of the Trust and upon such information, opinions, reports or statements presented to the Trust by any Person as to matters the Indemnified Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Trust, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits, losses, or any other facts pertinent to the existence and amount of assets from which Distributions to Holders of Securities might properly be paid.

(c) Pursuant to Section 3803 (a) of the Business Trust Act, the Holders of Securities, in their capacities as Holders, shall be entitled to the same limitation of liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

SECTION 10.2 Indemnification.

(a) To the fullest extent permitted by applicable law, the Sponsor shall indemnify and hold harmless each Indemnified Person from and against any loss, damage or claim incurred by such Indemnified Person by reason of any act or omission performed or omitted by such Indemnified Person in good faith on behalf of the Trust and in a manner such Indemnified Person reasonably believed to be within the scope of authority conferred on such Indemnified Person by this Declaration, except that no Indemnified Person

shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Indemnified Person by reason of gross negligence (or, in the case of the Institutional Trustee or the Delaware Trustee, negligence) or willful misconduct with respect to such acts or omissions.

(b) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by an Indemnified Person in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Sponsor prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Sponsor of an undertaking by or on behalf of the Indemnified Person to repay such amount if it shall be determined that the Indemnified Person is not entitled to be indemnified as authorized in Section 10.2(a).

(c) The provisions of this Section 10.2 shall survive the termination of this Declaration.

SECTION 10.3 Outside Business.

The Sponsor and any Trustee may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Trust, and the Trust and the Holders of Securities shall have no rights by virtue of this Declaration in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Trust, shall not be deemed wrongful or improper. Neither the Sponsor nor any Trustee shall be obligated to present any particular investment or other opportunity to the Trust even if such opportunity is of a character that, if presented to the Trust, could be taken by the Trust, and the Sponsor or any Trustee shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment or other opportunity. Any Trustee may engage or be interested in any financial or other transaction with the Sponsor or any Affiliate of the Sponsor or may act as depository, trustee or agent for, or act on any committee or body of holders of, securities or other obligations of the Sponsor or its Affiliates.

ARTICLE XI

ACCOUNTING

SECTION 11.1 Fiscal Year.

The fiscal year ("Fiscal Year") of the Trust shall be the calendar year, or such other year as is required by the Code.

SECTION 11.2 Certain Accounting Matters.

(a) At all times during the existence of the Trust, the Regular Trustees shall keep, or cause to be kept, full books of account, records and supporting documents, which shall reflect in reasonable detail each transaction of the Trust. The books of account shall be maintained on the accrual method of accounting, in accordance with generally accepted accounting principles, consistently applied. The Trust shall use the accrual method of accounting for United States federal income tax purposes. The books and records of the Trust, together with a copy of this Declaration and a certified copy of the Certificate of Trust, and any amendment thereto, shall at all times be maintained at the principal office of the Trust and shall be open for inspection for any examination by any Holder or its duly authorized representative for any purpose reasonably related to its interest in the Trust during normal business hours.

(b) If required by applicable law, the Regular Trustees shall, as soon as available after the end of each Fiscal Year of the Trust, cause to be prepared and mailed to each Holder of Securities unaudited financial statements of the Trust for such Fiscal Year, prepared in accordance with generally accepted accounting principles, provided that if the Trust is required to comply with the periodic reporting requirements of Sections 13(a) or 15(d) of the Exchange Act, such financial statements for such Fiscal Year shall be examined and reported on by a firm of independent certified public accountants selected by the Regular Trustees (which firm may be the firm used by the Sponsor).

(c) The Regular Trustees shall cause to be prepared and mailed to each Holder of Securities an annual United States federal income tax information statement, on such form as is required by the Code, containing such information with regard to the Securities held by each Holder as is required by the Code and the Treasury Regulations. Notwithstanding any right under the

Code to deliver any such statement at a later date, the Regular Trustees shall endeavor to deliver all such statements within 30 days after the end of each Fiscal Year of the Trust.

(d) The Regular Trustees shall cause to be prepared and filed with the appropriate taxing authority an annual United States federal income tax return, on such form as is required by the Code, and any other annual income tax returns required to be filed by the Regular Trustees on behalf of the Trust with any state or local taxing authority, such returns to be filed as soon as practicable after the end of each Fiscal Year of the Trust.

SECTION 11.3 Banking.

The Trust shall maintain one or more bank accounts in the name and for the sole benefit of the Trust. The sole signatories for such accounts shall be designated by the Regular Trustees.

SECTION 11.4 Withholding.

The Trust and the Trustees shall comply with all withholding requirements under United States federal, state and local law. The Trust shall request, and the Holders shall provide to the Trust, such forms or certificates as are necessary to establish an exemption from withholding with respect to each Holder, and any representations and forms as shall reasonably be requested by the Trust to assist it in determining the extent of, and in fulfilling, its withholding obligations. The Trust shall file required forms with applicable jurisdictions and, unless an exemption from withholding is properly established by a Holder, shall remit amounts withheld with respect to the Holder to applicable jurisdictions. To the extent that the Trust is required to withhold and pay over any amounts to any authority with respect to distributions or allocations to any Holder, the amount withheld shall be deemed to be a distribution in the amount of the withholding to the Holder. In the event of any claimed overwithholding, Holders shall be limited to an action against the applicable jurisdiction. If the amount to be withheld was not withheld from a Distribution, the Trust may reduce subsequent Distributions by the amount of such withholding.

ARTICLE XII

AMENDMENTS AND MEETINGS

SECTION 12.1 Amendments.

(a) Except as otherwise provided in this Declaration or by any applicable terms of the Securities, this Declaration may be amended by, and only by, a written instrument executed by a majority of the Regular Trustees; provided, however, that (i) no amendment to this Declaration shall be made if such amendment or modification would cause the Trust to be classified for United States federal income tax purposes as other than a grantor trust or would cause the Trust to be deemed an "investment company" which is required to be registered under the 1940 Act, (ii) at such time after the Trust has issued any Securities which remain outstanding, any amendment which would adversely affect the rights, privileges or preferences of any Holder of Securities may be effected only with such additional requirements as may be set forth in the terms of such Securities, (iii) Section 4.2, Section 9.1(c) and this Section 12.1 shall not be amended without the consent of all of the Holders of the Securities, (iv) no amendment which adversely affects the rights, powers and privileges of the Institutional Trustee shall be made without the consent of the Institutional Trustee, (v) Article IV shall not be amended without the consent of the Sponsor and (vi) the rights of Holders of Common Securities under Article V to increase or decrease the number of, and to appoint, replace or remove, Trustees shall not be amended without the consent of each Holder of Common Securities.

(b) Notwithstanding Section 12.1(a)(ii), this Declaration may be amended without the consent of the Holders of the Securities to (i) cure any ambiguity, (ii) correct or supplement any provision in this Declaration that may be defective or inconsistent with any other provision of this Declaration, (iii) add to the covenants, restrictions or obligations of the Sponsor, (iv) preserve the status of the Trust as a grantor trust for federal income tax purposes, and (v) conform to any changes in Rule 3a-5 or any change in interpretation or application of Rule 3a-5 by the Commission, which amendment does not adversely affect the rights, preferences or privileges of the Holders.

SECTION 12.2 Meetings of the Holders of Securities; Action

by Written Consent.

(a) Meetings of the Holders of Preferred Securities and/or Common Securities may be called at any time by the Regular Trustees (or as provided in the terms of the Securities) to consider and act on any matter on which Holders of such class of Securities are entitled to act under the terms of this Declaration, the terms of the Securities or the rules of any stock exchange on which the Preferred Securities are listed or admitted for trading. The Regular Trustees shall call a meeting of Holders of Preferred Securities or Common Securities, if directed to do so by Holders of at least 10% in liquidation amount of such class of Securities. Such direction shall be given by delivering to the Regular Trustees one or more calls in a writing stating that the signing Holders of Securities wish to call a meeting and indicating the general or specific purpose for which the meeting is to be called. Any Holders of Securities calling a meeting shall specify in writing the Certificates held by the Holders of Securities exercising the right to call a meeting and only those specified Certificates shall be counted for purposes of determining whether the required percentage set forth in the second sentence of this paragraph has been met.

(b) Except to the extent otherwise provided in the terms of the Securities, the following provision shall apply to meetings of Holders of Securities:

(i) Notice of any such meeting shall be given by mail to all the Holders of Securities having a right to vote thereat not less than 7 days nor more than 60 days prior to the date of such meeting. Whenever a vote, consent or approval of the Holders of Securities is permitted or required under this Declaration or the rules of any stock exchange on which the Preferred Securities are listed or admitted for trading, such vote, consent or approval may be given at a meeting of the Holders of Securities. Any action that may be taken at a meeting of the Holders of Securities may be taken without a meeting if a consent in writing setting forth the action so taken is signed by Holders of Securities owning not less than the minimum aggregate liquidation amount of Securities that would be necessary to authorize or take such action at a meeting at which all Holders of Securities having a right to vote thereon were present and voting. Prompt notice of the taking of action without a meeting shall be given to the Holders of Securities entitled to vote who have not consented in writing. The Regular Trustees may specify that any written ballot submitted to the Holders of Securities for the purpose of taking any action without a meeting shall be returned to the Trust within the time specified by the Regular Trustees.

(ii) Each Holder of a Security may authorize any Person to act for it by proxy on all matters in which a Holder of a Security is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Holder of the Security executing it. Except as otherwise provided herein or in the terms of the Securities, all matters relating to the giving, voting or validity of proxies shall be governed by the General Corporation Law of the State of Delaware relating to proxies, and judicial interpretations thereunder, as if the Trust were a Delaware corporation and the Holders of the Securities were stockholders of a Delaware corporation.

(iii) Each meeting of the Holders of the Securities shall be conducted by the Regular Trustees or by such other Person that the Regular Trustees may designate.

(iv) Unless otherwise provided in the Business Trust Act, this Declaration or the rules of any stock exchange on which the Preferred Securities are then listed or admitted for trading, the Regular Trustees, in their sole discretion, shall establish all other provisions relating to meetings of Holders of Securities, including notice of the time, place or purpose of any meeting at which any matter is to be voted on by any Holders of Securities, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy or any other matter with respect to the exercise of any such right to vote.

ARTICLE XIII

REPRESENTATIONS OF INSTITUTIONAL TRUSTEE AND DELAWARE TRUSTEE

SECTION 13.1 Representations and Warranties of Institutional

Trustee.

(a) The Trustee which acts as initial Institutional Trustee

represents and warrants to the Trust and to the Sponsor at the date of this Declaration, and each Successor Institutional Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Institutional Trustee's acceptance of its appointment as Institutional Trustee, that:

(i) The Institutional Trustee is a national banking association with trust powers, duly organized, validly existing and in good standing under the laws of the United States, with trust power and authority to execute and deliver, and to carry out and perform its obligations under the terms of, this Declaration.

(ii) The execution, delivery and performance by the Institutional Trustee of this Declaration has been duly authorized by all necessary corporate action on the part of the Institutional Trustee. The Declaration has been duly executed and delivered by the Institutional Trustee, and constitutes a legal, valid and binding obligation of the Institutional Trustee, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium, insolvency, and other similar laws affecting creditors' rights generally and to general principles of equity and the discretion of the court (regardless of whether the enforcement of such remedies is considered in a proceeding in equity or at law).

(iii) The execution, delivery and performance of this Declaration by the Institutional Trustee do not conflict with or constitute a breach of the Charter or By-laws of the Institutional Trustee.

(iv) No consent, approval or authorization of, or registration with or notice to, any banking authority which supervises or regulates the Institutional Trustee is required for the execution, delivery or performance by the Institutional Trustee of this Declaration.

(v) The Institutional Trustee satisfies the qualifications set forth in Section 5.1(c).

(b) The Trustee which acts as initial Delaware Trustee represents and warrants to the Trust and the Sponsor at the date of this Declaration, and each Successor Delaware Trustee represents and warrants to the Trust and the Sponsor at the time of the Successor Delaware Trustee's acceptance of its appointment as Delaware Trustee, that it satisfies the qualifications set forth in Section 5.1(a)(3).

ARTICLE XIV

MISCELLANEOUS

SECTION 14.1 Notices.

All notices provided for in this Declaration shall be in writing, duly signed by the party giving such notice, and shall be delivered, telecopied or mailed by first class mail, as follows:

(a) if given to the Trust, in care of the Regular Trustees at the Trust's mailing address set forth below (or such other address as the Regular Trustees on behalf of the Trust may give notice of to the Holders of the Securities):

UAL Corporation Capital Trust I
c/o UAL Corporation
1200 East Algonquin Road
Elk Grove Township, Illinois 60007
Attention: Trustees
Facsimile No: (847) 700-4683

(b) if given to the Institutional Trustee, at the mailing address of the Institutional Trustee set forth below (or such other address as the Institutional Trustee may give notice of to the Holders of the Securities):

The First National Bank of Chicago
One First National Plaza, Suite 0216
Chicago, Illinois 60670-0126
Attention: Corporate Trust Department
Facsimile No: (312) 407-1708

(c) if given to the Delaware Trustee, at the mailing address of the Delaware Trustee set forth below (or such other address as the Delaware Trustee may give notice of to the Holders of the Securities):

First Chicago Delaware Inc.
300 King Street
Wilmington, Delaware 19801

(d) if given to the Holder of the Common Securities, at the mailing address of the Sponsor set forth below (or such other address as the Holder of the Common Securities may give notice to the Trust):

UAL Corporation
1200 East Algonquin Road
Elk Grove Township, Illinois 60007
Attention: Corporate Secretary
Facsimile No: (847) 700-4683

(e) if given to any other Holder, at the address set forth on the books and records of the Trust.

A copy of any notice to the Institutional Trustee or the Delaware Trustee shall also be sent to the Trust. All notices shall be deemed to have been given, when received in person, telecopied with receipt confirmed, or mailed by first class mail, postage prepaid, except that if a notice or other document is refused delivery or cannot be delivered because of a changed address of which no notice was given, such notice or other document shall be deemed to have been delivered on the date of such refusal or inability to deliver.

SECTION 14.2 Undertaking for Costs.

All parties to this Declaration agree, and each Holder of any Securities by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Declaration, or in any suit against the Institutional Trustee for any action taken or omitted by it as Institutional Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 14.2 shall not apply to any suit instituted by the Institutional Trustee, to any suit instituted by any Holder of Preferred Securities, or group of Holders of Preferred Securities, holding more than 10% in aggregate liquidation amount of the outstanding Preferred Securities, or to any suit instituted by any Holder of Preferred Securities for the enforcement of the payment of the principal of or interest on the Debentures, on or after the respective due dates expressed in such Debentures.

SECTION 14.3 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE; PROVIDED HOWEVER, THAT THERE SHALL NOT BE APPLICABLE TO THE TRUST, THE TRUSTEES OR THIS DECLARATION ANY PROVISIONS OF THE LAWS (STATUTORY OR COMMON) OF THE STATE OF DELAWARE PERTAINING TO TRUSTS, OTHER THAN THE BUSINESS TRUST ACT, THAT RELATE TO OR REGULATE, IN A MANNER INCONSISTENT WITH THE TERMS HEREOF, (I) THE FILING WITH ANY COURT OR GOVERNMENTAL BODY OR AGENCY OF TRUSTEE ACCOUNTS OR SCHEDULES OF TRUSTEE FEES AND CHARGES, (II) AFFIRMATIVE REQUIREMENTS TO POST BONDS FOR TRUSTEES, OFFICERS, AGENTS OR EMPLOYEES OF A TRUST, (III) THE NECESSITY FOR OBTAINING COURT OR OTHER GOVERNMENTAL APPROVAL CONCERNING THE ACQUISITION, HOLDING OR DISPOSITION OF REAL OR PERSONAL PROPERTY, (IV) FEES OR OTHER SUMS PAYABLE TO TRUSTEES, OFFICERS, AGENTS OR EMPLOYEES OF A TRUST, (V) THE ALLOCATION OF RECEIPTS AND EXPENDITURES TO INCOME OR PRINCIPAL, (VI) RESTRICTIONS OR LIMITATIONS ON THE PERMISSIBLE NATURE, AMOUNT OR CONCENTRATION OF TRUST INVESTMENTS OR REQUIREMENTS RELATING TO THE TITLING, STORAGE OR OTHER MANNER OF HOLDING OR INVESTING TRUST ASSETS, OR (VII) THE ESTABLISHMENT OF FIDUCIARY OR OTHER STANDARDS OR RESPONSIBILITIES OR LIMITATIONS ON THE ACTS OR POWERS OF TRUSTEES, THAT ARE INCONSISTENT WITH THE LIMITATIONS OR LIABILITIES OR AUTHORITIES AND POWERS OF TRUSTEES AS SET FORTH OR REFERENCED IN THIS AGREEMENT. SECTION 3540 OF TITLE 12 OF THE DELAWARE CODE SHALL NOT APPLY TO THE TRUST.

SECTION 14.4 Headings.

Headings contained in this Declaration are inserted for convenience of reference only and do not affect the interpretation of this Declaration or any provision hereof.

SECTION 14.5 Partial Enforceability.

If any provision of this Declaration, or the application of

such provision to any Person or circumstance, shall be held invalid, the remainder of this Declaration, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

SECTION 14.6 Counterparts.

This Declaration may contain more than one counterpart of the signature pages and this Declaration may be executed by the affixing of the signature of the Sponsor and each of the Trustees to one of such counterpart signature pages. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

SECTION 14.7 Intention of the Parties.

It is the intention of the parties hereto that the Trust not be classified for United States federal income tax purposes an association taxable as a corporation or partnership but that the Trust be treated as a grantor trust for United States federal income tax purposes. The provisions of this Declaration shall be interpreted to further this intention of the parties.

SECTION 14.8 Successors and Assigns.

Whenever in this Declaration any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included, and all covenants and agreements in this Declaration by the Sponsor and the Trustees shall bind and inure to the benefit of their respective successors and assigns, whether or not so expressed.

IN WITNESS WHEREOF, the undersigned have caused these presents to be executed as of the day and year first above written.

UAL CORPORATION,
as Sponsor

By: /s/ Douglas A. Hacker

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

/s/ Douglas A. Hacker

Douglas A. Hacker,
as Trustee

/s/ Francesca M. Maher

Francesca M. Maher,
as Trustee

/s/ Thomas A. Mutryn

Thomas A. Mutryn,
as Trustee

THE FIRST NATIONAL BANK OF CHICAGO,
as Trustee

By: /s/ Richard D. Manella

Name: Richard D. Manella
Title: Vice President

FIRST CHICAGO DELAWARE INC.,
as Trustee

By: /s/ Richard D. Manella

Name: Richard D. Manella
Title: Vice President

There personally appeared before me Douglas A. Hacker (on behalf of UAL Corporation, as Sponsor, and as a Trustee) and Francesca M. Maher and Thomas A. Mutryn (as Trustees) who acknowledged the foregoing instrument to be his, her or its free

act and deed and the free act and deed of UAL Corporation and the Trustees of UAL Corporation Capital Trust I.

Before me,

/s/ Jeanne M. Rajala

Notary Public

My Commission Expires:
6-26-99

There personally appeared before me Richard D. Manella (on behalf of The First National Bank of Chicago, as Trustee) who acknowledged the foregoing instrument to be his, her or its free act and deed and the free act and deed of The First National Bank of Chicago, as Trustee.

Before me,

/s/ Ann Longino

Notary Public

My Commission Expires:
5-17-98

There personally appeared before me Richard D. Manella (on behalf of First Chicago Delaware Inc., as Trustee) who acknowledged the foregoing instrument to be his, her or its free act and deed and the free act and deed of First Chicago Delaware Inc., as Trustee.

Before me,

/s/ Ann Longino

Notary Public

My Commission Expires:
5-17-98

EXHIBIT A
CERTIFICATE OF TRUST
OF
UAL CORPORATION CAPITAL TRUST I

This Certificate of Trust of UAL Corporation Capital Trust I (the "Trust"), dated October 15, 1996, is being duly executed and filed by the undersigned, as trustees, to form a business trust under the Delaware Business Trust Act (12 Del.C. Sec. 3801 et seq.).

1. Name. The name of the business trust formed hereby is UAL Corporation Capital Trust I.
2. Delaware Trustee. The name and business address of the trustee of the Trust with a principal place of business in the State of Delaware are First Chicago Delaware Inc., a Delaware corporation, 300 King Street, Wilmington, Delaware 19801.
3. Effective Date. This Certificate of Trust shall be effective as of its filing.

IN WITNESS WHEREOF, the undersigned, being the trustees of the Trust at the time of filing this Certificate of Trust, have executed this Certificate of Trust as of the date first above written.

The First National Bank of Chicago,
as trustee

By: /s/ Richard D. Manella

Name: Richard D. Manella

Title: Vice President

First Chicago Delaware Inc.,
as trustee

By: /s/ Steven M. Wagner

Name: Steven M. Wagner
Title: Vice President

EXHIBIT B

TERMS OF
PREFERRED SECURITIES

Pursuant to Section 7.1 of the Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of December 30, 1996 (as amended from time to time, the "Declaration"), the designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities are set forth below (each capitalized term used but not defined herein having the meaning set forth in the Declaration):

1. Designation and Number. Preferred Securities of the Trust with an aggregate liquidation amount in the assets of the Trust of _____ (____) and a liquidation amount in the assets of the Trust of \$25 per Preferred Security, are hereby designated as "13 1/4% Trust Originated Preferred Securities." The Preferred Security Certificates evidencing the Preferred Securities shall be substantially in the form attached hereto as Annex I, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice or to conform to the rules of any stock exchange on which the Preferred Securities are listed. The Preferred Securities shall be issued to former holders of Depositary Shares ("Depositary Shares"), each representing 1/1,000 of a share of 12-1/4% Series B Preferred Stock (the "Series B Preferred"), of UAL Corporation ("UAL") in exchange for such Depositary Shares pursuant to the Offer. In connection with such Offer and the purchase by UAL of the Common Securities, UAL will deposit in the Trust, and the Trust will purchase, respectively, as trust assets Debentures of UAL having an aggregate principal amount equal to \$[_____], and bearing interest at an annual rate equal to the annual Distribution rate on the Preferred Securities and Common Securities and having payment and redemption provisions which correspond to the payment and redemption provisions of the Preferred Securities and Common Securities.

2. Distributions. (a) Periodic distributions payable on each Preferred Security will be fixed at a rate per annum of 13 1/4% (the "Coupon Rate") of the stated liquidation amount of \$25 per Preferred Security. Distributions in arrears will bear interest at the rate per annum of 13 1/4% thereof, compounded quarterly, to the extent permitted by law. The term "Distributions" as used in these terms means such periodic cash distributions and any such interest payable unless otherwise stated. A Distribution will be made by the Institutional Trustee only to the extent that interest payments are made in respect of the Debentures held by the Trust. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed, Distributions will be computed on the basis of the actual number of days elapsed in such a 30-day month.

(b) Distributions on the Preferred Securities will be cumulative, will accrue from December 21, 1996 and will be payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996, and at final maturity of the Debentures, except as otherwise described below, but only if and to the extent that interest payments are made in respect of the Debentures held by the Trust. In addition, Holders of Preferred Securities will be entitled to a cash distribution at the rate of 12-1/4% per annum of the liquidation amount thereof from November 1, 1996 through December 20, 1996, payable on December 31, 1996 ("Pre-Issuance Interest"). With the exception of Pre-Issuance Interest, so long as UAL shall not be in default in the payment of interest on the Debentures, UAL has the right under the Indenture for the Debentures to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarterly interest periods (each, an "Extension Period") and, as a consequence, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the rate of 13 1/4% per annum, compounded quarterly to the extent permitted by law during any such

Extension Period. Prior to the termination of any such Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods and provided further that no Extension Period may extend beyond the maturity of the Debentures. Upon the termination of any Extension Period and the payment on the next distribution payment date following such extension period of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. Any interest paid on the Debentures during an Extension Period on an Interest Payment Date shall be paid pro rata to the Holders of Preferred Securities on the corresponding distribution payment date. Payments of accrued Distributions will be payable to Holders of Preferred Securities as they appear on the books and records of the Trust on the record date for the first payment occurring on or after the end of the Extension Period.

(c) Distributions on the Preferred Securities will be payable promptly by the Institutional Trustee (or other Paying Agent) upon receipt of immediately available funds to the Holders thereof as they appear on the books and records of the Trust on the relevant record dates, which will be 15 calendar days prior to the relevant Distribution dates, except that the record date for the payment to be made on December 31, 1996 shall be the date of exchange of the Preferred Securities for the Depository Shares, which record and payment dates correspond to the record and interest payment dates on the Debentures. Distributions payable on any Preferred Securities that are not punctually paid on any Distribution payment date as a result of UAL having failed to make the corresponding interest payment on the Debentures will forthwith cease to be payable to the Person in whose name such Preferred Security is registered on the relevant record date, and such defaulted Distribution will instead be payable to the Person in whose name such Preferred Security is registered on the special record date established by the Regular Trustees, which record date shall correspond to the special record date or other specified date determined in accordance with the Indenture; provided, however, that Distributions shall not be considered payable on any Distribution payment date falling within an Extension Period unless UAL has elected to make a full or partial payment of interest accrued on the Debentures on such Distribution payment date. Subject to any applicable laws and regulations and the provisions of the Declaration, each payment in respect of the Preferred Securities will be made as described in paragraph 9 hereof. If any date on which Distributions are payable on the Preferred Securities is not a Business Day, then payment of the Distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

(d) All Distributions paid with respect to the Preferred Securities and the Common Securities will be paid Pro Rata (as defined herein) to the Holders thereof entitled thereto. If an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to Distributions.

(e) In the event that there is any money or other property held by or for the Trust that is not accounted for under the Declaration, such money or property shall be distributed Pro Rata among the Holders of the Preferred Securities and Common Securities.

3. Liquidation Distribution Upon Dissolution. In the event of any voluntary or involuntary dissolution, winding-up or termination of the Trust, the Holders of the Preferred Securities and Common Securities at the date of the dissolution, winding-up or termination, as the case may be, will be entitled to receive Pro Rata, solely out of the assets of the Trust available for distribution to Holders of Preferred Securities and Common Securities after satisfaction of liabilities to creditors, an amount equal to the aggregate of the stated liquidation amount of \$25 per Preferred Security and Common Security plus accrued and unpaid Distributions thereon to the date of payment (such amount being the "Liquidation Distribution"), unless, in connection with such dissolution, winding-up or termination, and after satisfaction of liabilities to creditors, Debentures in an aggregate principal amount equal to the aggregate stated liquidation amount of such Preferred Securities and Common Securities and bearing accrued and unpaid interest in an amount equal to the accrued and unpaid Distributions on such Preferred Securities and Common Securities shall be distributed Pro Rata to the Holders of the Preferred Securities and Common Securities in exchange for such Securities.

If, upon any such dissolution, the Liquidation Distribution

can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Preferred Securities and Common Securities shall be paid on a Pro Rata basis, except that, if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to such Liquidation Distribution.

4. Redemption and Distribution of Debentures. The Preferred Securities and Common Securities may only be redeemed if Debentures having an aggregate principal amount equal to the aggregate liquidation amount of the Preferred Securities and Common Securities are repaid, redeemed or distributed as set forth below:

(a) Upon the repayment of the Debentures, in whole or in part, whether at maturity, or upon redemption at any time or from time to time on or after July 12, 2004, the proceeds of such repayment will be promptly applied to redeem Pro Rata Preferred Securities and Common Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so repaid or redeemed, upon not less than 10 nor more than 60 days' notice, at a redemption price of \$25 per Preferred and Common Security plus an amount equal to accrued and unpaid Distributions thereon to the date of redemption, payable in cash (the "Redemption Price"). The date of any such repayment or redemption of Preferred Securities and Common Securities shall be established to coincide with the repayment or redemption date of the Debentures.

(b) The Common Securities will be entitled to be redeemed on a Pro Rata basis with the Preferred Securities, except that if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to the payment of the Redemption Price. If fewer than all the outstanding Preferred Securities and Common Securities are to be so redeemed, the Preferred Securities and the Common Securities will be redeemed Pro Rata and the Preferred Securities to be redeemed will be redeemed as described in paragraph 4(f)(ii) below. If a partial redemption would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, UAL pursuant to the Indenture will only redeem Debentures in whole and, as a result, the Trust may only redeem the Preferred Securities in whole.

(c) If, at any time, a Tax Event or an Investment Company Event (each as hereinafter defined, and each a "Special Event") shall occur and be continuing, the Regular Trustees shall, unless the Debentures are redeemed in the limited circumstances described below, dissolve the Trust and, after satisfaction of creditors, cause Debentures held by the Institutional Trustee having an aggregate principal amount equal to the aggregate stated liquidation amount of and accrued and unpaid interest equal to accrued and unpaid Distributions on, and having the same record date for payment as, the Preferred Securities and Common Securities, to be distributed to the Holders of the Preferred Securities and Common Securities on a Pro Rata basis in liquidation of such Holders' interests in the Trust, within 90 days following the occurrence of such Special Event (the "90 Day Period"), provided, however, that in the case of the occurrence of a Tax Event, as a condition of such dissolution and distribution, the Regular Trustees shall have received an opinion (a "No Recognition Opinion") of a nationally recognized independent tax counsel experienced in such matters, which opinion may rely on any then applicable published revenue ruling of the Internal Revenue Service, to the effect that the Holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of the dissolution of the Trust and distribution of Debentures; and provided, further, that, if and as long as at the time there is available to the Trust the opportunity to eliminate, within the 90 Day Period, the Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure that has no adverse effect on the Trust, UAL, or the Holders of the Preferred Securities ("Ministerial Action"), the Trust will pursue such measure in lieu of dissolution.

If, in the case of the occurrence of a Tax Event, (i) the Regular Trustees have received an opinion (a "Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that UAL would be precluded from deducting the interest on the Debentures for United States federal income tax purposes even if the Debentures were distributed to the Holders of Preferred Securities and Common Securities in liquidation of such Holder's interest in the Trust as described in this paragraph 4(c) or (ii) the Regular Trustees shall have been informed by such tax counsel that a No

Recognition Opinion cannot be delivered to the Trust, UAL shall have the right at any time, upon not less than 10 nor more than 60 days notice, to redeem the Debentures in whole or in part for cash at the Redemption Price within 90 days following the occurrence of such Tax Event, and promptly following such redemption Preferred Securities and Common Securities with an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so redeemed will be redeemed by the Trust at the Redemption Price on a Pro Rata basis; provided, however, that, if at the time there is available to UAL or the Regular Trustees on behalf of the Trust the opportunity to eliminate, within such 90 day period, the Tax Event by taking some Ministerial Action, UAL or the Regular Trustees on behalf of the Trust will pursue such measure in lieu of redemption, and provided further that UAL shall have no right to redeem the Debentures while the Regular Trustees on behalf of the Trust are pursuing such Ministerial Action. The Common Securities will be redeemed Pro Rata with the Preferred Securities, except that, if an Event of Default under the Indenture has occurred and is continuing, the Preferred Securities will have a priority over the Common Securities with respect to payment of the Redemption Price.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after the Expiration Date as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after the Expiration Date, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Debentures, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of taxes, duties or other governmental charges or (iii) interest payable by UAL to the Trust on the Debentures is not, or within 90 days of the date thereof will not be, deductible by UAL for United States federal income tax purposes.

"Investment Company Event" means that the Regular Trustees shall have received an opinion of nationally recognized independent counsel experienced in practice under the Investment Company Act that, as a result of the occurrence of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority or of the staff of such governmental agency or regulatory authority (a "Change in 1940 Act Law"), there is more than an insubstantial risk that the Trust is or will be considered an Investment Company which is required to be registered under the Investment Company Act, which Change in 1940 Act Law becomes effective on or after the Expiration Date.

On the date fixed for any distribution of Debentures, upon dissolution of the Trust, (i) the Preferred Securities will no longer be deemed to be outstanding and (ii) certificates representing Preferred Securities will be deemed to represent beneficial interests in the Debentures having an aggregate principal amount equal to the stated liquidation amount of, and bearing accrued and unpaid interest equal to accrued and unpaid Distributions on, such Preferred Securities until such certificates are presented to UAL or its agent for transfer or reissuance.

(d) The Trust may not redeem fewer than all the outstanding Preferred Securities unless all accrued and unpaid Distributions have been paid on all Preferred Securities for all quarterly Distribution periods terminating on or prior to the date of redemption.

(e) If Debentures are distributed to Holders of the Preferred Securities, UAL, pursuant to the terms of the Indenture, will use its best efforts to have the Debentures listed on the New York Stock Exchange or on such other exchange as the Preferred Securities were listed immediately prior to the distribution of the Debentures.

(f) (i) Notice of any redemption of, or notice of distribution of Debentures in exchange for, the Preferred Securities and Common Securities (a "Redemption/Distribution Notice") will be given by the Regular Trustees on behalf of the Trust by mail to each Holder of Preferred Securities and Common Securities to be redeemed or exchanged not less than 10 nor more than 60 days prior to the date fixed for redemption or exchange thereof. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this paragraph (f)(i), a Redemption/Distribution Notice shall be deemed to be given on the day such notice is first mailed by first class mail, postage prepaid, to Holders of Preferred Securities and Common Securities. Each Redemption/Distribution Notice shall be addressed to the Holders of Preferred Securities and Common Securities at the address of each such Holder appearing in the books and records of the Trust. No defect in the Redemption/Distribution Notice or in the mailing of either thereof with respect to any Holder shall affect the validity of the redemption or exchange proceedings with respect to any other Holder.

(ii) In the event that fewer than all the outstanding Preferred Securities are to be redeemed (subject to adjustment to eliminate fractional Preferred Securities), the Preferred Securities to be redeemed will be redeemed Pro Rata from each Holder of Preferred Securities, it being understood that, in respect of Preferred Securities registered in the name of and held of record by DTC (or successor Clearing Agency) or any other nominee, the distribution of the proceeds of such redemption will be made to each Clearing Agency Participant (or Person on whose behalf such nominee holds such securities) in accordance with the procedures applied by such agency or nominee.

(iii) If the Trust gives a Redemption/Distribution Notice in respect of a redemption of Preferred Securities as provided in this paragraph 4 (which notice will be irrevocable) then, immediately prior to the close of business on the redemption date, provided that UAL has paid to the Trust in immediately available funds a sufficient amount of cash in connection with the related redemption or maturity of the Debentures, Distributions will cease to accrue on the Preferred Securities called for redemption, such Preferred Securities will no longer be deemed to be outstanding and all rights of Holders of such Preferred Securities so called for redemption will cease, except the right of the Holders of such Preferred Securities to receive the Redemption Price, but without interest on such Redemption Price. Neither the Trustees nor the Trust shall be required to register or cause to be registered the transfer of any Preferred Securities which have been so called for redemption. If any date fixed for redemption of Preferred Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price in respect of Preferred Securities is improperly withheld or refused and not paid either by the Trust or by UAL pursuant to the Preferred Guarantee, Distributions on such Preferred Securities will continue to accrue, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

(iv) Redemption/Distribution Notices shall be sent by the Regular Trustees on behalf of the Trust to the Holders of the Preferred Securities.

(v) Upon the date of dissolution of the Trust and distribution of Debentures as a result of the occurrence of a Special Event, Preferred Security Certificates shall be deemed to represent beneficial interests in the Debentures so distributed, and the Preferred Securities will no longer be deemed outstanding and may be canceled by the Regular Trustees. The Debentures so distributed shall have an aggregate principal amount equal to the aggregate liquidation amount of the Preferred Securities so distributed.

(vi) Subject to the foregoing and applicable law (including, without limitation, United States federal securities laws), UAL or any of its subsidiaries may at any time and from time to time purchase outstanding Preferred Securities by tender, in the open market or by private agreement.

5. Voting Rights. (a) Except as provided under paragraph 5(b) below and as otherwise required by law and the Declaration, the Holders of the Preferred Securities will have no voting rights.

(b) If any proposed amendment to the Declaration provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Securities, whether by way of amendment to the Declaration or otherwise, or (ii) the dissolution, winding-up or termination of the Trust, other than in accordance with the terms of the Declaration, then the Holders of outstanding Securities will be entitled to vote on such amendment or proposal as a class and such amendment or proposal shall not be effective except with the approval of the Holders of Securities representing a Majority in liquidation amount of such Securities; provided, however, (A) if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a Majority in liquidation amount of such class of Securities and (B) amendments to the Declaration shall be subject to such further requirements as are set forth in Sections 12.1 and 12.2 of the Declaration.

In the event the consent of the Institutional Trustee, as the holder of the Debentures, is required under the Indenture with respect to any amendment, modification or termination of the Indenture or the Debentures, the Institutional Trustee shall request the written direction of the Holders of the Securities with respect to such amendment, modification or termination. The Institutional Trustee shall vote with respect to such amendment, modification or termination as directed by a Majority in liquidation amount of the Securities voting together as a single class (and, in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of securities of such other UAL Corporation Capital Trust); provided that where such amendment, modification or termination of the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only vote with respect to that amendment, modification or termination as directed by, in the case of clause (1) above, the vote of Holders of Securities representing such specified percentage of the aggregate liquidation amount of the Securities, or, in the case of clause (2) above, each Holder of Securities; and provided, further, that the Institutional Trustee shall be under no obligation to take any action in accordance with the directions of the Holders of Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action.

Subject to Section 2.6 of the Declaration, and the provisions of this and the next two succeeding paragraphs, the Holders of a Majority in liquidation amount of the Preferred Securities, voting separately as a class, shall have the right to (A) on behalf of all Holders of Preferred Securities, waive any past default, and its consequences, that is waivable under the Declaration (subject to, and in accordance with, the Declaration) and (B) direct the time, method, and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee under the Declaration, including the right to direct the Institutional Trustee, as the holder of the Debentures (and, in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of preferred securities of such other UAL Corporation Capital Trust), to (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or exercising any trust or power conferred on the Debenture Trustee with respect to the Debentures, (ii) waive any past default and its consequences that is waivable under Section 5.7 of the Indenture, or (iii) exercise any right to rescind or annul a declaration that the principal of all the Debentures shall be due and payable; provided that where the taking of any action under the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only take such action if directed by, in the case of clause (1) above, the vote of Holders of Preferred Securities representing such specified percentage of the aggregate liquidation amount of the Preferred Securities, or, in the case of clause (2) above, each Holder of Preferred Securities. The Institutional Trustee shall not revoke, or take any action inconsistent with, any action previously authorized or approved by a vote of the Holders of the Preferred Securities.

Other than with respect to directing the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee or the Debenture Trustee as set forth above, the Institutional Trustee shall be under no obligation to take any of the foregoing actions at the direction of the Holders of Preferred Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action. If the Institutional Trustee fails to enforce its rights under the Declaration (including, without limitation, its rights, powers and privileges as a holder of the Debentures under the Indenture) to the fullest extent permitted by law, any Holder of Preferred Securities may, upon such Holder's written request to the Institutional Trustee to enforce such rights, institute a legal proceeding directly against UAL to enforce the Institutional Trustee's rights under the Declaration, without first instituting a legal proceeding against the Institutional Trustee or any other Person; provided that if an Event of Default is attributable to the failure of UAL to pay interest or principal on the Debentures on the date such interest or principal is otherwise payable (or in the case of redemption, the redemption date), then a Holder of Preferred Securities may directly institute a proceeding for enforcement of payment to such Holder of the principal of or interest on the Debentures having a principal amount equal to the aggregate liquidation amount of the Preferred Securities of such Holder without first (i) directing the Institutional Trustee to enforce the terms of the Debentures or (ii) instituting a legal proceeding against UAL to enforce the Institutional Trustee's rights under the Debentures.

A waiver of an Indenture Event of Default by the Institutional Trustee at the direction of the Holders of the Preferred Securities will constitute a waiver of the corresponding Event of Default under the Declaration in respect of the Securities.

Any required approval or direction of Holders of Preferred Securities may be given at a separate meeting of Holders of Preferred Securities convened for such purpose, at a meeting of all of the Holders of Securities of the Trust or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which Holders of Preferred Securities are entitled to vote, or of any matter upon which action by written consent of such Holders is to be taken, to be mailed to each Holder of record of Preferred Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the Holders of Preferred Securities will be required for the Trust to redeem and cancel Preferred Securities or distribute Debentures in accordance with the Declaration.

Notwithstanding that Holders of Preferred Securities are entitled to vote or consent under any of the circumstances described above, any of the Preferred Securities at such time that are owned by UAL or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with UAL shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if they were not outstanding.

Holders of the Preferred Securities will have no rights to increase or decrease the number of Trustees or to appoint, remove or replace a Trustee, which voting rights are vested solely in the Holders of the Common Securities.

6. Pro Rata Treatment. A reference in these terms of the Preferred Securities to any payment, distribution or treatment as being "Pro Rata" shall mean pro rata to each Holder of Securities according to the aggregate liquidation amount of the Securities held by the relevant Holder in relation to the aggregate liquidation amount of all Securities outstanding unless, in relation to a payment, an Event of Default has occurred and is continuing, in which case any funds available to make such payment shall be paid first to each Holder of the Preferred Securities pro rata according to the aggregate liquidation amount of Preferred Securities held by the relevant Holder relative to the aggregate liquidation amount of all Preferred Securities outstanding, and only after satisfaction of all amounts owed to the Holders of the Preferred Securities, to each Holder of Common Securities pro rata according to the aggregate liquidation amount

of Common Securities held by the relevant Holder relative to the aggregate liquidation amount of all Common Securities outstanding.

7. Ranking. The Preferred Securities rank pari passu and payment thereon will be made Pro Rata with the Common Securities except that, where an Event of Default occurs and is continuing, the rights of Holders of Preferred Securities to payment in respect of Distributions and payments upon liquidation, redemption or otherwise rank in priority to the rights of Holders of the Common Securities.

8. Mergers, Consolidations or Amalgamations.

(a) The Trust may not consolidate, amalgamate or merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person, except as described in Sections 3 and 8(b) and (c).

(b) The Trust may, with the consent of the Regular Trustees or, if there are more than two, a majority of the Regular Trustees and without the consent of the Holders of the Securities, the Delaware Trustee or the Institutional Trustee, consolidate, amalgamate or merge with or into, or be replaced by, a trust organized as such under the laws of any State; provided that:

(i) such successor entity (the "Successor Entity") either:

(A) expressly assumes all of the obligations of the Trust under the Preferred Securities; or

(B) substitutes for the Preferred Securities other securities having substantially the same terms as the Preferred Securities (the "Successor Securities") so long as the Successor Securities rank the same as the Preferred Securities rank with respect to Distributions and payments upon liquidation, redemption and otherwise;

(ii) the Sponsor expressly appoints a trustee of the Successor Entity that possesses the same powers and duties as the Institutional Trustee as the holder of the Debentures;

(iii) the Preferred Securities or any Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Preferred Securities are then listed or quoted;

(iv) such merger, consolidation, amalgamation or replacement does not cause the Preferred Securities (including any Successor Securities) to be downgraded by any nationally recognized statistical rating organization;

(v) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the Holders of the Preferred Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of such Holders' interests in the Preferred Securities as a result of such merger, consolidation, amalgamation or replacement);

(vi) such Successor Entity has a purpose substantially identical to that of the Trust;

(vii) such merger, consolidation, amalgamation or replacement does not vary the investment of the Holders of the Preferred Securities within the meaning of Treasury Regulation Section 301.7701-4(c)(1), e.g., does not substitute other assets for assets of the Trust to which the Preferred Securities relate or add assets to the Trust to which the Preferred Securities relate;

(viii) prior to such merger, consolidation, amalgamation or replacement, the Sponsor has received an opinion of a nationally recognized independent counsel to the Trust experienced in such matters to the effect that:

(A) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the Holders of the Preferred Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of the Holders' interest in the new entity);

(B) following such merger, consolidation,

amalgamation or replacement, neither the Trust nor the Successor Entity will be required to register as an Investment Company; and

(C) following such merger, consolidation, amalgamation or replacement, the Trust (or the Successor Entity) will continue to be classified as a grantor trust for United States federal income tax purposes; and

(ix) the Sponsor guarantees the obligations of such Successor Entity under the Successor Securities at least to the extent provided by the Preferred Guarantee.

9. Transfer, Exchange, Method of Payments. Payment of Distributions and payments on redemption of the Preferred Securities will be payable, the transfer of the Preferred Securities will be registrable, and Preferred Securities will be exchangeable for Preferred Securities of other denominations of a like aggregate liquidation amount, at the principal corporate trust office of the Institutional Trustee in the City of New York; provided that payment of Distributions may be made at the option of the Regular Trustees on behalf of the Trust by check mailed to the address of the Persons entitled thereto and that the payment on redemption of any Preferred Security will be made only upon surrender of such Preferred Security to the Institutional Trustee.

10. Acceptance of Indenture and Preferred Guarantee. Each Holder of Preferred Securities, by the acceptance thereof, agrees to the provisions of (i) the Preferred Guarantee, including the subordination provisions therein, and (ii) the Indenture and the Debentures, including the subordination provisions of the Indenture.

11. No Preemptive Rights. The Holders of Preferred Securities shall have no preemptive or similar rights to subscribe to any additional Preferred Securities or Common Securities.

12. Miscellaneous. These terms shall constitute a part of the Declaration. The Trust will provide a copy of the Declaration and the Indenture to a Holder without charge on written request to the Trust at its principal place of business.

Annex I

Certificate Number Number of Preferred Securities
B-_____

CUSIP NO. 90254Y 20 8

Certificate Evidencing Preferred Securities

of

UAL Corporation Capital Trust I

13 1/4% Trust Originated Preferred Securities

(liquidation amount \$25 per Preferred Security)

UAL Corporation Capital Trust I, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that _____ (the "Holder") is the registered owner of _____ (_____) preferred securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the 13 1/4% Trust Originated Preferred Securities (liquidation amount \$25 per Preferred Security) (the "Preferred Securities"). The Preferred Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Securities are set forth in, and this certificate and the Preferred Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Declaration of Trust of the Trust dated as of December 30, 1996, as the same may be amended from time to time (the "Declaration") including the designation of the terms of Preferred Securities as set forth in Exhibit B thereto. The Preferred Securities and the Common Securities issued by the Trust pursuant to the Declaration represent undivided beneficial interests in the assets of the Trust, including the Debentures (as defined in the Declaration) issued by UAL Corporation, a Delaware corporation ("UAL"), to the

Trust pursuant to the Indenture referred to in the Declaration. The Holder is entitled to the benefits of the Guarantee Agreement of UAL dated as of December 30, 1996, as the same may be amended from time to time (the "Guarantee"), to the extent provided therein. The Trust will furnish a copy of the Declaration, the Guarantee and the Indenture to the Holder without charge upon written request to the Trust at its principal place of business or registered office.

The Holder of this Certificate, by accepting this Certificate, is deemed to have (i) agreed to the terms of the Indenture and the Debentures, including that the Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined in the Indenture) as and to the extent provided in the Indenture and (ii) agreed to the terms of the Guarantee, including that the Guarantee is subordinate and junior in right of payment to all other liabilities of UAL, including the Debentures, except those made pari passu or subordinate by their terms, and senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of any of its capital stock.

Upon receipt of this certificate, the Holder is bound by the Declaration and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, Trustees of the Trust have executed this Certificate as of

UAL CORPORATION CAPITAL TRUST I

By: _____
Name: Douglas A. Hacker
Title: Trustee

By: _____
Name: Francesca M. Maher
Title: Trustee

Countersigned and Registered:

THE FIRST NATIONAL BANK OF CHICAGO, as
Transfer Agent and Registrar

By: _____
Authorized Signature

The Trust will furnish without charge to any registered owner of Preferred Securities who so requests, copies of the Declaration, the Guarantee and the Indenture. Any such request should be addressed to UAL Corporation Capital Trust I, c/o Secretary, UAL Corporation, 1200 East Algonquin Road, Elk Grove Township, Illinois 60007 or to the Registrar named on the face of this Certificate.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -- as tenants in common
- UNIF GIFT MIN ACT -- under Uniform Gifts to Minors Act and not as tenants
- TENENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survival

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

(Please insert social security or other identifying number of assignee)

(Insert address and zip code of assignee)

the within Certificate and all rights and interests represented by the Preferred Securities evidenced thereby, and hereby irrevocably constitutes and appoints _____

_____ attorney to transfer the said Preferred Securities on the books of the within-named Trust with full power of substitution in the premises.

Dated: _____

Signature: _____

Note: The signature(s) to this assignment must correspond with the name(s) as written upon the face of this certificate in every particular, without alteration or enlargement, or any change whatever.

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member or participant in a "signature guarantee program" (i.e., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

EXHIBIT C

TERMS OF COMMON SECURITIES

Pursuant to Section 7.1 of the Amended and Restated Declaration of Trust of UAL Corporation Capital Trust I dated as of December 30, 1996 (as amended from time to time, the "Declaration"), the designations, rights, privileges, restrictions, preferences and other terms and provisions of the Common Securities are set forth below (each capitalized term used but not defined herein having the meaning set forth in the Declaration):

1. Designation and Number. Common Securities of the Trust with an aggregate liquidation amount in the assets of the Trust of _____ (_____) and a liquidation amount in the assets of the Trust of \$25 per Common Security, are hereby designated as "13 1/4% Trust Originated Common Securities." The Common Security Certificates evidencing the Common Securities shall be substantially in the form attached hereto as Annex I, with such changes and additions thereto or deletions therefrom as may be required by ordinary usage, custom or practice. The Common Securities are to be issued and sold to UAL Corporation ("UAL") in consideration of \$[_____] in cash. In connection with the Offer and the purchase by UAL of the Common Securities, UAL will deposit in the Trust, and the Trust will purchase, respectively, as trust assets Debentures of UAL having an aggregate principal amount equal to \$[_____] and bearing interest at an annual rate equal to the annual Distribution rate on the Preferred Securities and Common Securities and having payment and redemption provisions which correspond to the payment and redemption provisions of the Preferred Securities and Common Securities.

2. Distributions. (a) Periodic distributions payable on each Common Security will be fixed at a rate per annum of 13 1/4% (the "Coupon Rate") of the stated liquidation amount of \$25 per Common Security. Distributions in arrears for more than one quarter will bear interest at the rate per annum of 13 1/4% thereof (to the extent permitted by applicable law), compounded quarterly, to the extent permitted by law. The term "Distributions" as used in these terms means such periodic cash distributions and any such interest payable unless otherwise stated. A Distribution will be made by the Institutional Trustee only to the extent that interest payments are made in respect of the Debentures held by the Trust. The amount of Distributions payable for any period will be computed for any full quarterly Distribution period on the basis of a 360-day year of twelve 30-day months, and for any period shorter than a full quarterly Distribution period for which Distributions are computed, Distributions will be computed on the basis of the actual number of days elapsed in such a 30-day month.

(b) Distributions on the Common Securities will be cumulative, will accrue from December 21, 1996 and will be payable quarterly in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 1996, and at final maturity of the Debentures, except as otherwise described below, but only if and to the extent that interest payments are made in respect of the Debentures held by the Trust. In addition, Holders of Common Securities will be entitled to a cash distribution at the rate of 12-1/4% per annum of the

liquidation amount thereof from November 1, 1996 through December 31, 1996, payable on December 31, 1996 ("Pre-Issuance Interest"). With the exception of Pre-Issuance Interest, so long as UAL shall not be in default in the payment of interest on the Debentures, UAL has the right under the Indenture for the Debentures to defer payments of interest by extending the interest payment period from time to time on the Debentures for a period not exceeding 20 consecutive quarterly interest periods (each, an "Extension Period") and, as a consequence, quarterly Distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at the rate of 13 1/4% per annum, compounded quarterly to the extent permitted by law during any such Extension Period. Prior to the termination of any such Extension Period, UAL may further extend such Extension Period; provided that such Extension Period together with all such previous and further extensions thereof may not exceed 20 consecutive quarterly interest periods and provided further that no Extension Period may extend beyond the maturity of the Debentures. Upon the termination of any Extension Period and the payment on the next distribution payment date following such Extension Period of all amounts then due, UAL may commence a new Extension Period, subject to the above requirements. Any interest paid on the Debentures during an Extension Period on an Interest Payment Date shall be paid pro rata to the Holders of Preferred Securities on the corresponding distribution payment date. Payments of accrued Distributions will be payable to Holders of Common Securities as they appear on the books and records of the Trust on the record date for the first payment occurring on or after the end of the Extension Period.

(c) Distributions on the Common Securities will be payable promptly by the Institutional Trustee (or other Paying Agent) upon receipt of immediately available funds to the Holders thereof as they appear on the books and records of the Trust on the relevant record dates, which will be 15 calendar days prior to the relevant Distribution dates except that the record date for the payment to be made on December 31, 1996 shall be the date of exchange of the Common Securities for the Depository Shares, which record and payment dates correspond to the record and interest payment dates on the Debentures. Distributions payable on any Common Securities that are not punctually paid on any Distribution payment date as a result of UAL having failed to make the corresponding interest payment on the Debentures will forthwith cease to be payable to the Person in whose name such Common Security is registered on the relevant record date, and such defaulted Distribution will instead be payable to the Person in whose name such Common Security is registered on the special record date established by the Regular Trustees, which record date shall correspond to the special record date or other specified date determined in accordance with the Indenture; provided, however, that Distributions shall not be considered payable on any Distribution payment date falling within an Extension Period unless UAL has elected to make a full or partial payment of interest accrued on the Debentures on such Distribution payment date. Subject to any applicable laws and regulations and the provisions of the Declaration, each payment in respect of the Common Securities will be made as described in paragraph 9 hereof. If any date on which Distributions are payable on the Common Securities is not a Business Day, then payment of the Distribution payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay), except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date.

(d) All Distributions paid with respect to the Common Securities and the Preferred Securities will be paid Pro Rata (as defined herein) to the Holders thereof entitled thereto. If an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to Distributions

(e) In the event that there is any money or other property held by or for the Trust that is not accounted for under the Declaration, such money or property shall be distributed Pro Rata among the Holders of the Preferred Securities and Common Securities.

3. Liquidation Distribution Upon Dissolution. In the event of any voluntary or involuntary dissolution, winding-up or termination of the Trust, the Holders of the Preferred Securities and Common Securities at the date of the dissolution, winding-up or termination, as the case may be, will be entitled to receive Pro Rata, solely out of the assets of the Trust available for distribution to Holders of Preferred Securities and Common Securities, after satisfaction of liabilities to creditors, an amount equal to the aggregate of the stated liquidation amount of \$25 per Preferred Security and Common Security plus accrued and unpaid Distributions thereon to the date of payment (such amount

being the "Liquidation Distribution"), unless, in connection with such dissolution, winding-up or termination, and after satisfaction of liabilities to creditors, Debentures in an aggregate principal amount equal to the aggregate stated liquidation amount of such Preferred Securities and Common Securities bearing accrued and unpaid interest in an amount equal to the accrued and unpaid Distributions on such Preferred Securities and Common Securities shall be distributed Pro Rata to the Holders of the Preferred Securities and Common Securities in exchange for such Securities.

If, upon any such dissolution, the Liquidation Distribution can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate Liquidation Distribution, then the amounts payable directly by the Trust on the Preferred Securities and Common Securities shall be paid on a Pro Rata basis, except that, if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to such Liquidation Distribution.

4. Redemption and Distribution of Debentures. The Preferred Securities and Common Securities may only be redeemed if Debentures having an aggregate principal amount equal to the aggregate liquidation amount of the Preferred Securities and Common Securities are repaid, redeemed or distributed as set forth below:

(a) Upon the repayment of the Debentures, in whole or in part, whether at maturity, or upon redemption at any time or from time to time on or after July 12, 2004, the proceeds of such repayment will be promptly applied to redeem Pro Rata Preferred Securities and Common Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so repaid or redeemed, upon not less than 10 nor more than 60 days' notice, at a redemption price of \$25 per Preferred and Common Security plus an amount equal to accrued and unpaid Distributions thereon to the date of redemption, payable in cash (the "Redemption Price"). The date of any such repayment or redemption of Preferred Securities and Common Securities shall be established to coincide with the repayment or redemption date of the Debentures.

(b) The Common Securities will be entitled to be redeemed on a Pro Rata basis with the Preferred Securities, except that, if an Event of Default has occurred and is continuing, the Preferred Securities shall have a priority over the Common Securities with respect to the payment of the Redemption Price. If fewer than all the outstanding Preferred Securities and Common Securities are to be so redeemed, the Preferred Securities and the Common Securities will be redeemed Pro Rata and the Common Securities to be redeemed will be redeemed as described in paragraph 4(e)(ii) below. If a partial redemption would result in the delisting of the Preferred Securities by any national securities exchange or other organization on which the Preferred Securities are then listed, UAL pursuant to the Indenture will only redeem Debentures in whole and, as a result, the Trust may only redeem the Common Securities in whole.

(c) If, at any time, a Tax Event or an Investment Company Event (each as hereinafter defined, and each a "Special Event") shall occur and be continuing, the Regular Trustees shall, unless the Debentures are redeemed in the limited circumstances described below, dissolve the Trust and, after satisfaction of creditors, cause Debentures held by the Institutional Trustee having an aggregate principal amount equal to the aggregate stated liquidation amount of and accrued and unpaid interest equal to accrued and unpaid Distributions on, and having the same record date for payment as, the Preferred Securities and Common Securities, to be distributed to the Holders of the Preferred Securities and Common Securities on a Pro Rata basis in liquidation of such Holders' interests in the Trust, within 90 days following the occurrence of such Special Event (the "90 Day Period"), provided, however, that in the case of the occurrence of a Tax Event, as a condition of such dissolution and distribution, the Regular Trustees shall have received an opinion (a "No Recognition Opinion") of a nationally recognized independent tax counsel experienced in such matters, which opinion may rely on any then applicable published revenue rulings of the Internal Revenue Service, to the effect that the Holders of the Preferred Securities will not recognize any gain or loss for United States federal income tax purposes as a result of the dissolution of the Trust and distribution of Debentures; and provided, further, that, if and as long as at the time there is available to the Trust the opportunity to eliminate, within the 90 Day Period, the Special Event by taking some ministerial action, such as filing a form or making an election, or pursuing some other similar reasonable measure that has no adverse effect on the Trust, UAL, or the Holders of the Preferred Securities ("Ministerial Action"), the Trust will pursue such measure in lieu of dissolution.

If, in the case of the occurrence of a Tax Event, (i) the Regular Trustees have received an opinion (a "Redemption Tax Opinion") of nationally recognized independent tax counsel experienced in such matters that, as a result of a Tax Event, there is more than an insubstantial risk that UAL would be precluded from deducting the interest on the Debentures for United States federal income tax purposes even if the Debentures were distributed to the Holders of Preferred Securities and Common Securities in liquidation of such Holder's interest in the Trust as described in this paragraph 4(c) or (ii) the Regular Trustees shall have been informed by such tax counsel that a No Recognition Opinion cannot be delivered to the Trust, UAL shall have the right at any time, upon not less than 10 nor more than 60 days notice, to redeem the Debentures in whole or in part for cash at the Redemption Price within 90 days following the occurrence of such Tax Event, and promptly following such redemption Preferred Securities and Common Securities with an aggregate liquidation amount equal to the aggregate principal amount of the Debentures so redeemed will be redeemed by the Trust at the Redemption Price on a Pro Rata basis; provided, however, that, if at the time there is available to UAL or the Regular Trustees on behalf of the Trust the opportunity to eliminate, within such 90 day period, the Tax Event by taking some Ministerial Action, UAL or the Regular Trustees on behalf of the Trust will pursue such measure in lieu of redemption, and provided further that UAL shall have no right to redeem the Debentures while the Regular Trustees on behalf of the Trust are pursuing such Ministerial Action. The Common Securities will be redeemed Pro Rata with the Preferred Securities, except that if an Event of Default under the Indenture has occurred and is continuing, the Preferred Securities will have a priority over the Common Securities with respect to payment of the Redemption Price.

"Tax Event" means that the Regular Trustees shall have obtained an opinion (a "Dissolution Tax Opinion") of nationally recognized independent tax counsel experienced in such matters to the effect that on or after the Expiration Date as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any amendment to, or change in, an interpretation or application of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), (c) any interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the theretofore generally accepted position or (d) any action taken by any governmental agency or regulatory authority, which amendment or change is enacted, promulgated, issued or announced or which interpretation or pronouncement is issued or announced or which action is taken, in each case on or after the Expiration Date, there is more than an insubstantial risk that (i) the Trust is, or will be within 90 days of the date thereof, subject to United States federal income tax with respect to income accrued or received on the Debentures, (ii) the Trust is, or will be within 90 days of the date thereof, subject to more than a de minimis amount of taxes, duties or other governmental charges or (iii) interest payable by UAL to the Trust on the Debentures is not, or within 90 days of the date thereof will not be, deductible by UAL for United States federal income tax purposes.

"Investment Company Event" means that the Regular Trustees shall have received an opinion of nationally recognized independent counsel experienced in practice under the Investment Company Act that, as a result of the occurrence of a change in law or regulation or a change in interpretation or application of law or regulation by any legislative body, court, governmental agency or regulatory authority or the staff of such governmental agency or regulatory authority (a "Change in 1940 Act Law"), there is more than an insubstantial risk that the Trust is or will be considered an Investment Company which is required to be registered under the Investment Company Act, which Change in 1940 Act Law becomes effective on or after the Expiration Date.

On the date fixed for any distribution of Debentures, upon dissolution of the Trust, (i) the Common Securities will no longer be deemed to be outstanding and (ii) any certificates representing Common Securities will be deemed to represent beneficial interests in the Debentures having an aggregate principal amount equal to the stated liquidation amount of, and bearing accrued and unpaid interest equal to accrued and unpaid Distributions on, such Common Securities until such certificates are presented to UAL or its agent for transfer or reissuance.

(d) The Trust may not redeem fewer than all the outstanding Common Securities unless all accrued and unpaid Distributions have been paid on all Common Securities for all quarterly

Distribution periods terminating on or prior to the date of redemption.

(e)(i) Notice of any redemption of, or notice of distribution of Debentures in exchange for, the Preferred Securities and Common Securities (a "Redemption/Distribution Notice") will be given by the Regular Trustees on behalf of the Trust by mail to each Holder of Preferred Securities and Common Securities to be redeemed or exchanged not less than 10 nor more than 60 days prior to the date fixed for redemption or exchange thereof. For purposes of the calculation of the date of redemption or exchange and the dates on which notices are given pursuant to this paragraph (e)(i), a Redemption/Distribution Notice shall be deemed to be given on the day such notice is first mailed by first class mail, postage prepaid, to Holders of Preferred Securities and Common Securities. Each Redemption/Distribution Notice shall be addressed to the Holders of Preferred Securities and Common Securities at the address of each such Holder appearing in the books and records of the Trust. No defect in the Redemption/Distribution Notice or in the mailing of either thereof with respect to any Holder shall affect the validity of the redemption or exchange proceedings with respect to any other Holder.

(ii) In the event that fewer than all the outstanding Common Securities are to be redeemed, the Common Securities to be redeemed will be redeemed Pro Rata from each Holder of Common Securities (subject to adjustment to eliminate fractional Common Securities).

(iii) If the Trust gives a Redemption/Distribution Notice in respect of a redemption of Common Securities as provided in this paragraph 4 (which notice will be irrevocable), then, immediately prior to the close of business on the redemption date, provided that UAL has paid to the Trust in immediately available funds a sufficient amount of cash in connection with the related redemption or maturity of the Debentures, Distributions will cease to accrue on the Common Securities called for redemption, such Common Securities will no longer be deemed to be outstanding and all rights of Holders of such Common Securities so called for redemption will cease, except the right of the Holders of such Common Securities to receive the Redemption Price, but without interest on such Redemption Price. Neither the Trustees nor the Trust shall be required to register or cause to be registered the transfer of any Common Securities which have been so called for redemption. If any date fixed for redemption of Common Securities is not a Business Day, then payment of the Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Redemption Price in respect of Common Securities is improperly withheld or refused and not paid by the Trust, Distributions on such Common Securities will continue to accrue, from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Redemption Price.

(iv) Redemption/Distribution Notices shall be sent by the Regular Trustees on behalf of the Trust to the Holders of the Common Securities.

(v) Upon the date of dissolution of the Trust and distribution of Debentures as a result of the occurrence of a Special Event, Common Security Certificates shall be deemed to represent beneficial interests in the Debentures so distributed, and the Common Securities will no longer be deemed outstanding and may be canceled by the Regular Trustees. The Debentures so distributed shall have an aggregate principal amount equal to the aggregate liquidation amount of the Common Securities so distributed.

5. Voting Rights. (a) Except as provided under paragraph 5(b) below and as otherwise required by law and the Declaration, the Holders of the Common Securities will have no voting rights.

(b) Holders of Common Securities have the sole right under the Declaration to increase or decrease the number of Trustees, and to appoint, remove or replace a Trustee, any such increase, decrease, appointment, removal or replacement to be approved by Holders of Common Securities representing a Majority in liquidation amount of the Common Securities.

If any proposed amendment to the Declaration provides for, or the Regular Trustees otherwise propose to effect, (i) any action that would adversely affect the powers, preferences or special rights of the Securities, whether by way of amendment to

the Declaration or otherwise, or (ii) the dissolution, winding-up or termination of the Trust, other than in accordance with the terms of the Declaration, then the Holders of outstanding Securities will be entitled to vote on such amendment or proposal as a class and such amendment or proposal shall not be effective except with the approval of the Holders of Securities representing a Majority in liquidation amount of such Securities; provided, however, (A) if any amendment or proposal referred to in clause (i) above would adversely affect only the Preferred Securities or the Common Securities, then only the affected class will be entitled to vote on such amendment or proposal and such amendment or proposal shall not be effective except with the approval of a Majority in liquidation amount of such class of Securities, (B) the rights of Holders of Common Securities under Article V of the Declaration to increase or decrease the number of, and to appoint, replace or remove, Trustees shall not be amended without the consent of each Holder of Common Securities, and (C) amendments to the Declaration shall be subject to such further requirements as are set forth in Sections 12.1 and 12.2 of the Declaration.

In the event the consent of the Institutional Trustee, as the holder of the Debentures, is required under the Indenture with respect to any amendment, modification or termination of the Indenture or the Debentures, the Institutional Trustee shall request the written direction of the Holders of the Securities with respect to such amendment, modification or termination. The Institutional Trustee shall vote with respect to such amendment, modification or termination as directed by a Majority in liquidation amount of the Securities voting together as a single class (and, in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of securities of such other UAL Corporation Capital Trust); provided that where such amendment, modification or termination of the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only vote with respect to that amendment, modification or termination as directed by, in the case of clause (1) above, the vote of Holders of Securities representing such specified percentage of the aggregate liquidation amount of the Securities, or, in the case of clause (2) above, each Holder of Securities; and provided, further, that the Institutional Trustee shall be under no obligation to take any action in accordance with the directions of the Holders of the Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as an expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States federal income tax purposes following such action.

Subject to Section 2.6 of the Declaration, and the provisions of this and the next two succeeding paragraphs, the Holders of a Majority in liquidation amount of the Common Securities, voting separately as a class, shall have the right to (A) on behalf of all Holders of Common Securities, waive any past default, and its consequences, that is waivable under the Declaration (subject to, and in accordance with, the Declaration) and (B) direct the time, method, and place of conducting any proceeding for any remedy available to the Institutional Trustee, or exercising any trust or power conferred upon the Institutional Trustee under the Declaration, including the right to direct the Institutional Trustee, as holder of the Debentures (and, in the case of any other UAL Corporation Capital Trust holding debt securities issued under the Indenture, voting with the holders of common securities of such other UAL Corporation Capital Trust), to (i) direct the time, method and place of conducting any proceeding for any remedy available to the Debenture Trustee, or exercising any trust or power conferred on the Debenture Trustee with respect to the Debentures, (ii) waive any past default and its consequences that is waivable under Section 5.7 of the Indenture, or (iii) exercise any right to rescind or annul a declaration that the principal of all the Debentures shall be due and payable; provided that where the taking of any action under the Indenture requires the consent or vote of (1) holders of Debentures representing a specified percentage greater than a majority in principal amount of the Debentures or (2) each holder of Debentures, the Institutional Trustee may only take such action if directed by, in the case of clause (1) above, the vote of Holders of Common Securities representing such specified percentage of the aggregate liquidation amount of the Common Securities, or, in the case of clause (2) above, each Holder of Common Securities. The Institutional Trustee shall not revoke, or take any action inconsistent with, any action previously authorized or approved by a vote of the Holders of the Preferred Securities, and shall not take any action in accordance with the direction of the Holders of the Common Securities under this

paragraph if the action is prejudicial to the Holders of Preferred Securities.

Other than with respect to directing the time, method and place of conducting any proceeding for any remedy available to the Institutional Trustee or the Debenture Trustee as set forth above, the Institutional Trustee shall be under no obligation to take any of the foregoing actions at the direction of the Holders of Common Securities unless the Institutional Trustee shall have received, at the expense of the Sponsor, an opinion of nationally recognized independent tax counsel recognized as expert in such matters to the effect that the Trust will not be classified for United States federal income tax purposes as an association taxable as a corporation or a partnership on account of such action and will be treated as a grantor trust for United States income tax purposes following such action.

Notwithstanding any other provision of these terms, each Holder of Common Securities will be deemed to have waived any Event of Default with respect to the Common Securities and its consequences until all Events of Default with respect to the Preferred Securities have been cured, waived by the Holders of Preferred Securities as provided in the Declaration or otherwise eliminated, and until all Events of Default with respect to the Preferred Securities have been so cured, waived by the Holders of Preferred Securities or otherwise eliminated, the Institutional Trustee will be deemed to be acting solely on behalf of the Holders of Preferred Securities and only the Holders of the Preferred Securities will have the right to direct the Institutional Trustee in accordance with the terms of the Declaration or of the Securities. In the event that any Event of Default with respect to the Preferred Securities is waived by the Holders of Preferred Securities as provided in the Declaration, the Holders of Common Securities agree that such waiver shall also constitute the waiver of such Event of Default with respect to the Common Securities for all purposes under the Declaration without any further act, vote or consent of the Holders of the Common Securities.

A waiver of an Indenture Event of Default by the Institutional Trustee at the direction of the Holders of the Preferred Securities will constitute a waiver of the corresponding Event of Default under the Declaration in respect of the Securities.

Any required approval or direction of Holders of Common Securities may be given at a separate meeting of Holders of Common Securities convened for such purpose, at a meeting of all of the Holders of Securities of the Trust or pursuant to written consent. The Regular Trustees will cause a notice of any meeting at which Holders of Common Securities are entitled to vote, or of any matter upon which action by written consent of such Holders is to be taken, to be mailed to each Holder of Common Securities. Each such notice will include a statement setting forth (i) the date of such meeting or the date by which such action is to be taken, (ii) a description of any resolution proposed for adoption at such meeting on which such Holders are entitled to vote or of such matter upon which written consent is sought and (iii) instructions for the delivery of proxies or consents.

No vote or consent of the Holders of Common Securities will be required for the Trust to redeem and cancel Common Securities or distribute Debentures in accordance with the Declaration.

6. Pro Rata Treatment. A reference in these terms of the Common Securities to any payment, distribution or treatment as being "Pro Rata" shall mean pro rata to each Holder of Securities according to the aggregate liquidation amount of the Securities held by the relevant Holder in relation to the aggregate liquidation amount of all Securities outstanding unless, in relation to a payment, an Event of Default has occurred and is continuing, in which case any funds available to make such payment shall be paid first to each Holder of the Preferred Securities pro rata according to the aggregate liquidation amount of Preferred Securities held by the relevant Holder relative to the aggregate liquidation amount of all Preferred Securities outstanding, and only after satisfaction of all amounts owed to the Holders of the Preferred Securities, to each Holder of Common Securities pro rata according to the aggregate liquidation amount of Common Securities held by the relevant Holder relative to the aggregate liquidation amount of all Common Securities outstanding.

7. Ranking. The Common Securities rank pari passu and payment thereon will be made Pro Rata with the Preferred Securities except that, where an Event of Default occurs and is continuing, the rights of Holders of Common Securities to payment in respect of Distributions and payments upon liquidation, redemption or otherwise are subordinate to the rights of Holders of the Preferred Securities.

8. Mergers, Consolidations or Amalgamations.

(a) The Trust may not consolidate, amalgamate or merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person, except as described in Sections 3 and 8(b) and (c).

(b) The Trust may, with the consent of the Regular Trustees or, if there are more than two, a majority of the Regular Trustees and without the consent of the Holders of the Securities, the Delaware Trustee or the Institutional Trustee, consolidate, amalgamate or merge with or into, or be replaced by, a trust organized as such under the laws of any State; provided that:

(i) such successor entity (the "Successor Entity") either:

(A) expressly assumes all of the obligations of the Trust under the Preferred Securities; or

(B) substitutes for the Preferred Securities other securities having substantially the same terms as the Preferred Securities (the "Successor Securities") so long as the Successor Securities rank the same as the Preferred Securities rank with respect to Distributions and payments upon liquidation, redemption and otherwise;

(ii) the Sponsor expressly appoints a trustee of the Successor Entity that possesses the same powers and duties as the Institutional Trustee as the holder of the Debentures;

(iii) the Preferred Securities or any Successor Securities are listed, or any Successor Securities will be listed upon notification of issuance, on any national securities exchange or with another organization on which the Preferred Securities are then listed or quoted;

(iv) such merger, consolidation, amalgamation or replacement does not cause the Preferred Securities (including any Successor Securities) to be downgraded by any nationally recognized statistical rating organization;

(v) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the Holders of the Preferred Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of such Holders' interests in the Preferred Securities as a result of such merger, consolidation, amalgamation or replacement);

(vi) such Successor Entity has a purpose substantially identical to that of the Trust;

(vii) such merger, consolidation, amalgamation or replacement does not vary the investment of the Holders of the Preferred Securities within the meaning of Treasury Regulation Section 301.7701-4(c)(1), e.g., does not substitute other assets for assets of the Trust to which the Preferred Securities relate or add assets to the Trust to which the Preferred Securities relate;

(viii) prior to such merger, consolidation, amalgamation or replacement, the Sponsor has received an opinion of a nationally recognized independent counsel to the Trust experienced in such matters to the effect that:

(A) such merger, consolidation, amalgamation or replacement does not adversely affect the rights, preferences and privileges of the Holders of the Preferred Securities (including any Successor Securities) in any material respect (other than with respect to any dilution of the Holders' interest in the new entity);

(B) following such merger, consolidation, amalgamation or replacement, neither the Trust nor the Successor Entity will be required to register as an Investment Company; and

(C) following such merger, consolidation, amalgamation or replacement, the Trust (or the Successor Entity) will continue to be classified as a grantor trust for United States federal income tax purposes; and

(ix) the Sponsor guarantees the obligations of such

Successor Entity under the Successor Securities at least to the extent provided by the Preferred Guarantee.

9. Transfer, Exchange, Method of Payments. Payment of Distributions and payments on redemption of the Common Securities will be payable, the transfer of the Common Securities will be registrable, and Common Securities will be exchangeable for Common Securities of other denominations of a like aggregate liquidation amount, at the principal corporate trust office of the Institutional Trustee in the City of New York; provided that payment of Distributions may be made at the option of the Regular Trustees on behalf of the Trust by check mailed to the address of the Persons entitled thereto and that the payment on redemption of any Common Security will be made only upon surrender of such Common Security to the Institutional Trustee. Notwithstanding the foregoing, transfers of Common Securities are subject to conditions set forth in Section 9.1(c) of the Declaration.

10. Acceptance of Indenture. Each Holder of Common Securities, by the acceptance thereof, agrees to the provisions of (i) the Common Guarantee, including the Subordination provisions thereof, and (ii) the Indenture and the Debentures, including the subordination provisions thereof.

No Preemptive Rights. The Holders of Common Securities shall have no preemptive or similar rights to subscribe to any additional Common Securities or Preferred Securities.

12. Miscellaneous. These terms shall constitute a part of the Declaration. The Trust will provide a copy of the Declaration and the Indenture to a Holder without charge on written request to the Trust at its principal place of business.

Annex I

TRANSFER OF THIS CERTIFICATE
IS SUBJECT TO THE CONDITIONS
SET FORTH IN THE DECLARATION
REFERRED TO BELOW

Certificate Number Number of Common Securities

C-1

Certificate Evidencing Common Securities

of

UAL Corporation Capital Trust I

13 1/4% Trust Originated Common Securities

(liquidation amount \$25 per Common Security)

UAL Corporation Capital Trust I, a statutory business trust created under the laws of the State of Delaware (the "Trust"), hereby certifies that UAL Corporation (the "Holder") is the registered owner of _____ (_____) common securities of the Trust representing undivided beneficial interests in the assets of the Trust designated the 13 1/4% Trust Originated Common Securities (liquidation amount \$25 per Common Security) (the "Common Securities"). The Common Securities are transferable on the books and records of the Trust, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer and satisfaction of the other conditions set forth in the Declaration (as defined below) including, without limitation, Section 9.1(c) thereof. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Common Securities are set forth in, and this certificate and the Common Securities represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Amended and Restated Declaration of Trust of the Trust dated as of December 30, 1996, as the same may be amended from time to time (the "Declaration") including the designation of the terms of Common Securities as set forth in Exhibit C thereto. The Common Securities and the Preferred Securities issued by the Trust pursuant to the Declaration represent undivided beneficial interests in the assets of the Trust, including the Debentures (as defined in the Declaration) issued by UAL Corporation, a Delaware corporation ("UAL"), to the Trust pursuant to the Indenture referred to in the Declaration. The Holder is entitled to the benefits of the Common Securities Guarantee Agreement dated as of December 30, 1996, as the same may be amended from time to time (the "Common Guarantee"). The Trust will furnish a copy of the Declaration, the Guarantee and the Indenture to the Holder without charge upon

written request to the Trust at its principal place of business or registered office.

The Holder of this Certificate, by accepting this Certificate, is deemed to have (i) agreed to the terms of the Indenture and the Debentures, including that the Debentures are subordinate and junior in right of payment to all Senior Indebtedness (as defined in the Indenture) as and to the extent provided in the Indenture, and (ii) agreed to the terms of the Common Guarantee, including that the Common Guarantee is subordinate and junior in right of payment to all other liabilities of UAL including the Preferred Guarantee (as defined in the Declaration), to the extent stated therein, and the Debentures, except those made pari passu or subordinate by their terms, and senior to all capital stock now or hereafter issued by UAL and to any guarantee now or hereafter entered into by UAL in respect of any of its capital stock.

Upon receipt of this certificate, the Holder is bound by the Declaration and is entitled to the benefits thereunder.

IN WITNESS WHEREOF, Trustees of the Trust have executed this certificate as of .

UAL CORPORATION CAPITAL TRUST I

By: _____
Name: Douglas A. Hacker
Title: Trustee

By: _____
Name: Francesca M. Maher
Title: Trustee

Countersigned and Registered:

THE FIRST NATIONAL BANK OF CHICAGO, as
Transfer Agent and Registrar

By: _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfer this Common Security Certificate to:

(Insert assignee's social security or tax identification number)

(Insert address and zip code of assignee)

and irrevocably constitutes and appoints

_____ attorney to transfer this Common Security Certificate on the books of the within-named Trust with full power of substitution in the premises.

Dated: _____

Signature: _____

Note: The signature(s) to this assignment must correspond with the name(s) as written upon the face of this certificate in every particular, without alteration or enlargement, or any change whatever.

FIFTH AMENDMENT
UAL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN
(Effective as of July 12, 1994)

By virtue and in exercise of the amending power reserved to UAL Corporation (the "Company") under Section 13.1(a) of the UAL Corporation Employee Stock Ownership Plan (effective as of July 12, 1994) (the "Plan"), which amending power thereunder is subject to the approval of the Air Line Pilots Association International ("ALPA") and the International Association of Machinists and Aerospace Workers (the "IAM"), the Company hereby amends the Plan, subject to the approval of ALPA and the IAM, as follows, effective as of January 1, 1996 (except as specified below).

1. The following is hereby added to the end of the first paragraph of Section 1(p):

"With respect to a Participant who is a member of the Management and Salaried Employee Group, if the Company implements a program of vacation buy-backs applicable to individuals who have not terminated employment, Compensation shall include the amounts payable on or after January 1, 1996 under such a program. With respect to the Management and Salaried Employee Group, notwithstanding the preceding sentence, Compensation shall continue to exclude pay received for vacation time that was accrued but not actually taken as vacation before termination of employment by retirement or otherwise."

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

"The Wage Investment for members of the IAM Employee Group shall be calculated by including hours for which the Participant receives payment as a vacation buy back under a vacation buy back program implemented by the Company on or after January 1, 1996. Such Wage Investment shall be credited in the Plan Year in which such payment occurs."

3. Section 5.4(a)(iv) is amended by adding the following to the end of the section:

"Effective January 1, 1997, the Company elects to apply the rule provided by Code Section 414(q)(1)(B)(ii). Accordingly, commencing with the Plan Year beginning January 1, 1997, "highly compensated employee" means any Employee who (1) was a 5% owner at any time during the Plan Year or the preceding Plan Year, or (2) for the preceding Plan Year both (i) had compensation from the employer in excess of \$80,000 (as indexed under Code Section 414(q)), and (ii) was in the top-paid group of Employees."

4. Section 7.4(a)(iii) is amended by adding the following to the end of the section:

"Effective January 1, 1997, the requirement that distributions commence following age 70-1/2, but before termination of employment, shall only apply in the case of a Participant who is a 5% owner with respect to the Plan Year in which the Participant attains age 70-1/2. For all Participants other than the 5% owners referred to in the preceding sentence, it is intended that distributions prior to termination of employment be limited to the amount, if any, required under Code Section 411(d)(6)(B)(ii). Accordingly, (1) no distribution to such a Participant shall be made unless the Participant elects to commence distributions, (2) the amount of the distributions to such a Participant shall not exceed the amount which the Participant would have been required to receive, based upon the Participant's Account balance as of December 31, 1996 under the terms of this Plan as they existed prior to adoption of the Fifth Amendment, and (3) if, by regulation, ruling or otherwise, it is established that it is permissible to delay any distributions for such a Participant until the Participant terminates employment, then distributions shall be so delayed. In the case of any Participant whose distributions commenced before January 1, 1997, distributions shall cease for the 1997 and subsequent Plan Years if the employee so elects."

5. The following is hereby added to the end of Section 7.11:

"If an appeal is filed regarding the status of a domestic relations order following a determination by the Company of

the status of such order, and the Committee deadlocks with respect to such appeal, then the matter shall not be referred to a neutral arbitrator. Instead, the determination by the Company concerning the status of such domestic relations order shall be considered final."

6. Appendix A, concerning special annual allocations, is amended by adding the following to the end of the paragraph entitled "Other Special Annual Allocations":

"The Committee may adopt a Special Annual Allocation which is designed to resolve situations which occurred in any Plan Year during the Wage Investment Period even if the situation occurred before the Plan Year immediately preceding the Plan Year in which the Committee adopted the Special Annual Allocation. Thus, for example, if the Committee determines that, as a result of missing data or a similar reason, a Participant's Account was not allocated the appropriate number of shares in 1994, the Committee may adopt a Special Annual Allocation for 1996 to resolve such situation."

7. Appendix A is amended by adding the following new paragraph to the end of Appendix A:

"Special Annual Allocations for USERRA.

a. Notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Internal Revenue Code.

b. The benefits required by subsection (a) above shall be provided through a Special Annual Allocation in the year in which the Participant is reemployed following a period of qualified military service. The number of shares to be credited to such Participant under the Special Annual Allocation shall be determined according to the methods set forth above for the Special Annual Allocation for 1995. The Compensation (or, in the case of a member of the IAM Employee Group, the Wage Investment) for the affected Participant shall be the Compensation or Wage Investment which the employee would have received or been credited with during the period of qualified military service. The other data used for the Special Annual Allocation shall be the data applicable to the Plan Year or Plan Years in which the qualified military service occurred. Thus, if a Participant is entitled to a Special Annual Allocation for qualified military service performed in 1995, the Applicable Average Contribution shall be calculated with respect to allocations in the 1995 Plan Year. The Special Annual Allocation under this subsection shall be effective for Participants who returned to employment with the Company on or after January 1, 1996. For Participants who return to employment with the Company on or after October 1, 1994, but before January 1, 1996, shares were previously credited under the Supplemental Plan, and such shares shall be contributed to the accounts of such Participants under this Plan as permitted under Code Section 414(u)."

IN WITNESS WHEREOF, the Company has caused this Fifth Amendment to be executed on December 31, 1996.

UAL CORPORATION

/s/ Douglas A. Hacker

APPROVED BY:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ J. Randolph Babbitt

J. Randolph Babbitt, President

/s/ Michael H. Glawe

Michael H. Glawe, MEC Chairman

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND
AEROSPACE WORKERS

/s/ Kenneth W. Thiede

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

By virtue and in exercise of the amending power reserved to UAL Corporation (the "Company") under Section 13.1(a) of the UAL Corporation Supplemental ESOP (effective as of July 12, 1994) (the "Plan"), which amending power thereunder is subject to the approval of the Air Line Pilots Association International ("ALPA") and the International Association of Machinists and Aerospace Workers (the "IAM"), the Company hereby amends the Plan, subject to the approval of ALPA and the IAM, as follows, effective as of January 1, 1996 (except as specified below).

1. The following new subsection 1.3(h)A is added immediately following Section 1.3(h):

"(h)A "Distribution Period" means, the first week of October, 1996, the first week of December 1996, and the first week of each of the months of May, June, July, August, September, October, November and December in 1997 and subsequent Plan Years."

2. The following new subsection (c) is hereby added to Section 2.7:

"(c) For a Participant who, on or after October 1, 1994 but before January 1, 1996, returned to employment with the Company from qualified military service, shares were initially credited under this Plan on account of such service. Such shares shall be contributed to the ESOP to the extent provided in the ESOP pursuant to Code section 414(u). To the extent such shares are contributed to the ESOP for a Participant, they shall be reduced under this Plan."

3. Section 3.1(b)(i) is amended to read as follows:

"(i) during the Distribution Period following the Valuation Date coinciding with or next following the later of (x) the earlier of the Participant's termination of employment with the Employer and its Affiliates and the date the Participant is determined to have a Total Disability, or (y) December 31, 1995, the Company shall pay such Participant (or if such Participant is not living at the time for payment, such Participant's Beneficiary) the value of the Participant's vested Account; and"

4. The following is hereby added to the end of Section 3.1(b):

"The Committee may, for any Participant or group of Participants, defer all or part of a distribution to a subsequent Distribution Period if distribution during the Distribution Period referred to in clause (i) would not be practicable (e.g., because necessary information is unavailable)."

5. Section 3.1(c)(v) is amended to read as follows:

"Notwithstanding the foregoing, any election (or modification or revocation thereof) under clauses (i) or (ii) shall be void unless made at least one year prior to the Participant's termination of employment with the Employer (and its Affiliates) or prior to February 24, 1995. In the case of any member of the IAM Employee Group whose employment with the Employer and its Affiliates is not terminated at the time of his election, the foregoing sentence shall not apply. Instead any such election (or modification or revocation thereof) shall be void unless made (x) at least one year prior to the Participant's termination of employment with the Employer (and its affiliates), or (y) by December 13, 1996. Notwithstanding the foregoing, any election under clauses (iii) or (iv) shall be void unless made at least 30 days before the first day of the Distribution Period in which the distribution will be made."

IN WITNESS WHEREOF, the Company has caused this Fifth Amendment to be executed on December 31, 1996.

UAL CORPORATION

/s/ Douglas A. Hacker

APPROVED BY:

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

/s/ J. Randolph Babbitt

J. Randolph Babbitt, President

/s/ Michael H. Glawe

Michael H. Glawe, MEC Chairman

INTERNATIONAL ASSOCIATION
OF MACHINISTS AND
AEROSPACE WORKERS

/s/ Kenneth W. Thiede

PREFERRED STOCK PURCHASE AGREEMENT

PREFERRED STOCK PURCHASE AGREEMENT dated as of August 12, 1996, between UAL Corporation, a Delaware corporation ("UAL"), and State Street Bank and Trust Company, a Massachusetts trust company, acting solely in its capacity as trustee under the Plan defined below and not in its individual capacity (the "Trustee").

W I T N E S E T H:

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

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

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

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

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

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

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

WHEREAS, the parties to the Recapitalization Agreement have agreed to reduce the number of shares of Class 1 ESOP Convertible Preferred Stock to be transferred to the Trust so that the Plan may continue to satisfy Code Section 415; and

WHEREAS, the parties to the Recapitalization Agreement have agreed to a corresponding increase in the number of shares of Class 2 ESOP Convertible Preferred Stock to be issued; and

WHEREAS, UAL now wishes to sell and the Trustee now wishes to purchase 2,367,575 shares of the Class 1 ESOP Convertible Preferred Stock from UAL, in the amount, at the purchase price and subject to the other terms and conditions as set forth in this Agreement;

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

1. Purchase; Purchase Price. Subject to the terms and conditions of this Agreement, the Trustee shall purchase on behalf of the Plan (the "Purchase") from UAL, and UAL shall issue and sell to the Trustee an aggregate of 2,367,575 shares of Class 1 ESOP Convertible Preferred Stock (the "Shares") for an aggregate purchase price (the "Purchase Price") of \$574,255,316.25.

2. Closing; Payment. The Purchase shall be consummated (the "Closing") at or about August 13, 1996 at the offices of UAL, or at such time, date or place as shall be fixed by an agreement of UAL and the Trustee. The date of the Closing shall

hereinafter be referred to as the "Closing Date." At the Closing, UAL shall deliver to the Trustee a certificate or certificates representing the Shares, which shall be registered in the name of the Trustee, as trustee under the Trust, or in the name of its nominee, against delivery to UAL by the Trustee of a check for a dollar amount equal to the par value per Share times the number of Shares described in Section 1 above (the "Cash Amount"), representing the aggregate par value of the Shares and a promissory note of the Trust (the "ESOP Note") substantially in the form set forth in Exhibit A hereto, in an amount equal to the difference between the Purchase Price and a dollar amount equal to the par value per Share times the number of Shares described in Section 1 above. Notwithstanding the foregoing, UAL may, with the consent of the Trustee, accomplish the transfer of shares to the Trustee by book entry, in which event a cross receipt in the form set forth in Exhibit B hereto shall be executed by the parties. UAL shall pay all stamp and other transfer taxes, if any, that may be payable in respect of the issuance, sale and delivery of the Shares and shall be entitled to any refund thereof, and shall present the Trustee with evidence that such transfer taxes either have been paid or are not due.

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

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

I.A.3.1 Except as set forth in Schedule 3.2 hereto, the execution, delivery and performance of this Agreement and all other documents or instruments to be executed or delivered by UAL in connection with this Agreement are within UAL's powers and have been duly authorized by all necessary corporate action. This Agreement and all other documents or instruments to be executed or delivered by UAL in connection with this Agreement are, assuming due authorization, execution and delivery by the Trustee, valid and binding upon UAL and enforceable against UAL in accordance with their respective terms except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, fraudulent-conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally, ERISA and by general principles of equity (regardless of whether considered in a proceeding at law or in equity).

I.A.3.2 Except as set forth in Schedule 3.3 hereto, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under (i) the Certificate of Incorporation or Bylaws, each as amended, of UAL or any of its Subsidiaries (as hereinafter defined), or (ii) except as set forth in Schedule 3.3(ii) hereto, any provision of any indenture, mortgage, deed of trust, agreement, instrument, order, arbitration award, judgment or decree to which UAL or any of its Subsidiaries is a party or by which any of their respective assets are bound, or (iii) any material statute, material rule or material regulation applicable to UAL or any of its Subsidiaries of any court, bureau, board, agency or other governmental body having jurisdiction.

I.A.3.3 As of the Closing Date, the authorized, issued and outstanding capital stock of UAL shall be as set forth in Schedule 3.4 hereto, and UAL shall have no obligations to issue any additional shares pursuant to any options, warrants, conversion rights or other arrangements except as set forth in Schedule 3.4 hereto, and all shares of issued and outstanding capital stock of UAL shall have been duly authorized and are fully paid and nonassessable.

I.A.3.4 Each Subsidiary is a corporation or partnership duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation, has all requisite power and authority including all governmental licenses, authorizations, consents and approvals required to own, lease and operate its properties (except those

the absence of which would not have a Material Adverse Effect) and to conduct its business and is in good standing in each jurisdiction where the character of the property owned or leased by it or the nature of its activities make such qualification necessary, except for those jurisdictions where failure to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. For purposes of this Agreement, "Subsidiary" means any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned by UAL prior to the Closing Date. All Subsidiaries and their respective jurisdictions of incorporation or formation are identified on Schedule 3.5 hereto.

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

I.A.3.5 As of the Closing Date, the Shares (i) shall have the rights, preferences and qualifications set forth in the restated Certificate of Incorporation of UAL Corporation, (a copy of which is attached hereto as Exhibit C), (ii) shall have been duly and validly authorized and (iii) when issued and delivered to the Trustee in exchange for the Cash Amount and the ESOP Note, will be in proper form, validly issued, fully paid and nonassessable. As of the Closing Date, UAL shall have full right and authority to issue, sell, transfer, and deliver the Shares and will effectively transfer to the Trustee, on the Closing Date, the full right, title and interest therein and thereto, free and clear of all Liens, except for (A) beneficial interests accruing to participants in the Plan and their beneficiaries and (B) any Liens created or imposed by the Trustee on behalf of the Trust.

I.A.3.6 As of the Closing Date, the shares of Common Stock (as hereinafter defined) into which the Shares are convertible, shall be duly and validly authorized and reserved for issuance and, when issued upon such conversion, will be validly issued, fully paid and nonassessable and upon delivery to the Trustee, the Trust will acquire full right, title and interest to such shares of Common Stock free and clear of all Liens, except for (i) beneficial interests accruing to the participants in the Plan and their beneficiaries and (ii) any Liens created or imposed by the Trustee on behalf of the Trust.

I.A.3.7 No authorization, approval or consent of, or filing with, any governmental authority or agency or other third party, is required in connection with the sale of the Shares by UAL hereunder or the conversion of the Shares into Common Stock except for (i) any of such as shall have been made or obtained prior to the Closing, (ii) any of such relating to the listing on any securities exchange of any shares of UAL common stock, par value \$.01 per share (the "Common Stock"), to be delivered upon conversion of Shares and (iii) filings with and/or approvals of the Internal Revenue Service. The Shares are being issued pursuant to a valid exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws.

I.A.3.8 UAL's filings with the Securities and Exchange Commission ("Commission") for the years 1993, 1994 and 1995, respectively, at the time they were filed with the Commission, (i) complied in all material respects with the requirements of the Securities Act, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as appropriate, and the Rules and Regulations of the Commission respectively promulgated thereunder, (ii) in the case of filings under the Exchange Act, did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading and (iii) no registration

statement, as amended or supplemented, if applicable, filed pursuant to the Securities Act as of the date such statement, amendment or supplement became effective contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

I.A.3.9 The consolidated financial statements of UAL, together with related notes, schedules and reports thereon of independent public accountants for the years 1993, 1994 and 1995, respectively (collectively, the "Financial Statements"), included in UAL's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q ("Reports") for the years ended December 31, 1993, 1994 and 1995, respectively, all of which Reports previously have been delivered to the Trustee, present fairly (except as may be indicated in the notes thereto and subject to normal immaterial year-end audit adjustments in the case of any unaudited interim Financial Statements) the consolidated financial position and the consolidated results of operation of UAL and its consolidated Subsidiaries at the indicated dates and for the indicated periods. The Financial Statements have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved except as otherwise noted therein. UAL and its Subsidiaries considered as one enterprise have no material liabilities or obligations, contingent or otherwise, that are not fully disclosed in the Financial Statements or the Reports.

I.A.3.10 Except as disclosed on Schedule 3.11 hereto, since December 31, 1995, (i) there has been no event, and no state of circumstances has existed, that has had or will, or could reasonably be expected to, have a Material Adverse Effect, (ii) there has not been any material transaction entered into by UAL or any of its Subsidiaries, other than transactions in the ordinary course of business or other than the transactions contemplated in this Agreement or the Transaction, and (iii) except for regular dividends on shares of its outstanding common stock and preferred stock, there has been no dividend or distribution of any kind declared, paid or made by UAL on any class of its capital stock other than the distributions contemplated by the Transaction.

I.A.3.11 Except as set forth in Schedule 3.12 there is no action, suit or proceeding before or by any court or government or administrative agency or body, domestic or foreign, now pending or, to the best knowledge of UAL, threatened against or affecting UAL or any of its Subsidiaries, which might have a Material Adverse Effect.

I.A.3.12 UAL and its Subsidiaries hold all certificates, authorizations or permits issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct the business now operated by them the absence of which, individually or in the aggregate, would have a Material Adverse Effect, and neither UAL nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect. UAL and its Subsidiaries are in compliance with all rules, laws and regulations related to the operation of the business of UAL and its Subsidiaries, except for instances of noncompliance which, individually or in the aggregate, would not have a Material Adverse Effect.

I.A.3.13 The Plan has been duly authorized by all corporate action and Part A constitutes an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Code and Section 407(d)(6) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Part B (that portion of the stock bonus plan which does not constitute an employee stock ownership plan) constitutes a stock bonus plan under the Code and the Plan will qualify under Section 401(a) of the Code taking into account amendments which may be reasonably requested by the Internal Revenue Service, but no representation or warranty is made as to the compliance of the Plan in operation under the referenced Code and ERISA sections; the Trust Agreement has been duly authorized by all necessary corporate action on the part of UAL; all contributions by UAL to the Plan and all dividends paid on the ESOP Preferred Stock which are used by the Trust to make the required principal and interest payments with respect to the ESOP Note will be deductible by UAL or its Subsidiaries for federal income tax purposes under Section 404 of the Code (as in effect on the date of the Closing), except to the extent there are insufficient "earnings and profits" under the Code for the dividends to be deductible; and the ESOP Preferred Stock constitutes "employer securities" within the meaning of Section 409(l) of the Code.

I.A.3.14 There is no investment banker, broker or finder which has been retained by or is authorized to act on

benefit of UAL or any Subsidiary or, to the knowledge of UAL, any CRS Company who might be entitled to a fee or commission from UAL, either Union or any affiliate of either of them upon consummation of the transactions contemplated by this Agreement, based upon arrangements made by or on behalf of UAL. For the purposes of this Section 3.15, "CRS Company" and "Union" shall have the respective meanings assigned to such terms in the Recapitalization Agreement.

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

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

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

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

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

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

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

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

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

5. Conditions to Closing.

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

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

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

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

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

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

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

(g) The Trustee shall have received from Francesca M. Maher, Vice President-Law and Corporate Secretary, the opinion in substantially the form set forth in Schedule 5.1(g) hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"The shares of stock represented by this certificate have not been registered under the Securities Act of 1933, as amended. Such shares may not be sold, assigned, pledged or otherwise transferred

in the absence of an effective registration statement under said Securities Act covering the transfer or an opinion of counsel satisfactory to the issuer that registration under said Securities Act is not required.

Notice

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

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

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

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

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

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

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

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

By Mail

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

By Courier

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

If to the Trustee: State Street Bank and Trust Company

Retirement Investment Services
Batterymarch Park III
Three Pine Hill Drive
Quincy, MA 02169
Attn: UAL ESOP Administration

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

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

16. Successors and Assigns: Assignability. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto, and their respective legal representatives, successors and assigns. This Agreement (i) shall not confer upon any person other than the parties hereto and their respective successors and assigns any rights or remedies hereunder and (ii) shall not be assignable by operation of law or otherwise by any party hereto.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

UAL CORPORATION

By: /s/ Douglas A. Hacker

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

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

By: /s/ Kelly Q. Driscoll

Name: Kelly Q. Driscoll
Title: Vice President

As Amended
February 29, 1996

FIRST REFUSAL AGREEMENT

This Agreement (the "Agreement") has been made and entered into as of this 12th day of July, 1994 by and among UAL Corporation, a Delaware corporation (the "Company"), The Air Line Pilots Association, International ("ALPA"), pursuant to its authority as the collective bargaining representative for the crafts or class of pilots employed by United Airlines, Inc. ("United"), and The International Association of Machinists and Aerospace Workers ("IAM"), pursuant to its authority as the collective bargaining representative for the crafts or classes of mechanics and related employees, ramp and stores employees, food service employees, dispatchers and security officers employed by United, and the Salaried/Management Employee Director (as defined in Article FIFTH, Section 1.66 of the Restated Certificate (as defined below)) on behalf of the salaried and management employees of United who are not represented by any collective bargaining organization (the "SAM") (ALPA, IAM and the SAM, together, the "Employee Groups").

WHEREAS, pursuant to the terms of and schedules to the Agreement and Plan of Recapitalization, dated as of March 25, 1994, by and among the Company, ALPA and the IAM (as amended, the "Recapitalization Agreement"), including the terms of the restated certificate of incorporation of the Company to be effective as of the Effective Time (as defined in the Recapitalization Agreement) (the "Restated Certificate"), neither (i) a Non-Dilutive Issuance (as defined in Article FIFTH, Section 3.4(b)(vii) of the Restated Certificate) nor (ii) the issuance of Permitted Bankruptcy Equity (as defined in Article FIFTH, Section 3.4(b)(vii)(B) of the Restated Certificate) (a "Bankruptcy Issuance") shall constitute an Other Extraordinary Matter (as defined in Article FIFTH, Section 3.4(b) of the Restated Certificate) if, among other things, such issuance is subject to the right of first refusal provided for hereunder; and

WHEREAS, the parties hereto have entered into this Agreement in order to effectuate the terms and intent of the Recapitalization Agreement and the Restated Certificate with respect to the Company's grant of such right of first refusal to the Employee Groups in connection with such Non-Dilutive Issuance and/or such Bankruptcy Issuance;

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

1. Right of First Refusal.

A. If, during the term of this Agreement, the Company proposes to issue Equity Securities (as defined in Article FIFTH, Section 1.37 of the Restated Certificate) pursuant to a transaction which would constitute an Other Extraordinary Matter pursuant to Article FIFTH, Section 3.4(b) of the Restated Certificate or would not constitute an Other Extraordinary Matter pursuant to Article FIFTH, Section 3.4(b)(vii)(A) or (B) of the Restated Certificate (a "Proposed Equity Issuance"), the Company, prior to making such Proposed Equity Issuance, shall provide each of the Employee Groups with a written statement of the specific terms of such Proposed Equity Issuance (the "Proposed Sale Notice"); provided, however, that the issuance of Equity Securities in exchange for the Series A Convertible Preferred Stock, without par value (the "Series A Preferred Stock") of the Company, or any underlying Equity Security upon the conversion of any Equity Security so issued in exchange, shall not constitute a Proposed Equity Issuance; provided, further, that the issuance of Equity Securities in the four-for-one stock split in the form of a stock dividend of Common Stock, \$.01 par value ("Common Stock"), on or with respect to the Common Stock of the Company, and approved at the February 29, 1996 meeting of the Board of Directors of the Company (the "Stock Split"), shall not constitute a Proposed Equity Issuance. Each of the Employee Groups shall then have 30 days to provide to the Company a binding commitment to purchase up to its respective Proportionate Percentage (as defined in subsection D below) of the Equity Securities proposed to be issued in such Proposed Equity Issuance on terms that are Equivalent (as defined in subsection E below) to the terms set forth in the Proposed Sale Notice (the "Purchase Commitment"), and the Company shall not consummate the Proposed Equity Issuance during such 30 day period. If the Company consummates a Proposed Equity Issuance within 180 days of the end of the 30 day notice period with respect thereto, it shall honor

all the timely Purchase Commitments and shall reduce the amount of securities offered pursuant to the Proposed Equity Issuance by the amount of securities covered by such Purchase Commitments.

B. In addition to and not in limitation of the foregoing, if one or more Employee Groups submit a Purchase Commitment within the 30 day period provided for in subsection A above and any other Employee Group either (i) indicates in writing during such period that it does not intend to submit a Purchase Commitment for all of its Proportionate Percentage of the Proposed Equity Issuance or (ii) does not submit a Purchase Commitment for all of its Proportionate Percentage of the Proposed Equity Issuance within such 30 day period, then the Company, prior to consummating a Proposed Equity Issuance, must provide each of the Employee Groups that submitted a Purchase Commitment for all of its Proportionate Percentage of the Proposed Equity Issuance with the opportunity to provide an additional purchase commitment with respect to the portion of the Proposed Equity Issuance that is not subject to a Purchase Commitment (an "Additional Purchase Commitment") within the last to expire of (a) 15 days after receipt of written notice from the Company of the opportunity to make an Additional Purchase Commitment and (b) the unexpired portion of the 30 day period referred to in subsection A above which remains after receipt of written notice from the Company that any portion of the Proposed Equity Issuance is not subject to a Purchase Commitment from any other Employee Group (such longer period, the "APC Period"). The Company shall not consummate the Proposed Equity Issuance during such APC Period and if the Company consummates a Proposed Equity Issuance within 180 days of the end of the notice period referred to in the preceding sentence, it shall honor all the timely Additional Purchase Commitments and shall reduce the amount of securities offered pursuant to the Proposed Equity Issuance to any person or entity other than the Employee Groups by the amount of securities covered by such Additional Purchase Commitments.

C. Notwithstanding anything set forth in subsection B to the contrary, if more than one Employee Group submit Additional Purchase Commitments which in the aggregate are in excess of the securities being offered pursuant to the Proposed Equity Issuance, the Company shall accept such Additional Purchase Commitments in proportion to the relative proportion that such Employee Groups Proportionate Percentages bear to each other; provided, however, that in no event shall any Employee Group be obligated to purchase Equity Securities in excess of the amount set forth in its Additional Purchase Commitment.

D. For the purposes of this Agreement, "Proportionate Percentage" shall mean, for each of the Employee Groups, the following:

ALPA:	46.23%
IAM:	37.13%
SAM:	16.64%

E. For the purpose of this Agreement, "Equivalent" shall mean, in connection with a Proposed Equity Issuance, a Purchase Commitment on substantially the same terms as that set forth in a Proposed Sale Notice. If any Proposed Sale Notice provides for consideration other than cash to be paid to the Company (the "Non-Cash Consideration"), a Purchase Commitment must provide for consideration to be paid to the Company, whether in cash or otherwise, with a fair market value, as determined by the board of directors of the Company, equal to the Non-Cash Consideration to be paid to the Company pursuant to the Proposed Sale Notice in order for such Purchase Commitment to be deemed Equivalent for the purpose of subsection A above.

F. In the event that no Employee Group submits a Purchase Commitment within the time period provided for in subsection A above or the Purchase Commitments and Additional Purchase Commitments, if any, submitted are for less than all of the securities being offered in the Proposed Equity Issuance, the Company may then consummate the Proposed Equity Issuance of such securities not subject to Purchase Commitments or Additional Purchase Commitments only upon the terms set forth in the Proposed Sale Notice. Such Proposed Equity Issuance may not be consummated unless it is consummated (i) within 180 days after the later of the 30 day period provided for in subsection A above or, if applicable, the APC Period provided for in subsection B above and (ii) on the specific terms set forth in the Proposed Sale Notice. Any subsequent Proposed Equity Issuance proposed by the Company shall be subject to each of the provisions and requirements of this Section 1 as if the prior Proposed Equity Issuance that was not consummated for any reason never was proposed by the Company.

G. Notwithstanding anything contained in this Section 1 to the contrary, the provisions of this Section 1 shall be inapplicable to issuances of Equity Securities (a) in accordance with Article FIFTH, Subsection 3.4(b)(vii)(C) of the Restated

Certificate, (b) in exchange for the Series A Preferred Stock or upon the conversion of any Equity Security so issued in exchange, or (c) in connection with the Stock Split.

H. The Salaried/Management Employee Director may consult with the senior executive of United having responsibility for human resources concerning the exercise of any rights under this Agreement. The Company shall assist the Salaried/Management Director in the exercise of such rights, including providing administrative and logistical support in disseminating Proposed Sale Notices to the Salaried/Management Employees and collating and processing any Purchase Commitments and Additional Purchase Commitments received from such employees and, if requested, shall similarly assist ALPA and the IAM.

I. To the extent consistent with its policies and practices, United may, but shall not be obligated to, assist the SAM Employee Group (to the same extent that either of the other Employee Groups assists its members) in the exercise of their rights under this Agreement in order to enable them to consummate their Purchase Commitments made hereunder.

2. Term. This Agreement shall terminate and be of no further force or effect upon the Termination Date (as defined in the Restated Certificate).

3. Assignments. All right, title and interest in and to, and all benefits and obligations arising under, this Agreement may be assigned in whole or in part by any of the Employee Groups to any of the Existing Plans and/or the ESOPs (as defined in Article FIFTH, Sections 1.41 and 1.39 of the Restated Certificate, respectively) without the consent of any other party hereto and may not otherwise be assigned.

4. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement is being entered into for the benefit of the parties hereto (other than the Salaried/Management Director) and for the Employee Groups named herein. The Salaried/Management Director is not a party to this Agreement in a personal capacity but only in the capacity of the Salaried/Management Director as the nominal representative of the SAM Employee Group to acknowledge their acceptance of the benefits of this Agreement. Upon the replacement of the individual named herein as the Salaried/Management Director, each such successor to the office of Salaried/Management Director, rather than the individual named herein, shall be authorized to act hereunder as the Salaried/Management Director. The parties hereto, on behalf of themselves and the Employee Groups that they represent, agree that the Salaried/Management Director, and the successor Salaried/Management Directors, shall not have any personal liability under this Agreement.

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

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

7. Specific Performance. The parties hereto agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy of law would exist and damages would be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

8. Amendments. This Agreement may not be amended or modified unless such amendment or modification is approved in writing by each of the parties hereto.

9. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and, except as otherwise contemplated hereby, supersedes all other prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof.

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

UAL CORPORATION

By: /s/ James M. Guyette

AIR LINE PILOTS ASSOCIATION,
INTERNATIONAL

By: /s/ R. D. Hall

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE
WORKERS

By: /s/ Ken Thiede

/s/ Joseph V. Vittoria

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

Description Of Complimentary Travel
And Cargo Carriage Benefits For UAL Directors

Flight and Cargo Benefits - Director and Spouse

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

Flight and Cargo Benefits - Director Emeriti

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

Tax Consequences

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

UAL Corporation and Subsidiary Companies

Calculation of Fully Diluted Net Earnings Per Share
(In Millions, Except Per Share)

	Year Ended December 31		
	1996	1995	1994(1)
	----	----	----
Earnings or loss:			
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 492	\$ 349	\$ 15
Interest on convertible debentures, net of tax	3	23	-
	----	----	----
Earnings before extraordinary item and cumulative effect of accounting changes for fully diluted calculation	495	372	15
Extraordinary loss on early extinguishment of debt, net of tax	(67)	(29)	-
Cumulative effect of accounting changes, net of tax	-	-	(26)
	----	----	----
Net earnings (loss) for fully diluted calculation	\$ 428	\$ 343	\$ (11)
	=====	=====	=====
Shares:			
Average number of shares of common stock outstanding during the year	56.1	49.6	75.2
Average number of shares of ESOP preferred stock outstanding during the year	24.0	11.9	1.2
Additional shares assumed issued at the beginning of the year for conversion of convertible debentures	2.1	7.9	-
Additional shares assumed issued at the beginning of the year (or at the date of issuance) for exercises of dilutive stock options and stock award plans (after deducting shares assumed purchased under the treasury stock method)	2.8	2.3	1.2
	----	----	----
Average number of shares for fully diluted calculation	85.0	71.7	77.6
	=====	=====	=====
Fully diluted per share amounts:			
Earnings before extraordinary item and cumulative effect of accounting changes	\$ 5.82	\$ 5.18	\$ 0.19
Extraordinary loss on early extinguishment of debt	(0.78)	(0.40)	-
Cumulative effect of accounting changes	-	-	(0.34)
	----	----	----
Net earnings (loss)	\$ 5.04	\$ 4.78	\$ (0.15)
	=====	=====	=====

(1) This calculation is submitted in accordance with Regulation S-K item 601(b)(11), although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an antidilutive result.

Exhibit 12.1

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	1996	1995	1994	1993	1992
	(In Millions)				
Earnings:					
Earnings (loss) before income taxes and extraordinary items	\$ 970	\$ 621	\$ 171	\$ (47)	\$ (656)
Undistributed earnings of affiliate	(49)	(38)	(19)	-	(27)
Fixed charges, from below	1,112	1,239	1,052	1,109	1,001
Interest capitalized	(77)	(42)	(41)	(51)	(92)
	-----	-----	-----	-----	-----
Earnings	\$1,956	\$1,780	\$1,163	\$1,011	\$ 226
	=====	=====	=====	=====	=====
Fixed charges:					
Interest expense	\$ 295	\$ 399	\$ 372	\$ 358	\$ 329
Interest expense on affiliate's guaranteed debt	-	-	-	5	-
Portion of rental expense representative of the interest factor	817	840	680	746	672
	-----	-----	-----	-----	-----
Fixed charges	\$1,112	\$1,239	\$1,052	\$1,109	\$1,001
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges	1.76	1.44	1.10	(a)	(a)
	=====	=====	=====	=====	=====

(a) Earnings were inadequate to cover fixed charges by \$98 million in 1993 and \$775 million in 1992.

Exhibit 12.2

UAL Corporation and Subsidiary Companies

Computation of Ratio of Earnings to Fixed Charges

and Preferred Stock Dividend Requirements

	Year Ended December 31				
	1996	1995	1994	1993	1992
	(In Millions)				
Earnings:					
Earnings (loss) before income taxes and extraordinary items	\$ 970	\$ 621	\$ 171	\$ (47)	\$ (656)
Undistributed earnings of affiliate	(49)	(38)	(19)	-	(27)
Fixed charges and preferred stock dividend requirements, from below	1,209	1,326	1,184	1,159	1,001
Interest capitalized	(77)	(42)	(41)	(51)	(92)
	-----	-----	-----	-----	-----
Earnings	\$2,053	\$1,867	\$1,295	\$1,061	\$ 226
	=====	=====	=====	=====	=====
Fixed charges:					
Interest expense	\$ 295	\$ 399	\$ 372	\$ 358	\$ 329
Interest expense on affiliate's guaranteed debt	-	-	-	5	-
Preferred stock dividend requirements	97	87	132	50	-
Portion of rental expense representative of the interest factor	817	840	680	746	672
	-----	-----	-----	-----	-----
Fixed charges	\$1,209	\$1,326	\$1,184	\$1,159	\$1,001
	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges	1.70	1.41	1.09	(a)	(a)
	=====	=====	=====	=====	=====

(a) Earnings were inadequate to cover fixed charges by \$98 million in 1993 and \$775 million in 1992.

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in the UAL Corporation Form 10-K for the year ended December 31, 1996, into the company's previously filed Post-Effective Amendment No. 1 to Form S-8 (File No. 2-67368) and Post-Effective Amendment No. 2 to Form S-8 (File No. 33-37613) for the Employees' Stock Purchase Plan of UAL Corporation; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-38613) for the United Air Lines, Inc. Management and Salaried Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-44552), Form S-8 (File No. 33-57331), and Form S-8 (File No. 333-03041) for the United Air Lines, Inc. Ground Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-44553) and Form S-8 (File No. 33-62749) for the United Air Lines, Inc. Flight Attendant Employees' 401(k) Retirement Savings Plan; Post-Effective Amendment No. 1 to Form S-8 (File No. 33-59950) and Form S-8 (File No. 333-03039) for the United Air Lines, Inc. Pilots' Directed Account Retirement Income Plan; Post-Effective Amendment No. 2 to Form S-8 (File No. 33-41968), Form S-8 (File No. 33-10206), Form S-8 (File No. 33-61007), and Form S-8 (File No. 333-03043) for the UAL Corporation 1981 Incentive Stock Plan; Form S-8 (File No. 33-58385) for Stock in Lieu of Cash Bonuses for Certain Executive Officers; Form S-8 and Post-Effective Amendment No. 1 to Form S-8 (File No. 33-60675) for Directors Fees Taken in Stock Under UAL Corporation 1995 Directors Plan; Form S-3 (File No. 33-57192), as amended; Form S-4 (File No. 33-57579), as amended; Form S-8 (File No. 333-01437) for Stock in Lieu of Cash Bonuses for Certain Officers; and Form S-4 (File Nos. 333-14245 and 333-14245-01), as amended.

/s/ Arthur Andersen LLP

Arthur Andersen LLP

Chicago, Illinois
March 5, 1997

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM UAL CORPORATION'S STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1996 AND STATEMENT OF CONSOLIDATED FINANCIAL POSITION AS OF DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

	DEC-31-1996	
	JAN-01-1996	
	DEC-31-1996	
	12-MOS	229
	468	
	962	
	24	
	369	
	2,682	14,206
	5,963	
	12,677	
5,003		2,986
102		0
		1
		994
12,677		0
	16,362	0
	15,239	
	0	
	0	
	295	
	970	
	370	
600		
	0	
	(67)	0
	533	
	5.16	
	5.04	

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the

Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 1996

Employees' Stock Purchase Plan of UAL Corporation
(Full title of the Plan)

UAL Corporation
(Employer sponsoring the Plan, issuer of the
participations in the Plan and issuer of
the shares held pursuant to the Plan)

1200 Algonquin Road, Elk Grove Township, Illinois
Mailing Address:
UAL Corporation, P.O. Box 66919, Chicago, Illinois 60666
(Address of principal executive offices)

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To UAL Corporation:

We have audited the accompanying statements of financial position of the Employees' Stock Purchase Plan of UAL Corporation (the "Plan") as of December 31, 1996 and 1995 and the related statements of changes in participants' equity for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of December 31, 1996 and 1995 and the changes in its participants' equity for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 26, 1997

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the sponsor and issuer of the participants of the Plan, UAL Corporation has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

UAL Corporation
Administrator

Dated February 26, 1997

By /s/ Douglas A. Hacker
Douglas A. Hacker
Senior Vice President - Finance

EMPLOYEES' STOCK PURCHASE PLAN
OF UAL CORPORATION

STATEMENTS OF FINANCIAL POSITION
(In Thousands, Except Number of Shares)

	December 31	
	1996	1995
	----	----
ASSETS		
Participants' payroll deductions receivable from UAL Corporation	\$ 145	\$ 88
Investment in common stock of UAL Corporation, at quoted market value (1996 - 525,053 shares, cost \$14,803; 1995 - 126,762 shares, cost \$12,499 - Note 8).	32,914	22,524
	-----	-----
	\$ 33,059	\$ 22,612
	=====	=====

LIABILITIES AND PARTICIPANTS' EQUITY

Payable to terminating and partially withdrawing participants, at quoted market value (1996 - 12,943 shares, cost \$388; 1995 - 2,621 shares, cost \$254 - Note 8).	\$ 812	\$ 466
Participants' equity	32,247	22,146
	-----	-----
	\$ 33,059	\$ 22,612
	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

EMPLOYEES' STOCK PURCHASE PLAN
OF UAL CORPORATION

STATEMENTS OF CHANGES IN PARTICIPANTS' EQUITY
(In Thousands)

	Year Ended December 31		
	1996	1995	1994
	----	----	----
Balance at beginning of year	\$ 22,146	\$ 11,089	\$ 36,768
Increase (decrease) during year:			

Participants' payroll deductions	3,849	2,975	4,601
Realized gain on stock distributed to participants	1,312	1,208	4,925
Unrealized appreciation (depreciation) in value of investment	8,086	10,408	(9,090)
Stock and cash for fractional shares distributed or amounts payable to participants, at market value	(3,146)	(3,534)	(6,489)
Cash distributed in connection with recapitalization	-	-	(19,626)
	-----	-----	-----
	10,101	11,057	(25,679)
	-----	-----	-----
Balance at end of year	\$ 32,247	\$ 22,146	\$ 11,089
	=====	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

EMPLOYEES' STOCK PURCHASE PLAN
OF UAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) The Plan

The Employees' Stock Purchase Plan of UAL Corporation (the "Plan") is sponsored by UAL Corporation ("UAL"). UAL offers participation in the Plan to eligible employees of UAL and its subsidiaries.

(2) Purchase and Distribution of Stock

Purchases are made by the Plan monthly, and the shares purchased are credited to the accounts of each participant on the basis of the ratio of the participant's contribution to total participants' contributions for the month. The cost of common stock purchased for the Plan includes all brokerage charges involved in the purchase.

When shares of stock are distributed to the individual participants pursuant to the terms of the Plan, the market value of such shares is removed from the investment account of the Plan.

Terminating participants receive a certificate for the full number of shares, plus cash for the fractional shares, held for their accounts. Partially withdrawing participants receive certificates for the full number of shares withdrawn. There are no forfeiture provisions under the Plan with respect to participants' contributions.

(3) Investment in Common Stock of UAL

The investment in common stock of UAL is valued at the year-end published market prices as reported by the New York Stock Exchange.

(4) Realized Gain on Stock Distributed to Participants

Gains on stock distributed to participants are realized to the extent of the difference between cost at acquisition and market value at the date of distribution.

(5) Unrealized Appreciation (Depreciation) in Value of Investment

The unrealized appreciation (depreciation) in the value of investment is the change from the prior year-end to the current year-end in the difference between the market value and the cost of the investment.

The following is a summary of unrealized appreciation (depreciation):

(In Thousands)	1996	1995	1994
	----	----	----
Balance at beginning of year	\$ 10,025	\$ (383)	\$ 8,707
Increase (decrease) during year	8,086	10,408	(9,090)
	-----	-----	-----
Balance at end of year	\$ 18,111	\$10,025	\$ (383)
	=====	=====	=====

(6) Administrative Expenses of the Plan

All administrative expenses of the Plan are paid by UAL.

(7) Federal Income Tax

Under existing federal income tax laws, the Plan is not subject to federal income tax. Any dividend income is taxable to the participants upon distribution and receipt. When any shares of stock or rights acquired under the Plan are sold by or for a participant, any gain or loss must be recognized by that participant.

(8) Stock Split

In April 1996, the shareholders of UAL approved a four-for-one split of the UAL's common stock in the form of a 300% dividend effective at the close of business on May 6, 1996.

(9) Employee Investment Transaction and Recapitalization

On July 12, 1994, the shareholders of UAL approved a plan of recapitalization to provide an approximately 55% equity interest in UAL to certain employees of United in exchange for wage concessions and work-rule changes. The employees' equity interest will be allocated to individual employees through the year 2000 under Employee Stock Ownership Plans ("ESOPs") which were created as a part of the recapitalization. Pursuant to the terms of the plan of recapitalization, holders of old UAL common stock received approximately \$2.1 billion in cash and the remaining 45% of the equity in the form of new common stock, which was issued at the rate of one half share of new common stock for each share of old common stock.

The cash consideration received by the Plan was distributed to Plan participants at a rate of \$84.81 per old common share held in the Plan as of July 12, 1994. Additionally, each old common share held by participants as of this date was exchanged for one half new common share, thereby reducing the Plan participants' balances proportionately.

Exhibit 23

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation of our report included in Exhibit 99 of the UAL Corporation Form 10-K for the year ended December 31, 1996, into the Company's previously filed Post Effective Amendment No. 1 to Form S-8 Registration Statement (File No. 2-67368) and the Post-Effective Amendment No. 2 to Form S-8 Registration Statement (File No. 33-37613) for the Employees' Stock Purchase Plan of UAL Corporation.

/s/ Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Chicago, Illinois
March 5, 1997