

NEW ISSUES—BOOK-ENTRY ONLY

Rating: See “RATING” herein.

In the opinion of Bracewell & Giuliani LLP and West & Associates, LLP (“Co-Bond Counsel”), under existing law, (i) interest on the Series 2015B Bonds (as defined below) is excludable from gross income for federal income tax purposes, except with respect to interest on any Series 2015B Bond for any period during which such Series 2015B Bond is held by a person who, within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, is a “substantial user” or a “related person” to such a “substantial user” of the facilities financed or refinanced with the proceeds of the Series 2015B Bonds, as described under “TAX MATTERS” herein, and (ii) interest on the Series 2015B Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on individuals and corporations. See “TAX MATTERS” herein for a discussion of the opinion of Co-Bond Counsel.

\$176,650,000

City of Houston, Texas

**Airport System Special Facilities Revenue Bonds
(United Airlines, Inc. Terminal Improvement Projects),
Series 2015B-1 (AMT)**

\$47,390,000

City of Houston, Texas

**Airport System Special Facilities Revenue Refunding Bonds
(United Airlines, Inc. Terminal Improvement Projects),
Series 2015B-2 (AMT)**

Date of Interest Accrual: Date of Delivery

Due: July 15, as shown on the inside cover page hereto

The City of Houston, Texas Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) (the “Series 2015B-1 Bonds”) and the City of Houston, Texas Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) (the “Series 2015B-2 Bonds”) and, together with the Series 2015B-1 Bonds, the “Series 2015B Bonds”) will be issued in fully-registered form in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and will be available to ultimate purchasers under the book-entry only system maintained by DTC. The Series 2015B Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. So long as Cede & Co. is the registered owner of the Series 2015B Bonds, principal of, premium, if any, and interest on the Series 2015B Bonds will be payable by The Bank of New York Mellon Trust Company, National Association, as trustee (the “Trustee”), to DTC, which will in turn remit such payments to its participants for subsequent disbursement to beneficial owners of such Series 2015B Bonds, as more fully described herein. Interest on the Series 2015B Bonds will be payable on each January 15 and July 15, commencing July 15, 2015, until maturity or earlier redemption.

The Series 2015B Bonds will be subject to optional redemption, mandatory sinking fund redemption, and extraordinary mandatory redemption prior to maturity, each as more fully described herein under “THE SERIES 2015B BONDS—Optional Redemption,” “—Mandatory Sinking Fund Redemption,” and “—Extraordinary Mandatory Redemption.”

The Series 2015B-1 Bonds are being issued by the City of Houston, Texas (the “City”) to finance the improvement, construction and installation of certain passenger terminal facilities for United Airlines, Inc. (“United”) in and adjacent to Terminal B at George Bush Intercontinental Airport/Houston (the “Airport”). The Series 2015B-2 Bonds are being issued by the City to provide a portion of the funds for the redemption of the City’s outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B (the “Series 1997B Bonds”) and Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B (the “Series 1998B Bonds”) and, together with the Series 1997B Bonds, the “Series 97/98B Bonds”). The Series 97/98B Bonds were originally issued to finance a portion of the cost of the acquisition, construction, improvement and equipping of certain terminal facilities in Terminal B and elsewhere at the Airport for use by United. The facilities constructed with the proceeds of the Series 97/98B Bonds have been completed and are currently in service at the Airport.

The Series 2015B Bonds will be secured on a parity with the City’s outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT) (the “Series 2011 Bonds”). The improvements located in Terminal B and elsewhere at the Airport that were financed by the Series 97/98B Bonds and by the Series 2011 Bonds, and the improvements to be financed by the Series 2015B-1 Bonds and any additional bonds that may be issued in the future and secured on a parity with the Series 2011 Bonds and the Series 2015B Bonds (the Series 2011 Bonds, the Series 2015B Bonds, and any such additional bonds being referred to herein as “Bonds”) are herein referred to as the “Special Facilities.” The Series 2015B Bonds will be issued as special limited obligations of the City, payable solely from and secured by a pledge of certain pledged revenues of the City more fully described herein, consisting primarily of net rentals to be paid by United pursuant to the Second Amended and Restated Special Facilities Lease (as defined herein) between the City and



In addition, the payment to the Trustee of all amounts required for the full and prompt payment of the principal of, premium, if any, and interest on the Series 2015B Bonds will be unconditionally guaranteed by United pursuant to a Guaranty between United and the Trustee, as further described herein. The Series 2015B Bonds will also be payable from and secured by a portion of certain rentals that may be received by the City following a termination of United’s possession rights under the Second Amended and Restated Special Facilities Lease while any Series 2015B Bonds remain outstanding, through a reletting of the Special Facilities by the City to one or more replacement tenants, all as further described herein.

United is a U.S.-based air carrier that transports people and cargo through its mainline and regional operations, either directly or through participation in Star Alliance®. On March 31, 2013, United Air Lines, Inc. (“Old United”), a wholly-owned subsidiary of United Continental Holdings, Inc. (“UAL”), merged with and into Continental Airlines, Inc. (“Continental”), another wholly-owned subsidiary of UAL, to form one legal entity (the “Airlines Merger”), with Continental continuing as the surviving corporation of the Airlines Merger and as a wholly-owned subsidiary of UAL. Upon closing of the Airlines Merger on March 31, 2013, Continental’s name was changed to United Airlines, Inc.

The Series 2015B Bonds shall never constitute an indebtedness of the City within the meaning of any provisions of the Constitution or laws of the State of Texas or the City’s Home Rule Charter and shall not be general obligations of the City. The holders of the Series 2015B Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and may not be repaid in any circumstances from tax revenues or general revenues of the City’s airport system.

AN INVESTMENT IN THE SERIES 2015B BONDS INVOLVES SIGNIFICANT RISKS. For more complete information with respect to the security and sources of payment for the Series 2015B Bonds and certain risks with respect thereto, see “SECURITY FOR THE SERIES 2015B BONDS,” and “CERTAIN BONDOWNERS’ RISKS” herein.

PRINCIPAL AMOUNTS, MATURITY DATES, INTEREST RATES, PRICES AND YIELDS ON INSIDE COVER PAGE

This cover page and the inside cover page hereto contain certain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in any of the Series 2015B Bonds. Investors are advised to read the Official Statement in its entirety before making an investment decision.

The Series 2015B Bonds are offered when, as and if issued by the City and accepted by the Underwriters (as defined herein) and subject to the approving opinion of the Attorney General of the State of Texas and to receipt of an approving legal opinion of Co-Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney; for United by Richa Himani, its Senior Counsel - Commercial Transactions, and for the Underwriters by their counsel O’Melveny & Myers LLP. The Series 2015B Bonds are expected to be available for delivery through the facilities of DTC in New York, New York, on or about March 26, 2015.

Citigroup

Barclays

Cabrera Capital Markets, LLC

Siebert Brandford Shank & Co., L.L.C.

March 11, 2015

\$176,650,000
City of Houston, Texas
Airport System Special Facilities Revenue Bonds
(United Airlines, Inc. Terminal Improvement Projects),
Series 2015B-1 (AMT)

\$77,605,000 5.000% Term Bond due July 15, 2030
Priced at 104.247% (Yield 4.480%) CUSIP[†] 4423487R3

\$99,045,000 5.000% Term Bond due July 15, 2035
Priced at 103.246% (Yield 4.600%) CUSIP[†] 4423487S1

\$47,390,000
City of Houston, Texas
Airport System Special Facilities Revenue Refunding Bonds
(United Airlines, Inc. Terminal Improvement Projects),
Series 2015B-2 (AMT)

\$47,390,000 5.000% Term Bond due July 15, 2020
Priced at 106.847% (Yield 3.570%) CUSIP[†] 4423487T9

[†] CUSIP is a registered trademark of The American Bankers Association. CUSIP numbers have been assigned to the Series 2015B Bonds by the CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided solely for the convenience of potential investors. None of the City, United or the Underwriters are responsible for the selection or accuracy of the CUSIP numbers set forth herein.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement (including Appendices) in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the City, United or the Underwriters. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City or United since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any of the Series 2015B Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. The City neither has nor assumes any responsibility as to the accuracy of the information in this Official Statement (other than that under the headings "GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON—General," "NO LITIGATION" and "FINANCIAL ADVISOR," for which the City assumes full and sole responsibility).

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF ANY OF THE SERIES 2015B BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS, PROJECTIONS, ESTIMATES AND OTHER "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE," "FORECAST," "ASSUME" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH FORECASTS, PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS. ANY SUCH FORWARD-LOOKING STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS OR PERFORMANCE TO DIFFER MATERIALLY FROM THOSE THAT HAVE BEEN FORECASTED, ESTIMATED OR PROJECTED. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE CITY AND UNITED DISCLAIM ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGES IN THEIR EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

THE SERIES 2015B BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST INDENTURE (AS DEFINED HEREIN) BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2015B BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE SERIES 2015B BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SERIES 2015B BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The order and the placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or holders of any of the Series 2015B Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact.

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OFFICIAL STATEMENT
relating to

\$176,650,000

City of Houston, Texas

Airport System Special Facilities Revenue Bonds
(United Airlines, Inc. Terminal Improvement Projects),
Series 2015B-1 (AMT)

\$47,390,000

City of Houston, Texas

Airport System Special Facilities Revenue Refunding Bonds
(United Airlines, Inc. Terminal Improvement Projects),
Series 2015B-2 (AMT)

INTRODUCTION

This Official Statement, dated as shown on the cover page hereof, of the City of Houston, Texas (the “City”) is provided to furnish information concerning \$176,650,000 aggregate principal amount of the City’s Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) (the “Series 2015B-1 Bonds”) and \$47,390,000 aggregate principal amount of the City’s Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) (the “Series 2015B-2 Bonds” and, together with the Series 2015B-1 Bonds, the “Series 2015B Bonds”). The City is a municipal corporation organized as a home rule city, situated principally in Harris County, Texas. The City owns and manages George Bush Intercontinental Airport/Houston (the “Airport”), among other airports within the City.

The Series 2015B Bonds

The Series 2015B Bonds are being issued by the City under and pursuant to a Third Supplemental Terminal Trust Indenture dated as of March 1, 2015, which supplements that certain Trust Indenture dated as of March 1, 1997, as previously supplemented by a First Supplemental Terminal Trust Indenture dated as of December 1, 1998 and by a Second Supplemental Terminal Trust Indenture dated as of November 1, 2011 (as supplemented, collectively, the “Trust Indenture”), each by and between the City and The Bank of New York Mellon Trust Company, National Association, as successor in trust to Chase Bank of Texas, National Association and Texas Commerce Bank National Association, as trustee (the “Trustee”).

Each of the Series 2015B-1 Bonds and the Series 2015B-2 Bonds will be secured on a parity under the Trust Indenture with the City’s Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT) (the “Series 2011 Bonds”). As of March 1, 2015, \$113,305,000 aggregate principal amount of Series 2011 Bonds were outstanding. The City’s currently-outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B (the “Series 1997B Bonds”) and Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B (the “Series 1998B Bonds” and, together with the Series 1997B Bonds, the “Series 97/98B Bonds”), which are currently outstanding in the aggregate principal amount of \$65,630,000 and which are also secured on a parity under the Trust Indenture with the Series 2011 Bonds, are anticipated to be refunded in full with the proceeds of the Series 2015B-2 Bonds or, to the extent not so refunded, to be redeemed, on the same date as the issuance of the Series 2015B-2 Bonds, with funds separately provided by United. The Series 97/98B Bonds and the Series 2011 Bonds will be collectively referred to in this Official Statement as the “Prior Bonds,” and the Prior Bonds, the Series 2015B Bonds, and any additional bonds issued in the future and secured on a parity with such bonds under the Trust Indenture will be collectively referred to in this Official Statement as the “Bonds.”

Proceeds of the Series 2015B-1 Bonds will be used to construct a new, two-story North Concourse building at Terminal B at the Airport, anticipated to support 11 narrow-body aircraft gates (at least two of which are also anticipated to support wide-body aircraft) with jet bridge loading, for operations by United Airlines, Inc. (“United”) at the Airport, and to make certain additional improvements to related terminal facilities (collectively, the “Series 2015B Special Facilities”). The new North Concourse building will replace the ramp-level regional aircraft boarding corridors to the east of the existing circular flight stations on the north side of Terminal B, including all 14

regional aircraft boarding areas contained in such boarding corridors and related hardstand aircraft parking positions. The demolition of such boarding corridors and areas will also be funded with proceeds of the Series 2015B-1 Bonds.

Proceeds of the Series 97/98B Bonds were used to make certain upgrades to Terminal B and to construct and install certain improvements supporting United's operations in Terminals C and D at the Airport. Proceeds of the Series 2011 Bonds were used to replace the South circular flight stations of Terminal B with a new South Concourse building at Terminal B for United's regional jet operations at the Airport (the "Series 2011 Special Facilities"). United no longer leases or occupies the improvements in Terminal D that were financed with the proceeds of the Series 97/98B Bonds, although United remains obligated to make payments to the Trustee, as assignee of the City, with respect to all of the Bonds, including the Series 97/98B Bonds that financed such Terminal D improvements. United continues to lease and occupy all of the improvements in Terminals B and C that were financed with the proceeds of the Series 97/98B Bonds and the Series 2011 Bonds. The Series 2011 Special Facilities and all other improvements in Terminals B and C that were financed with the Prior Bonds are collectively referred to herein as the "Prior Special Facilities." The Series 2015B Special Facilities, the Prior Special Facilities, and any facilities financed with the proceeds of any additional Bonds that may be issued in the future will be collectively referred to in this Official Statement as the "Special Facilities." United uses the Airport as one of its principal hubs and leases and uses additional passenger terminal and other support facilities at the Airport besides the Special Facilities. See "GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON" and "THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS" herein. In addition to financing the Series 2015B Special Facilities, proceeds of the Series 2015B-1 Bonds will also be used to fund capitalized interest on the Series 2015B-1 Bonds and to pay certain costs of issuance of the Series 2015B-1 Bonds. See "PLAN OF FINANCE AND APPLICATION OF SERIES 2015B BOND PROCEEDS—Estimated Sources and Uses of Funds for Series 2015B-1 Bonds" herein.

Proceeds of the Series 2015B-2 Bonds will be used to provide a portion of the funds for the redemption of the Series 97/98B Bonds, as further described under the heading "PLAN OF FINANCE AND APPLICATION OF SERIES 2015B BOND PROCEEDS—Estimated Sources and Uses of Funds for Series 2015B-2 Bonds" herein. The Series 1997B Bonds and the Series 1998B Bonds were originally issued by the City in the aggregate principal amounts of \$71,200,000 and \$20,630,000, respectively, of which a total of \$65,630,000 currently remains outstanding (\$45,000,000 of Series 1997B Bonds and \$20,630,000 of Series 1998B Bonds). All such currently-outstanding Series 97/98B Bonds will be redeemed in connection with the issuance of the Series 2015B-2 Bonds. See Schedule I— "SCHEDULE OF REFUNDED BONDS."

In connection with the redevelopment of Terminal B that began in 2011 and the issuance of the Series 2011 Bonds, the City and United entered into a Second Amended and Restated Special Facilities Lease Agreement (as amended from time to time, the "Second Amended and Restated Special Facilities Lease"), effective as of November 17, 2011.

The Second Amended and Restated Special Facilities Lease has a term extending until November 16, 2041, subject to certain earlier termination provisions (as to portions of Terminal B not included within the area where the Series 2011 Special Facilities were constructed or the Series 2015B Special Facilities are to be constructed, or upon an event of default) and extension provisions, as further described herein. Specifically, with respect to the Series 2015B Special Facilities, if the 25th anniversary of the date of substantial completion of such facilities is later than November 16, 2041, the term of the Second Amended and Restated Special Facilities Lease shall extend to the date of such 25th anniversary of the date of substantial completion of such Series 2015B Special Facilities (subject to the issuance of a legal opinion of Bond Counsel stating that such extension of the term with respect to the Series 2015B Special Facilities will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes (a "Favorable Opinion of Bond Counsel")). United has the right, in certain circumstances, to extend the term of the Second Amended and Restated Special Facilities Lease with respect to certain facilities governed by such lease so as to ensure that the term as to all such facilities ends concurrently, provided that the term may not in any event extend beyond November 16, 2051. For additional information regarding the term of the Second Amended and Restated Special Facilities Lease see "THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Second Amended and Restated Special Facilities Lease; Related Lease Arrangements—Term (Terminal B Elements)" and "—Memorandum of Agreement" herein.

Pursuant to the Second Amended and Restated Special Facilities Lease, the City leases to United: (i) the Special Facilities in Terminal B (including the Prior Special Facilities in Terminal B and any future Special Facilities in Terminal B, which will include the 2015 Special Facilities), (ii) certain other facilities in Terminal B that existed as of the effective date of the Second Amended and Restated Special Facilities Lease (i.e., November 17, 2011), including the aircraft gates in the two North circular flight stations of Terminal B (such facilities, the “Existing Terminal B Improvements”), (iii) the ground areas upon which all such improvements are located, and (iv) the Prior Special Facilities in Terminal C that were financed with the proceeds of the Series 97/98B Bonds. United is obligated to make certain net rental payments to the Trustee (the “Special Facilities Payments”), as assignee of the City, in an amount that is sufficient to pay as and when due the principal of, premium, if any, and interest on any and all Bonds issued under the Trust Indenture, including the Series 2011 Bonds and the Series 2015B Bonds. Also under the Second Amended and Restated Special Facilities Lease, the City may lease to United future facilities constructed by United, and/or grant rights to facilities constructed by the City, that are financed with the proceeds of future Bonds that may be issued under the Trust Indenture. In addition, United is obligated to pay to the City under the Second Amended and Restated Special Facilities Lease certain additional rentals for the right to use and occupy the ground areas underlying Terminal B (the “Ground Rentals”), certain operating and maintenance expenses and other charges related to Terminal B (the “City Charges”), and certain aircraft landing fees based on the total landed weight of United’s aircraft operating at the Airport (the “Landing Fees”), which payments are not pledged to the payment of principal of, premium, if any, and interest on the Bonds. For further discussion of the Ground Rentals, City Charges and Landing Fees, see “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Second Amended and Restated Special Facilities Lease; Related Lease Arrangements” herein. The Series 2015B Bonds will be issued as special limited obligations of the City secured with respect to the pledge of the Pledged Revenues (as defined below) on a parity with the Series 2011 Bonds and any additional Bonds issued in the future under the Trust Indenture. The Series 2015B Bonds will be payable solely from and secured by a pledge of certain pledged revenues of the City relating to the Special Facilities (the “Pledged Revenues”), including the Special Facilities Payments paid or payable by United under the Second Amended and Restated Special Facilities Lease, but not including the Ground Rentals, the City Charges or the Landing Fees. The Pledged Revenues will also include certain revenues that may be realized by the City following a termination of United’s possession rights with respect to the Special Facilities under the Second Amended and Restated Special Facilities Lease while any Bonds remain outstanding through a reletting of the Special Facilities by the City, including the new North Concourse at Terminal B, to one or more replacement tenants, as further described herein. In addition, pursuant to a Guaranty Agreement dated as of March 1, 2015 (the “Guaranty”), the payment to the Trustee of all amounts required for the full and prompt payment of the principal of, premium, if any, and interest on the Series 2015B Bonds will be unconditionally guaranteed by United. United has also similarly guaranteed the full and prompt payment when due of the principal of, premium, if any, and interest on each series of the Prior Bonds under separate guaranty agreements.

The Series 2015B Bonds shall never constitute an indebtedness of the City within the meaning of any provisions of the Constitution or laws of the State of Texas or the City’s Home Rule Charter and shall not be general obligations of the City. The holders of the Series 2015B Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and may not be repaid in any circumstances from tax revenues or general revenues of the City’s airport system. In addition, the Series 2015B Bonds shall not constitute obligations of the City’s airport system and no revenues of the City’s airport system are pledged or will be made available to repay any of the Series 2015B Bonds.

AN INVESTMENT IN THE SERIES 2015B BONDS INVOLVES SIGNIFICANT RISKS. See “SECURITY FOR THE SERIES 2015B BONDS,” and “CERTAIN BONDOWNERS’ RISKS” herein.

The Series 2015B Bonds will be issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and will be made available to ultimate purchasers under the book-entry only system maintained by DTC. The Series 2015B Bonds will be dated, mature, bear interest and be subject to redemption prior to maturity as described herein. See “THE SERIES 2015B BONDS” herein.

Information Relating to the United Merger

On May 2, 2010, UAL Corporation, Continental Airlines, Inc. (together with its consolidated subsidiaries, “Continental”) and JT Merger Sub Inc., a wholly-owned subsidiary of UAL Corporation, entered into

an Agreement and Plan of Merger. On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL Corporation (the “October 1, 2010 Merger”). Upon closing of the October 1, 2010 Merger, UAL Corporation became the parent company of both United Air Lines, Inc. (“Old United”) and Continental and UAL Corporation’s name was changed to United Continental Holdings, Inc. (“UAL”).

On March 31, 2013, Old United, a wholly-owned subsidiary of UAL, merged with and into Continental to form one legal entity (the “Airlines Merger”), with Continental continuing as the surviving corporation of the Airlines Merger and as a wholly-owned subsidiary of UAL. Upon the closing of the Airlines Merger on March 31, 2013, Continental’s name was changed to United Airlines, Inc.

United is the principal operating subsidiary of UAL, although UAL also has additional direct subsidiaries that serve ancillary support functions or otherwise engage in limited activities. United also has a number of subsidiaries that conduct various business related to its operations. The obligation to pay any amounts due to support payment of the Bonds will be solely an obligation of United, and not of UAL or any other existing or future subsidiary of UAL. Unless the context otherwise requires, references to “the Company” herein refer to UAL and United, collectively.

Information Relating to Other Matters

United is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith, files reports and other information with the Securities and Exchange Commission (the “SEC”), which may be in the form of combined reports reflecting information about both United and UAL. Certain information with respect to United and UAL is furnished herein and in Appendix A hereto and incorporated therein by reference from materials on file with the SEC. See “UNITED AIRLINES, INC.” herein and Appendix A—“Availability of Certain Information Relating to United Airlines, Inc.” Such information has been provided by United and has not been independently verified by the City or the Underwriters, and neither the City nor the Underwriters make any representations or warranties, express or implied, as to the accuracy or completeness of such information. In addition, certain information with respect to the City and its airport system is furnished herein under the captions “GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON—General,” “NO LITIGATION,” and “FINANCIAL ADVISOR.” Such information has been provided by the City and has not been independently verified by United or the Underwriters, and neither United nor the Underwriters make any representations or warranties, express or implied, as to the accuracy or completeness of such information. Further, in connection with the issuance and sale of the Bonds, United will agree to provide certain annual financial information and notices of the occurrence of certain events. See “CONTINUING DISCLOSURE” herein.

This Official Statement contains certain information and descriptions relating to the Airport, UAL, United, the Special Facilities, the Series 2015B Bonds, the Second Amended and Restated Special Facilities Lease, the Guaranty and the Trust Indenture. Such information and descriptions do not purport to be comprehensive or definitive. All references herein to specified documents are qualified in their entirety by reference to each such document, copies of which are available from United and the Underwriters during the initial offering period, and all references to any of the Series 2015B Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the aforesaid documents. Capitalized terms not defined herein have the meanings specified in the Trust Indenture. See Appendix B—“Summary of Certain Provisions of the Trust Indenture—Definitions.”

The foregoing Introduction contains only a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement.

PLAN OF FINANCE AND APPLICATION OF SERIES 2015B BOND PROCEEDS

Plan of Finance

Proceeds of the Series 2015B-1 Bonds will be used (i) to fund a deposit into the Series 2015B-1 Construction Account, an account within the Acquisition Fund established under the Trust Indenture, to fund the costs of designing, constructing, equipping, and installing the Series 2015B Special Facilities; (ii) to fund a deposit into the Series 2015B-1 Capitalized Interest Account within the Interest and Redemption Fund established under the Trust Indenture to fund capitalized interest with respect to the Series 2015B-1 Bonds through July 15, 2016, and (iii) to pay certain of the costs of issuance of the Series 2015B-1 Bonds. See “— Estimated Sources and Uses of Funds for Series 2015B-1 Bonds” below.

Proceeds of the Series 2015B-2 Bonds will be used to provide a portion of the funds for the redemption of the outstanding Series 97/98B Bonds, as further described in Schedule I hereto, with the remaining funds for such redemption being separately provided by United. See “—Estimated Sources and Uses of Funds for Series 2015B-2 Bonds” below.

Estimated Sources and Uses of Funds for Series 2015B-1 Bonds

The following table sets forth the estimated sources and uses of funds for the Series 2015B-1 Bonds:

SOURCES OF FUNDS

Par Amount of the Series 2015B-1 Bonds	\$ 176,650,000.00
Original Issue Premium	<u>6,510,885.05</u>
Total	\$ <u>183,160,885.05</u>

USES OF FUNDS

Series 2015B-1 Construction Account deposit ¹	\$ 170,003,558.33
Series 2015B-1 Capitalized Interest Account deposit ²	11,506,784.72
Costs of Issuance of Series 2015B-1 Bonds ³	<u>1,650,542.00</u>
Total	\$ <u>183,160,885.05</u>

¹ The deposit into the Series 2015B-1 Construction Account of the Acquisition Fund, together with the estimated investment earnings thereon, are expected to be sufficient to pay the costs of construction of the Series 2015B Special Facilities.

² To be deposited into the Series 2015B-1 Capitalized Interest Account to fund capitalized interest with respect to the Series 2015B-1 Bonds through July 15, 2016.

³ Includes underwriting discount and other costs of issuance.

Estimated Sources and Uses of Funds for Series 2015B-2 Bonds

The following table sets forth the estimated sources and uses of funds for the Series 2015B-2 Bonds and other funds that will be provided by United or transferred from existing fund balances held under the Trust Indenture with respect to the Series 97/98B Bonds to be refunded:

SOURCES OF FUNDS

Par Amount of the Series 2015B-2 Bonds	\$ 47,390,000.00
Original Issue Premium	3,244,793.30
Additional Funds Provided by United	16,175,962.60
Transferred Fund Balances	<u>83.43</u>
Total	\$ <u>66,810,839.33</u>

USES OF FUNDS

Deposits into Series 1997B and 1998B Redemption Accounts ¹	\$ 66,405,509.33
Costs of Issuance of Series 2015B-2 Bonds ²	400,536.70
Interest and Redemption Fund deposit	<u>4,793.30</u>
Total	\$ <u>66,810,839.33</u>

¹ The deposits into the Series 1997B Redemption Account and the Series 1998B Redemption Account in the Interest and Redemption Fund are calculated to be sufficient to pay the principal amount of and accrued interest on all of the outstanding Series 1997B Bonds and Series 1998B Bonds at the date of their redemption (and such calculations have been verified by Grant Thornton LLP, verification agent).

² Includes underwriting discount and other costs of issuance.

The funds separately provided by United and transferred from existing fund balances will be used to pay: (i) all accrued interest on the Series 1997B Bonds and the Series 1998B Bonds to (but not including) the redemption date, (ii) principal on some or all of the 1997B Bonds maturing on July 15, 2017, and (iii) costs of issuance for the Series 2015B-2 Bonds.

In accordance with the terms of the Trust Indenture, redemption of the Series 97/98B Bonds is conditioned upon deposits being made to the Trustee of amounts sufficient to pay the principal of, premium, if any, and accrued interest on such Series 97/98B Bonds on or prior to the redemption date. Such deposits are anticipated to be made on the date of issuance of the Series 2015B Bonds and applied to redeem the Series 97/98B Bonds on that day. Thereafter, the Series 97/98B Bonds will be fully paid and no longer outstanding.

GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON

General

The Airport is situated on 10,000 acres of land approximately 22 miles north of downtown Houston. The Airport opened in 1969 and is the Houston area's dominant commercial airport facility. There are also two other airports located in the Houston area, William P. Hobby Airport and Ellington Airport, both of which are also owned and operated by the City and included as part of the City's airport system.

The Airport's facilities currently consist of five terminal buildings (i.e., Terminals A, B, C, D and E) with a total of 129 aircraft gates and 21 hardstand aircraft parking positions, and space for additional aircraft operations. The facilities provide public parking for nearly 22,000 automobiles in multi-story garages and surface lots, an automated underground train system that connects the existing five terminals and the Marriott Hotel located at the Airport, and an above-ground level automated people mover system ("APM") that connects all five terminals and a central federal customs and immigration inspection services building (the "Central FIS Facility").

Terminal A contains 19 aircraft gates and seven hardstand aircraft parking positions and is used by various airlines (including, to some extent, United) primarily for domestic aircraft operations. Terminal B, containing 46 aircraft gates and 14 hardstand aircraft parking positions, is used principally by United as the base of its regional jet operations at the Airport, and Terminal C, containing 29 aircraft gates, primarily serves United's domestic mainline operations. Various airlines (including, to some extent, United) operate primarily international operations out of Terminal D, which contains 12 aircraft gates. Terminal E, containing 23 gates, is used primarily by United and accommodates most of United's international flight operations, as well as many of United's domestic flight operations. The Central FIS Facility is located adjacent to Terminal D and Terminal E and has the capacity to process 4,500 arriving international passengers per hour.

The facilities included in Terminal B at the Airport will be modified in connection with the construction of the Series 2015B Special Facilities, with such modifications including the demolition of the 14 existing hardstand aircraft parking positions and the addition of 11 new aircraft gates, as further described under the heading "THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Description of the Series 2015B Special Facilities" herein. The development of the new North Concourse building in Terminal B is one phase of a larger construction project being conducted by United at Terminal B, which also included the construction of the South Concourse that was part of the Series 2011 Special Facilities. Additional phases of the project (each a "Deferred Phase") may or may not be constructed by United, as determined in its sole discretion, provided that the Director of the Houston Airport System must consent to the construction of any Deferred Phase. In addition, the City is considering undertaking a potential redevelopment of Terminal D. The Terminal D redevelopment is expected to take multiple years to complete, and will include, among other things, an increase in the number of wide-body aircraft gates at Terminal D and will be designed to enhance international service to and from Houston.

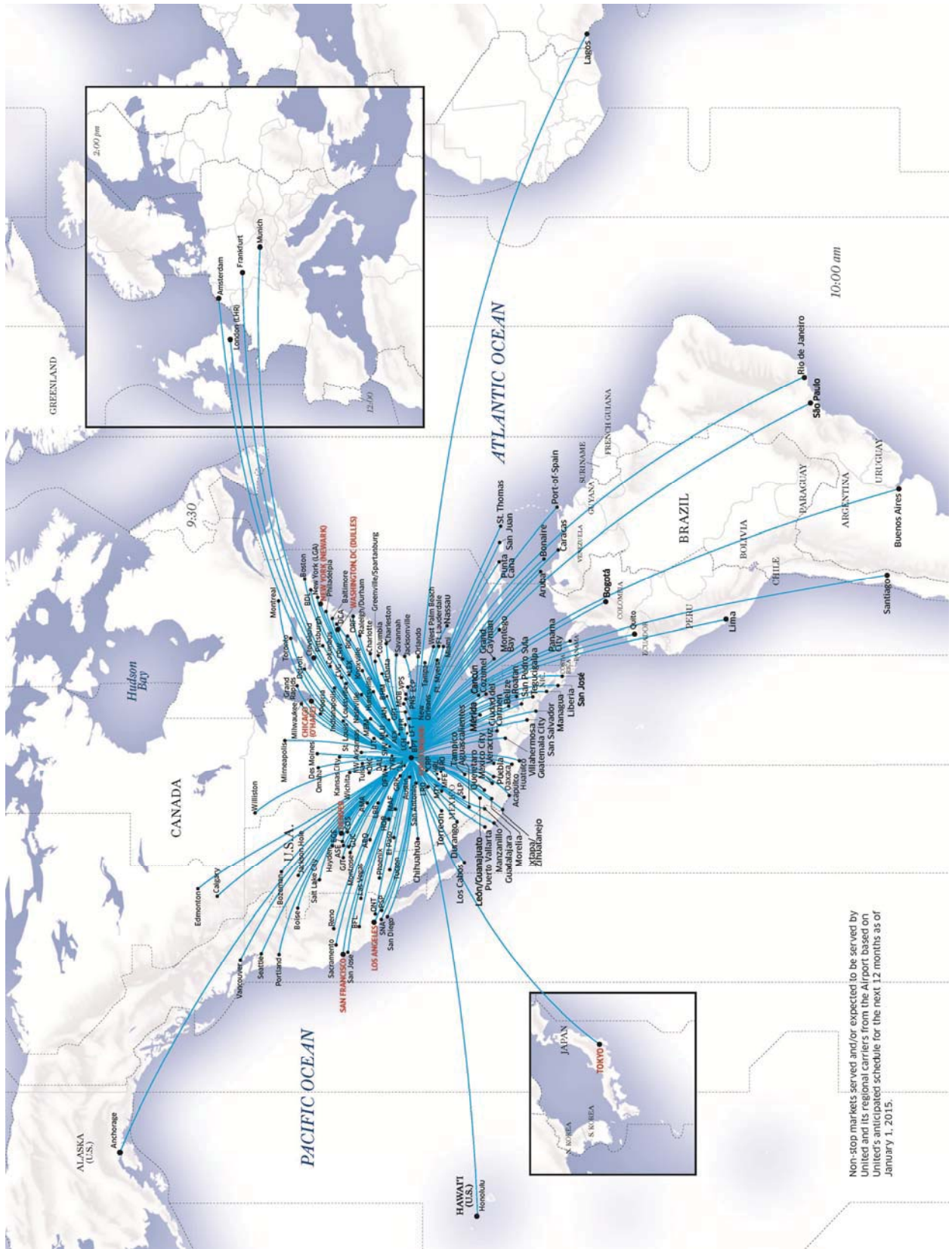
The Airport has five runways interconnected by a system of taxiways. One of the runways is 12,000 feet long, two are 10,000 feet long and the remaining two are at least 9,000 feet long. The runways are equipped with instrument landing systems, lighting systems, and other navigation aids and are configured to permit the simultaneous use of three runways for aircraft landings in poor visibility.

The Airport complex includes multiple air cargo buildings providing nearly one million square feet of space and a fuel farm that currently provides over 12 million gallons of storage capacity for jet fuel. Two fixed base operators provide airline, corporate and general aviation aircraft operations support. The Marriott Hotel is located between Terminal B and Terminal C and has 565 rooms. United and ExpressJet Airlines maintain aircraft hangar and maintenance facilities and flight simulator training facilities at the Airport. United also maintains an aircraft catering kitchen and a flight attendant training facility at the Airport. A consolidated rental car facility opened in August 2003 and was financed by the proceeds of certain bonds issued in 2001 that are not obligations of the City or United and that are secured by and payable from a customer facility charge assessed on rental car customers at the Airport.

United's Operations at the Airport

The Airport is the largest of United's principal domestic airport hubs in terms of passenger enplanements, accounting for approximately 11% of United's system-wide enplanements for the twelve months ending December 31, 2014. United and its regional carriers, respectively, enplaned approximately 11 million and 5 million passengers at the Airport in this period, approximately 65% of whom were passengers connecting from flights operated by United or its regional carriers. Such enplanements accounted for approximately 81% of the Airport's total enplaned passengers. No other airline accounted for more than 7% of the Airport's enplaned passengers in this period.

Based on United's anticipated schedule for the next 12 months as of January 1, 2015, (a) United expects to operate 230 average departures (excluding regional jets) each day from the Airport to 90 non-stop destinations, including 44 international destinations, and (b) United's regional carriers expect to operate an additional 333 average daily departures from the Airport to 96 domestic destinations and 28 international destinations. The drawing on the following page shows each of the non-stop markets served and/or expected to be served by United and its regional carriers from the Airport based on United's anticipated schedule for the next 12 months as of January 1, 2015.



Non-stop markets served and/or expected to be served by United and its regional carriers from the Airport based on United's anticipated schedule for the next 12 months as of January 1, 2015.

United's gate structure at the Airport allows for convenient connections of domestic and international flights. United believes that Houston is well suited for east/west connecting traffic. Further, United believes that the Airport is geographically positioned to be a superior gateway from the United States to Mexico and Central and South America, and the Airport is the focus of United's operations in such areas. Based on United's anticipated schedule for the next 12 months as of January 1, 2015, United and its regional carriers (a) expect to serve 177 destinations from the Airport, including 26 cities in Mexico, ten cities in Central America, eight cities in South America, nine Caribbean destinations, five cities in Canada, five cities in Europe and Africa, and Tokyo, and (b) expect to average 564 departures per day, or approximately five flights per day per gate leased by United at the Airport.

United's Current Terminal Facilities at the Airport

United and its regional carriers currently lease and occupy facilities in all five terminals at the Airport under various lease and license agreements with the City. As of the date hereof, and prior to the construction of the Series 2015B Special Facilities, United's terminal lease agreements at the Airport include:

Terminal A

<u>Agreement</u>	<u>Facilities</u>	<u>Term</u>
Use and Lease Agreement effective as of June 1, 2004 (the "Terminal A Lease")	Preferential use of four aircraft gates	Month to month
	Preferential use of seven hardstand aircraft parking positions	
	Preferential use of certain airfield apron areas	
	Exclusive use of certain related support facilities	
	Common use of certain baggage and additional support facilities	

Terminal B

<u>Agreement</u>	<u>Facilities</u>	<u>Term</u>
Second Amended and Restated Special Facilities Lease	Exclusive use of 16 aircraft gates in the North circular flight stations	Ending November 16, 2041 with respect to the Special Facilities and certain other facilities (or, if later with respect to a particular phase of Special Facilities, the 25 th anniversary of the substantial completion of such phase of Special Facilities (subject to the issuance of a Favorable Opinion of Bond Counsel)), and ending December 31, 2017 with respect to certain other facilities, subject in each case to certain extension rights and early termination provisions
	Exclusive use of 14 hardstand aircraft parking positions adjacent to the North circular flight stations	
	Preferential use of 30 aircraft gates in the South Concourse (constituting a portion of the Series 2011 Special Facilities)	
	Exclusive use of certain related support facilities	
	Preferential use of certain airfield apron areas	

Terminal C

<u>Agreements</u>	<u>Facilities</u>	<u>Term</u>
Use and Lease Agreement effective as of January 1, 1998 (the "Use and Lease Agreement")	Exclusive use of 29 aircraft gates Exclusive use of certain related support facilities Preferential use of certain airfield apron areas	Ending December 31, 2027, subject to certain extension rights and early termination provisions
Second Amended and Restated Special Facilities Lease	Prior Special Facilities located in Terminal C	Ending December 31, 2027, subject to certain extension rights and early termination provisions

Terminal D

<u>Agreement</u>	<u>Facilities</u>	<u>Term</u>
International Facilities Agreement effective as of July 1, 2004 (the "International Facilities Agreement")	Common use rights to aircraft gates Common use of certain baggage and support facilities	Month to month, ending no later than June 30, 2015

Terminal E

<u>Agreement</u>	<u>Facilities</u>	<u>Term</u>
Terminal E Lease and Special Facilities Lease Agreement effective as of August 1, 2001 (the "Terminal E Lease")	Exclusive use of 23 aircraft gates Exclusive use of certain related support facilities Preferential use of certain airfield apron areas	Ending on January 31, 2030, subject to certain extension rights and early termination provisions

United's preferential rights under its various agreements entitle it to first priority scheduling and use of the facilities to which it has preferential use rights. However, at times in which United has no scheduled use of its preferentially-leased areas, the City may allow other airlines to use such facilities.

The only rent payments pledged to the repayment of the Series 2015B Bonds are Special Facilities Payments paid by United under the Second Amended and Restated Special Facilities Lease, and none of United's payments of rentals under agreements other than the Second Amended and Restated Special Facilities Lease are pledged to the repayment of the Bonds. Although certain facilities in Terminal D were financed with the proceeds of the Prior Bonds, those facilities are no longer leased or occupied by United. Nevertheless, United continues to be obligated under the Second Amended and Restated Special Facilities Lease to pay sufficient amounts to the City to pay as and when due the principal of, premium, if any, and interest on all outstanding Bonds, including the Prior Bonds issued to finance the construction of improvements in Terminal D. No facilities in Terminals A or E were financed with proceeds of the Prior Bonds.

In addition to the Prior Bonds, \$308,660,000 aggregate principal amount of the City's Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project) Series 2014 (AMT) (the "Terminal E Bonds") have previously been issued for the benefit of United to refinance the cost of construction and improvements used by United at Terminal E at the Airport and currently remain outstanding. Such Terminal E Bonds will not be affected by the issuance of the Series 2015B Bonds or the refunding of the Series 97/98B Bonds. Pursuant to United's Terminal E Lease, United is obligated to pay net rentals to the City in an amount sufficient to pay as and when due all debt service payments on the Terminal E Bonds. No such payments with respect to the Terminal E Lease or the Terminal E Bonds are pledged to the repayment of the Series 2015B Bonds, and none of the

Pledged Revenues under the Second Amended and Restated Special Facilities Lease are pledged to repayment of the Terminal E Bonds. There are no currently-outstanding bonds for which United is responsible in connection with the facilities used by United at Terminals A or D at the Airport.

The drawing on the following page shows the current layout of the Airport's passenger terminals, including the aircraft gates and hardstand aircraft parking positions currently available to United in each terminal.

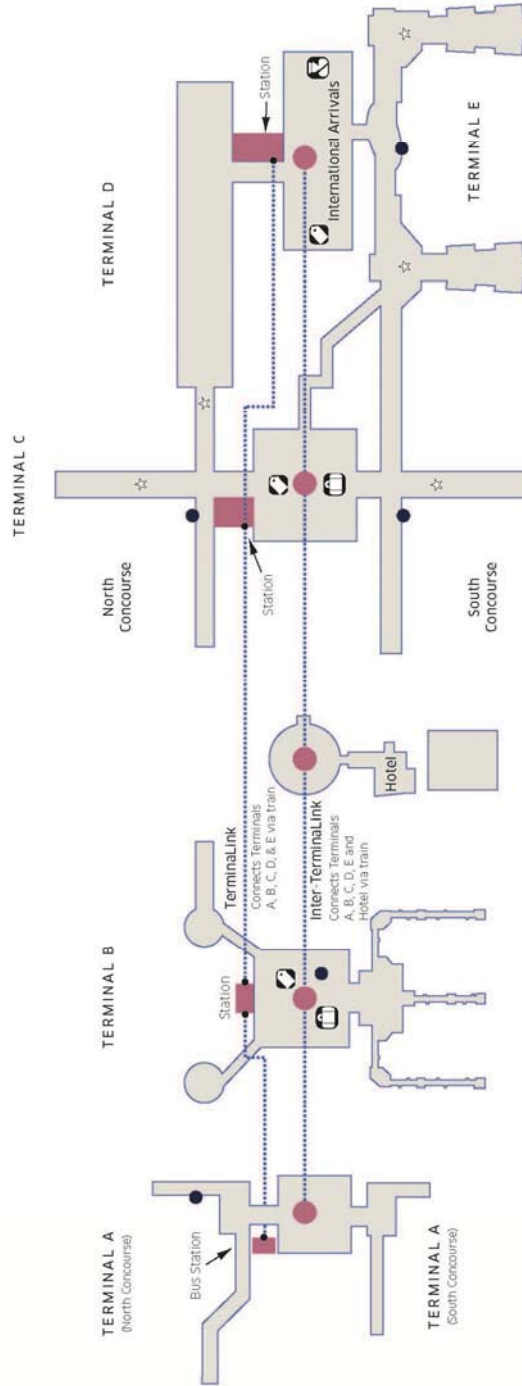
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United at Terminal A North
4 Gates
7 Hard Stands

United at Terminal B North
16 Gates
14 Hard Stands

United at Terminal C North
14 Gates

United at Terminal D
Common use flights to gates



United at Terminal B South
30 Gates

United at Terminal C South
15 Gates

United at Terminal E
23 Gates

- United Club™
- ☆ Kiosk Check-in/Customer Service Center
- ☑ Ticket/Check-in
- ☐ Baggage Claim
- ☑ Immigration
- Bus, Monorail or Train Transport

Existing Airport Passenger Terminal Layout

United's Other Facilities at the Airport

In addition to its terminal facilities, United leases from the City, under separate agreements, other grounds and facilities at the Airport in support of United's operations. These include an in-flight kitchen; a flight simulator training facility; an in-flight training facility; a ground support equipment maintenance facility; aircraft maintenance hangars; a mail sorting facility; air cargo buildings; and warehouse and other space at various locations on the Airport. United also leases various off-airport facilities in the immediate vicinity of the Airport for various United support functions.

Simultaneously with the issuance of the Series 2015B Bonds, the City intends to issue its Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (AMT) (the "Series 2015C Bonds") in an aggregate principal amount sufficient to refund in full \$44,600,000 of the City's currently-outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1997C (the "Series 1997C Bonds") and \$24,875,000 of the City's currently-outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1998C (the "Series 1998C Bonds"). Proceeds of the Series 1997C Bonds and the Series 1998C Bonds financed the construction of and improvements to many of United's support facilities at the Airport. The bonds previously issued and to be issued by the City to finance or refinance support facilities for the benefit of United at the Airport are collectively referred to herein as the "Support Facility Bonds."

None of the Support Facility Bonds will be affected by the issuance of the Series 2015B Bonds. Under United's lease agreement with the City with respect to United's support facilities at the Airport financed with the proceeds of the Support Facility Bonds, United is obligated to pay net rentals to the City in an amount sufficient to pay as and when due all debt service payments on the Support Facility Bonds. No such payments with respect to any Support Facility Bonds are pledged to the repayment of the Series 2015B Bonds, and none of the Special Facilities Payments or other Pledged Revenues under the Trust Indenture are pledged to repayment of any Support Facility Bonds.

THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS

The Special Facilities, United's rental payments for which will constitute the primary security for the Series 2015B Bonds, will consist of the following: (i) the Series 2015B Special Facilities to be financed with the proceeds of the Series 2015B-1 Bonds, (ii) the Prior Special Facilities, which are located in Terminals B and C at the Airport and were financed with the proceeds of the Prior Bonds, and (iii) any future facilities constructed by United and financed with the proceeds of future Bonds issued under the Trust Indenture, if any.

Description of the Series 2015B Special Facilities

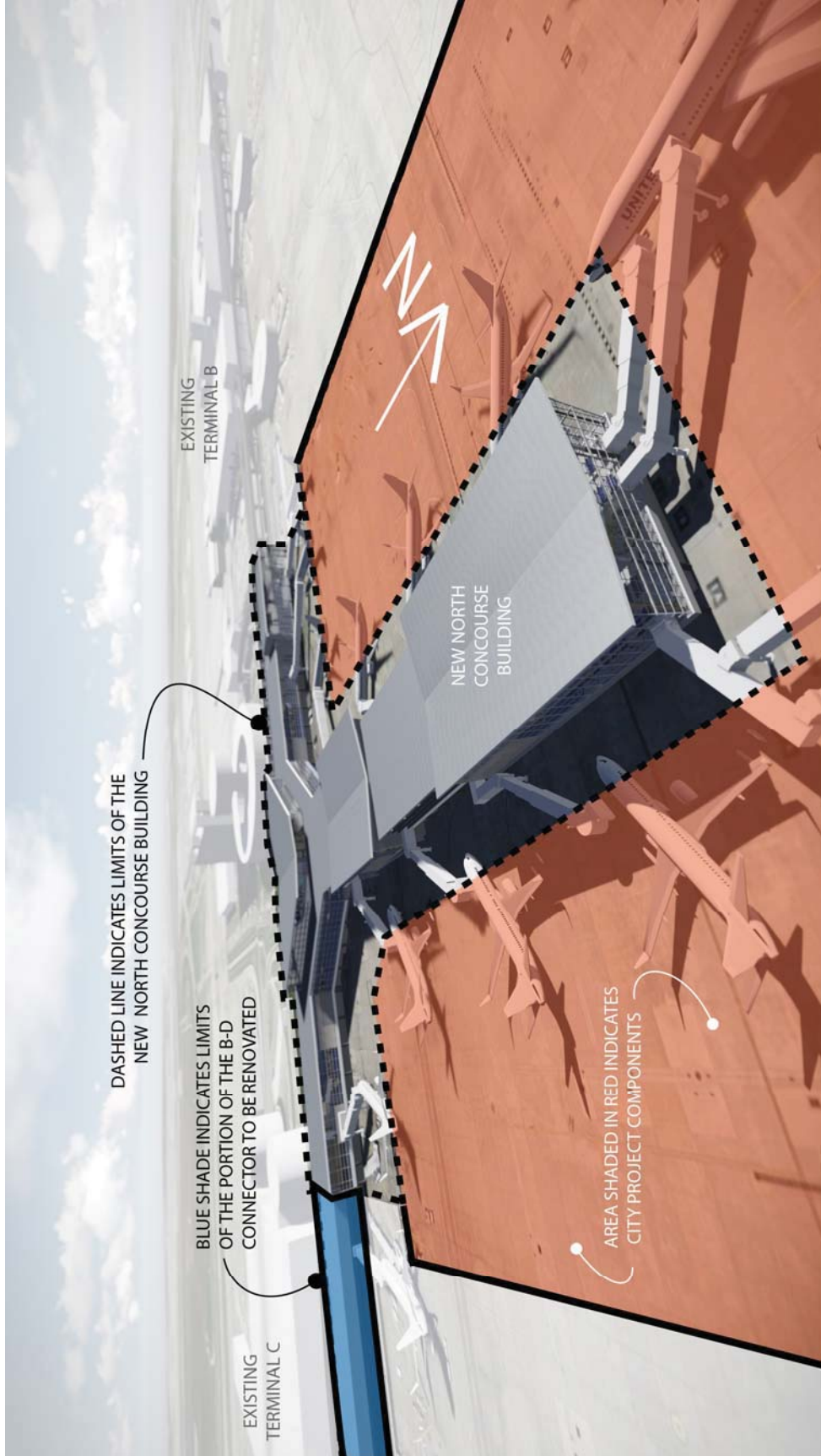
Proceeds of the Series 2015B-1 Bonds will be used by United to demolish the ramp-level regional aircraft boarding corridors to the east of the existing circular flight stations on the north side of Terminal B at the Airport, including all 14 regional aircraft boarding areas contained in such boarding corridors and related hardstand parking positions, and to construct in their place the Series 2015B Special Facilities, consisting of a new, linear, two-story North Concourse building. The new North Concourse building will be an approximately 270,000 square foot extension of the Airport's existing aircraft gating complex and will include aircraft gates for 11 narrow-body aircraft, at least two of which are also anticipated to support wide-body aircraft. The facility will be designed and constructed using the latest technologies on sustainability and maintainability and will include new aircraft gating equipment. Because the primary access to the new North Concourse building of Terminal B for United customers will be through the Terminal C ticketing lobby, such new concourse is currently anticipated to be publically referred to as Terminal C North. When complete, the North Concourse building is anticipated to include passenger amenities such as holdroom seating with electric power outlets, food, beverage and retail concessions, wi-fi, and floor to ceiling windows providing views to the tarmac, taxiways and runways. The existing corridor that will connect the new North Concourse building of Terminal B to the Terminal C ticketing lobby and baggage claim areas and to the Airport's existing North pier of Terminal C (known as the B-D Connector) will also be renovated as part of this project. The project is expected to be substantially completed in the first quarter of 2017.

United will serve as the construction manager/general contractor for the Series 2015B Special Facilities as it did in connection with the construction of the Prior Special Facilities. United has retained Manhattan Construction Company as its construction manager at risk (the “CMR”) to facilitate pre-construction activities leading up to the construction activities and Pierce, Goodwin, Alexander & Linville, Inc. as its lead architect (the “Lead Architect”) for the construction of the Series 2015B Special Facilities. The concept design documents for the Series 2015B Special Facilities have been completed, design development is underway and the construction drawings for the Series 2015B Special Facilities are expected to be completed prior to the end of the first quarter of 2015. United expects to receive the building permit from the City that will authorize United to commence construction of the Series 2015B Special Facilities by March 2015, and United expects to complete the Series 2015B Special Facilities by March 2017.

United estimates that construction costs for the Series 2015B Special Facilities will total approximately \$185 million, \$170 million of which United expects to finance with proceeds of the Series 2015B-1 Bonds and the remaining \$15 million of which United expects to pay from its own funds. United has consulted with the CMR and the Lead Architect and, based on its own opinion and such consultations, United believes that the Series 2015B Special Facilities can be constructed at or below estimated costs and within the estimated project schedule. Additional Bonds may be issued to finance the construction of any Deferred Phase, subject to the limited conditions for the issuance of additional bonds set forth in the Trust Indenture. Any improvements constructed as part of any Deferred Phase and financed by the issuance of additional bonds will become part of the Special Facilities. In the event that the proceeds of the Series 2015B-1 Bonds are not sufficient to pay for the completion of the Series 2015B Special Facilities, or the proceeds of any additional bonds are insufficient to pay for the completion of the Special Facilities intended to be financed with such additional bonds, United is obligated under the Second Amended and Restated Special Facilities Lease to pay for the completion of such facilities from its own funds.

In addition to the Series 2015B Special Facilities that will be built by United with the proceeds of the Series 2015B-1 Bonds, the City has committed in the Second Amended and Restated Special Facilities Lease to construct certain improvements in and around Terminal B that are necessary to support the Series 2015B Special Facilities, including improvements to the apron area serving Terminal B and certain underground utility and infrastructure improvements (collectively the “City Project Components”). The City has agreed to delegate to United the authority and obligation to manage the design and construction activities of these improvements in order to facilitate the coordination of this work with the Series 2015B Special Facilities construction activities. The City has agreed to reimburse United for all costs associated with the design and construction of the City Project Components that United will perform or cause to be performed on behalf of the City. The City has agreed to use all commercially reasonable efforts under the applicable circumstances (which efforts do not include an obligation on the City’s part to invoke its police powers or any other power or authority derived from the City’s status as a municipal corporation) to cause the City Project Components to be substantially completed by the time needed to support the Series 2015B Special Facilities. The City has also committed in the Second Amended and Restated Special Facilities Lease to build similar complementary facilities to support improvements that may be built by United as part of each Deferred Phase. With respect to the Series 2015B Special Facilities and each Deferred Phase, United and the City will work closely together to coordinate their building schedules and designs to ensure that the United components and the City components of each phase are appropriately integrated and are completed in a complementary time and manner. None of the improvements built by the City in connection with the Series 2015B Special Facilities or any Deferred Phase (including any such facilities for which United serves as design and/or construction manager for the City) will be financed with proceeds of any Bonds, including the Series 2015B Bonds.

The drawings on the following pages show a rendering of the new North Concourse building in Terminal B that will be constructed and the B-D Connector that will be renovated, each with the proceeds of the Series 2015B-1 Bonds, and the location of such facilities among the Airport’s existing passenger terminals.



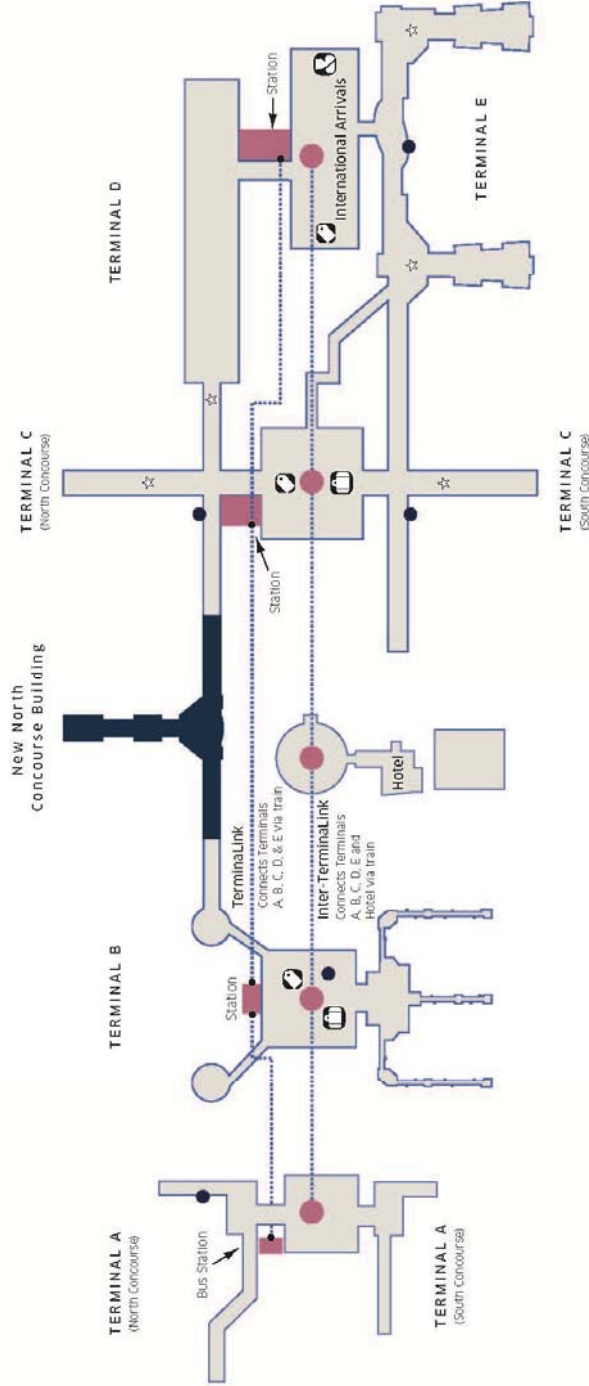
Rendering of Anticipated New North Concourse Facilities

United at Terminal D
Common use rights to gates

United at Terminal C North
14 Gates

United at Terminal B North
16 Gates
14 Hard Stands

United at Terminal A North
4 Gates
7 Hard Stands



United at Terminal E
23 Gates

United at Terminal C South
15 Gates

United at Terminal B South
30 Gates

- United Club™
- ☆ Kiosk Check-in/Customer Service Center
- ☐ Baggage Claim
- 🛂 Immigration
- 🚗 Ticket/Check-in
- 🚌 Bus, Monorail or Train Transport

Description of the Prior Special Facilities and Facilities in Terminal D Financed with Prior Bond Proceeds

Proceeds of the Prior Bonds were used by United to acquire, construct and install certain improvements to Terminals B, C and D at the Airport.

Collectively, the improvements in Terminals B and C that were financed with the proceeds of the Prior Bonds constitute the Prior Special Facilities, and all such facilities currently continue to be leased and occupied by United under the Second Amended and Restated Special Facilities Lease. Certain Prior Special Facilities are integrated throughout Terminals B and C, rather than consisting of discrete, independent areas in each terminal that are functionally separate from other areas not financed with the proceeds of the Prior Bonds.

The Prior Special Facilities in Terminal B include a linear, two-story South Concourse building, including 30 aircraft gates to serve United's regional jet operations, retail concessions, passenger holdrooms, and various support facilities. The South Concourse building replaced two previously-existing South circular flight stations at Terminal B, and was completed in March 2014. Certain of the Prior Bonds also financed the renovation and upgrading of the interiors of Terminal B's then-existing four circular flight stations, the renovation of United's ticketing and employee facilities, the installation of ramp information display systems, and the addition of a new airline club facility and a training facility for a regional affiliate of United. The last of these improvements was completed in August 1999.

The Prior Special Facilities in Terminal C include five jet bridges, two ramp towers, certain expanded passenger holdroom facilities and baggage areas, baggage system improvements, certain terminal lobby renovations, and various other support facilities and improvements. The last of these improvements was completed in December 2000. See "—Memorandum of Agreement" below for a discussion of certain limited Special Facilities located in Terminal C that United may relinquish to the City following substantial completion of the Series 2015B Special Facilities.

The improvements in Terminal D that were financed with the proceeds of the Prior Bonds, all of which have been completed, were more minor, and included various improvements to the airline club facility and ticketing and check-in facilities. Although United continues to use and lease premises in Terminal D under the International Facilities Agreement, United no longer uses the facilities in Terminal D that were financed with the proceeds of the Prior Bonds, and such facilities have been leased by the City to other tenants and are no longer considered to be "Special Facilities" under the Second Amended and Restated Special Facilities Lease. Revenues received by the City from such other tenants are not pledged to the payment of the Bonds, but United's obligation to make Special Facilities Payments with respect to the Prior Bonds issued to construct improvements in Terminal D has not been affected by United ceasing to use such facilities, and United remains obligated to pay Special Facilities Payments to the City in sufficient amounts to pay as and when due the principal of, premium, if any, and interest on all outstanding Bonds, including the Prior Bonds issued to finance the construction of improvements in Terminal D.

Second Amended and Restated Special Facilities Lease; Related Lease Arrangements

Special Facilities; Other Related Facilities. Pursuant to the Second Amended and Restated Special Facilities Lease, United leases from the City the Special Facilities in Terminal B (including the Prior Special Facilities financed with the proceeds of the Prior Bonds and any future Special Facilities in Terminal B, which will include the Series 2015B Special Facilities), the Existing Terminal B Improvements, and the ground areas upon which all such improvements are located. In addition, United leases from the City under the Second Amended and Restated Special Facilities Lease the Prior Special Facilities in Terminal C that were financed with the proceeds of the Prior Bonds. United also holds separate lease rights from the City with respect to certain portions of Terminal C that were not financed with the proceeds of the Prior Bonds (the "Preexisting Terminal C Facilities") pursuant to the Use and Lease Agreement.

United also has common use lease rights to certain gates and facilities in Terminal D on a month-to-month basis under the International Facilities Agreement, which agreement also gives United certain rights to use the Central FIS Facility. United leases and operates four aircraft gates and seven hardstand aircraft parking positions in Terminal A under the Terminal A Lease, on a month-to-month basis, and all 23 aircraft gates in

Terminal E under the Terminal E Lease. None of the leases with respect to the Preexisting Terminal C Facilities or any facilities in Terminals A, D or E will be affected by the issuance of the Series 2015B Bonds or the redemption of the Series 97/98B Bonds. See “GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON—United’s Current Terminal Facilities at the Airport.” See also “—Memorandum of Agreement” below for a discussion of certain potential future modifications to United’s terminal lease arrangements.

The ramp-level regional aircraft boarding corridors to the east of the existing circular flight stations on the north side of Terminal B, including all 14 regional aircraft boarding areas contained in such boarding corridors and related hardstand aircraft parking positions, will be demolished in connection with the construction of the Series 2015B Special Facilities. Certain limited portions of such improvements were financed with the proceeds of Prior Bonds, and such limited portions of such improvements and certain other improvements financed with the proceeds of the Prior Bonds may be demolished and/or reconstructed in the future in connection with the building of improvements in any Deferred Phase. United’s obligation to make Special Facilities Payments with respect to the Prior Bonds will not be affected as a result of the demolition or reconstruction of such improvements, and United will remain obligated to pay Special Facilities Payments to the City in sufficient amounts to pay as and when due the principal of, premium, if any, and interest on all outstanding Bonds, including the Prior Bonds, the Series 2015B Bonds, and any future, additional Bonds issued to finance the construction of additional replacement facilities or improvements.

Term (Terminal B Elements). The term of the Second Amended and Restated Special Facilities Lease, with respect to the Series 2015B Special Facilities, will end on the later of (i) November 16, 2041, or (ii) subject to the issuance of a Favorable Opinion of Bond Counsel, the date that is the 25th anniversary of the date of substantial completion of the Series 2015B Special Facilities, in each case unless terminated earlier on account of an event of default thereunder or extended at the option of United as described below. (For a description of potential events of default under the Second Amended and Restated Special Facilities Lease, see Appendix C—“Summary of Certain Provisions of the Lease—Events of Default and Remedies.”) The term of the Second Amended and Restated Special Facilities Lease with respect to the Series 2011 Special Facilities will end on November 16, 2041, unless terminated earlier on account of an event of default or extended at the option of United as described below. With respect to the remaining portions of Terminal B in which improvements may be constructed upon designation of such portions as a Deferred Phase, the term of the Second Amended and Restated Special Facilities Lease will end on December 31, 2017, unless United (with the approval of the Director of the Houston Airport System (or his designee)) has elected to construct the improvements included in a particular Deferred Phase, in which case the expiration of the lease term for the portions of Terminal B related to that Deferred Phase will convert to the “Full Lease Term,” which is, with respect to each Phase, the later of (1) November 16, 2041, or (2) subject to the issuance of a Favorable Opinion of Bond Counsel, the date that is the 25th anniversary of the date of substantial completion of such Deferred Phase, unless terminated earlier on account of an event of default or extended at the option of United as described below. See “—Memorandum of Agreement” below for a discussion of the possible amendment of the term of the Second Amended and Restated Special Facilities Lease with respect to certain facilities. In the event that the term of the Second Amended and Restated Special Facilities Lease expires on December 31, 2017 with respect to certain facilities (which do not include any Series 2011 Special Facilities or Series 2014 Special Facilities), such expiration will not require that any Bonds be redeemed.

Under the Second Amended and Restated Special Facilities Lease, United has the option to extend the lease term as to the Series 2015B Special Facilities and each Deferred Phase to which the Full Lease Term applies for additional periods of no greater than five years each, subject to certain limitations, including that such extensions may not exceed the number of extension terms required to ensure that all Phases end concurrently with the expiration of the Full Lease Term for the final Deferred Phase. However, in no event will the term of the Second Amended and Restated Special Facilities Lease with respect to the Series 2015B Special Facilities or any Deferred Phase, as extended, extend beyond November 16, 2051.

Term (Terminal C Elements). The term of the Second Amended and Restated Special Facilities Lease with respect to the portions of Terminal C financed with the proceeds of the Prior Bonds will continue until December 31, 2027, unless terminated earlier on account of an event of default thereunder. (For a description of potential events of default under the Second Amended and Restated Special Facilities Lease, see Appendix C—“Summary of Certain Provisions of the Lease—Events of Default and Remedies.”). In addition, United has the option to extend such lease terms for additional periods of no greater than five years each, subject to certain

limitations, provided that in no event shall the term of the Second Amended and Restated Special Facilities Lease, as extended, extend beyond November 16, 2051.

Rentals. Under the Second Amended and Restated Special Facilities Lease, for so long as any Bonds remain outstanding, United will continue to be obligated to pay Special Facilities Payments to the Trustee, as assignee of the City, in an amount that is sufficient to pay as and when due the principal of, premium, if any, and interest on outstanding Bonds, including the Series 2015B Bonds. In addition, under the Second Amended and Restated Special Facilities Lease, United will be obligated to pay directly to the City certain Ground Rentals for the right to use and occupy the ground areas underlying Terminal B, certain City Charges with respect to operating and maintenance expenses and other charges in connection with Terminal B, and certain Landing Fees based on the total landed weight of United's aircraft operating at the Airport. United's payments of the Special Facilities Payments, but not the Ground Rentals, City Charges, Landing Fees or any other rentals under agreements other than the Second Amended and Restated Special Facilities Lease, will constitute the principal security for the Series 2015B Bonds. See "SECURITY FOR THE SERIES 2015B BONDS—Special Facilities Payments" herein.

Potential Relinquishment of Future Terminal B North Concourse Gates Based on Utilization. The Second Amended and Restated Special Facilities Lease provides that, following completion of the North Concourse of Terminal B, the City may require United to relinquish, and sublease back to the City, certain gates in the North Concourse and related support areas if United does not maintain a specified average utilization of its gates in the North Concourse for the immediately preceding 12-month period. Such utilization requirements would not apply until the end of the 60th month following substantial completion of the improvements to the North Concourse. In addition, United would have the right (upon 90 days' notice) to take back any relinquished gates and associated space in certain circumstances if United subsequently achieves the required utilization rates.

Any sublease rental amounts that are paid or payable to United by the City in the event of any relinquishment of gates would not be pledged to the payment of the Bonds. However, no relinquishment of gates would relieve United of any of its obligations under the Second Amended and Restated Special Facilities Lease, including particularly its obligation to pay the full amount of Special Facilities Payments when due thereunder and all of its other obligations with respect to the Bonds, including the Series 2015B Bonds. See "SECURITY FOR THE SERIES 2015B BONDS—Special Facilities Payments" herein, and Appendix C—"Summary of Certain Provisions of the Lease—Special Facilities Payments; Other Rent and Charges." Any relinquished gates would continue to constitute Special Facilities under the Second Amended and Restated Special Facilities Lease, and thus would be subject to the City's obligation in certain circumstances to use commercially reasonable efforts to relet such facilities for the benefit of bondholders upon a default by United under the Second Amended and Restated Special Facilities Lease. See "SECURITY FOR THE SERIES 2015B BONDS—Reletting" herein.

United's lease of the gates in the South Concourse of Terminal B is not conditioned upon United maintaining a certain utilization of such gates, and the City does not have the right to require United's relinquishment of such gates during the term of the Second Amended and Restated Special Facilities Lease.

Concessions. Pursuant to the Second Amended and Restated Special Facilities Lease, effective as of February 1, 2012, the City assigned to United certain concession agreements, to the extent such concession agreements related to concession locations and services operating inside the Existing Terminal B Improvements as of the effective date of the Second Amended and Restated Special Facilities Lease (i.e., November 17, 2011). The assigned concession agreements included concessions related to food and beverage, news and gifts, advertising, duty-free merchandise, telephones, and other concessions (but not concessions operating outside of Terminal B, such as parking, rental cars, or ground transportation). United has the right to extend such agreements or enter into new agreements related to concessions operating inside the Existing Terminal B Improvements.

None of the fees or financial benefit received by either the City or United from any concessions are pledged to the payment of any Bonds, including the Series 2015B Bonds. For further information regarding the City's and United's rights and obligations with respect to concession agreements, see Appendix C—"Summary of Certain Provisions of the Lease—Use of Special Facilities—Rights to Concessions." See also "—Memorandum of Agreement" below for a discussion of the anticipated reassignment of certain concession agreements from United to the City.

Memorandum of Agreement

United and the City have entered into a Memorandum of Agreement, dated as of June 27, 2014 (as amended, the “MOA”), pursuant to which the parties have agreed to amend various agreements governing United’s terminal facilities at the Airport, as further described below. If the amendments contemplated in the MOA are not entered into by April 15, 2015, and the MOA is not otherwise extended, the MOA will expire and the parties will no longer be obligated to enter into such amendments.

Among other amendments contemplated in the MOA, the parties have agreed to amend the Second Amended and Restated Special Facilities Lease to extend its expiration date until December 31, 2024 with respect to the portions of Terminal B as to which the Second Amended and Restated Special Facilities Lease would otherwise expire on December 31, 2017. In addition, the MOA contemplates that, following the substantial completion of the Series 2015B Special Facilities, United will relinquish certain facilities in Terminal C that it leases from the City pursuant to the Use and Lease Agreement. United and the City also intend to enter into a new use and lease agreement to govern United’s continued use of the remaining facilities in Terminal C that will not be relinquished by United. The facilities to be relinquished include nine aircraft gates that do not constitute Special Facilities; however, certain limited, miscellaneous holdroom and other improvements constituting Special Facilities will be included in the Terminal C facilities relinquished to the City as contemplated in the MOA. Although United will no longer lease or use such improvements in Terminal C (including such limited Special Facilities), United will remain obligated to make payments to the Trustee, as assignee of the City, with respect to all of the Bonds, including the Series 2015B-2 Bonds that refinance the Series 97/98B Bonds that financed such miscellaneous Special Facilities in Terminal C. Because such miscellaneous improvements will no longer constitute Special Facilities under the Second Amended and Restated Special Facilities Lease, the City’s obligation to use commercially reasonable efforts to relet the Special Facilities upon a default by United in the payment of the Special Facilities Payments will no longer apply to such improvements.

The MOA also contemplates that United will reassign to the City the concession agreements in the Existing Terminal B Improvements that were previously assigned to United by the City. See “Second Amended and Restated Special Facilities Lease; Related Lease Arrangements” above. Following such reassignment, United shall not earn any management fee or other fees or benefit from the operation of such concession agreements in the Existing Terminal B Improvements.

The MOA further contemplates that United and the City will enter into a replacement lease granting United common use rights with respect to certain gates and other facilities in Terminal D. Such new lease will replace the International Facilities Lease Agreement currently in place between United and the City with respect to Terminal D, which is currently a month-to-month lease with a term ending no later than June 30, 2015.

THE SERIES 2015B BONDS

General

The Series 2015B-1 Bonds will be issued in the original aggregate principal amount of \$176,650,000, and the Series 2015B-2 Bonds will be issued in the original aggregate principal amount of \$47,390,000. The Series 2015B Bonds of each series will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

The Series 2015B Bonds will mature on the dates and in the principal amounts, and bear interest at the rates per annum, shown on the inside cover page hereto. Interest on each Series 2015B Bond will accrue from the date of initial delivery of the Series 2015B Bonds, payable on each January 15 and July 15, commencing July 15, 2015. Interest on the Series 2015B Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2015B Bonds will mature on their stated dates unless redeemed prior to such dates, as described herein. For as long as the Series 2015B Bonds are book-entry bonds, as described in Appendix E–“Book-Entry-Only System,” payment of the principal of, premium, if any, and interest on such Series 2015B Bonds and all notices with respect to such Series 2015B Bonds shall be made and given in accordance with DTC’s operational arrangements. If, in the future, the Series 2015B Bonds cease to be book-entry bonds, the principal of any Series 2015B Bond will be payable, on presentation and surrender of such Series 2015B Bond, in lawful money of the

United States of America, without exchange or collection charges to the registered owner of such Series 2015B Bond, at the principal corporate trust office of the Trustee, as the paying agent for the Series 2015B Bonds. All interest accruing prior to maturity on any Series 2015B Bond that ceases to be a book-entry bond shall be paid by check or draft mailed to the registered holder of such Series 2015B Bond as of January 1 (with respect to interest payments on the following January 15) or July 1 (with respect to interest payments on the following July 15) at its address as it appears on the registration books of the Trustee.

Except as described in Appendix E—“Book-Entry-Only System,” the transfer of any Series 2015B Bonds shall be registerable only upon presentation and surrender thereof at the corporate trust office of the Trustee, acting in its capacity as bond registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered owner or his authorized representative in form satisfactory to the Trustee. Upon due presentation of any Series 2015B Bond for registration of transfer, the Trustee shall authenticate and deliver in exchange therefor a new Series 2015B Bond or Series 2015B Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing or accruing interest at the same rate as the Series 2015B Bond or Series 2015B Bonds so presented and surrendered. The City or the Trustee may require the registered owner of any Series 2015B Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the registration of transfer or exchange of such Series 2015B Bond.

The City, the Trustee, and any other person may treat the person in whose name any Series 2015B Bond is registered as the absolute registered owner of such Series 2015B Bond for the purpose of making payment of the principal of and premium, if any, on such Series 2015B Bond, and for the further purpose of making payment of interest thereon, for the purpose of giving notice to the holder of such Series 2015B Bond, and for all other purposes, whether or not such Series 2015B Bond is overdue, and neither the City nor the Trustee shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the registered owner of any Series 2015B Bond in accordance with the Trust Indenture shall be valid and effectual and shall discharge the liability of the City and the Trustee upon such Series 2015B Bond to the extent of the sums paid.

Optional Redemption

The Series 2015B-1 Bonds are subject to redemption at the option of the City, upon the request of United, prior to their stated maturity in whole or in part at any time on or after July 15, 2025, at a redemption price equal to 100% of the principal amount of the Series 2015B-1 Bonds to be redeemed, plus accrued interest to (but not including) the date fixed for redemption.

The Series 2015B-2 Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption

Series 2015B-1 Bonds. The Series 2015B-1 Bonds maturing on July 15 in the years 2030 and 2035 are subject to mandatory sinking fund redemption prior to maturity in the following amounts (subject to reduction as described below), on the following dates (“Mandatory Redemption Dates”), at a price equal to the principal amount of the Series 2015B-1 Bonds to be redeemed plus accrued interest to (but not including) the applicable Mandatory Redemption Date, subject to the conditions described below:

\$77,605,000 Term Bond Maturing July 15, 2030

Mandatory Redemption Date (July 15)	Principal Amount to be Redeemed
2026	\$14,045,000
2027	14,745,000
2028	15,485,000
2029	16,260,000
2030*	17,070,000

*Maturity

\$99,045,000 Term Bond Maturing July 15, 2035

Mandatory Redemption Date (July 15)	Principal Amount to be Redeemed
2031	\$17,925,000
2032	18,820,000
2033	19,760,000
2034	20,750,000
2035*	21,790,000

*Maturity

Series 2015B-2 Bonds. The Series 2015B-2 Bonds are not subject to mandatory sinking fund redemption.

Selection of Series 2015B-1 Bonds To Be Redeemed. On or before 30 days prior to each Mandatory Redemption Date, the Trustee shall (i) determine the principal amount of the Series 2015B-1 Bonds of the particular maturity and interest rate that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account all prior deliveries for cancellation (including redemptions) as described below, (ii) select, by lot or other customary random method (subject to DTC operational requirements for Series 2015B-1 Bonds held by DTC), the Series 2015B-1 Bonds or portions of Series 2015B-1 Bonds to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided below. The principal amount of Series 2015B-1 Bonds to be mandatorily redeemed on a Mandatory Redemption Date may be reduced, at the option of the City upon direction from United, by the principal amount of the Series 2015B-1 Bonds of the same maturity that, by the 45th day prior to the Mandatory Redemption Date, either (1) have been purchased in the open market and delivered or tendered to the Trustee for cancellation, or (2) have been redeemed by the City and cancelled by the Bond Registrar, and, in each case, have not previously been made the basis for a reduction as described in this sentence.

Extraordinary Mandatory Redemption

Series 2015B-1 Bonds. The Series 2015B-1 Bonds are subject to extraordinary mandatory redemption on any date at a redemption price equal to the principal amount of such Series 2015B-1 Bonds to be redeemed plus accrued interest, if any, to the redemption date, under the following circumstances:

- (i) in whole or in part in the event all or any part of the improvements financed by the Series 2015B-1 Bonds are damaged or destroyed, or taken or condemned in any eminent domain or like proceeding, from such insurance or condemnation proceeds as may be provided pursuant to the Second Amended and Restated Special Facilities Lease, to the extent any such proceeds are not used to rebuild such improvements in accordance with the Second Amended and Restated Special Facilities Lease (see Appendix C—“Summary of Certain Provisions of the Lease—Liability, Insurance and Condemnation”);

(ii) in whole, in the event of any termination or cancellation of the Second Amended and Restated Special Facilities Lease in its entirety (see Appendix C—“Summary of Certain Provisions of the Lease—Events of Default and Remedies”);

(iii) in whole or in part, if United determines, as evidenced by a resolution adopted by its Board of Directors in its sole discretion, that the continued operation of the Series 2015B Special Facilities, or a substantial portion thereof, is impractical, uneconomical or undesirable for any reason, provided that United shall have deposited sufficient funds with the Trustee to be deposited in the Extraordinary Redemption Account to accomplish such a redemption;

(iv) in whole or in part, at any time not later than 120 days after interest on the Series 2015B-1 Bonds shall be finally determined, upon the basis of a ruling of the Internal Revenue Service (which ruling is not challenged by appropriate proceedings) or a final determination by a court of competent jurisdiction (which is not or cannot be appealed), to be includable for federal income tax purposes in the income of all recipients thereof subject to federal income taxation (except with respect to determination regarding the taxability of interest on any Series 2015B-1 Bond during such time that it is held by a registered owner who is a “substantial user” of the facilities financed or refinanced with the proceeds of such Series 2015B-1 Bonds or a “related person” to such substantial user, as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”)) (a “Determination of Taxability”). The Series 2015B-1 Bonds will be redeemed in whole upon a Determination of Taxability with respect to the Series 2015B-1 Bonds, unless in the opinion of nationally recognized bond counsel, redemption of a portion of such Series 2015B-1 Bonds would have the result that interest payable on the remaining Series 2015B-1 Bonds outstanding after the redemption would not be so included in the gross income for federal income tax purposes of any holder or beneficial owner thereof, in which event only such portion will be redeemed.

Series 2015B-2 Bonds. The Series 2015B-2 Bonds are subject to extraordinary mandatory redemption on any date at a redemption price equal to the principal amount of such Series 2015B-2 Bonds to be redeemed plus accrued interest, if any, to the redemption date, under the following circumstances

(i) in whole or in part in the event all or any part of the improvements financed by the Series 97/98 Bonds are damaged or destroyed, or taken or condemned in any eminent domain or like proceeding, from such insurance or condemnation proceeds as may be provided pursuant to the Second Amended and Restated Special Facilities Lease, to the extent any such proceeds are not used to rebuild such improvements in accordance with the Second Amended and Restated Special Facilities Lease (see Appendix C—“Summary of Certain Provisions of the Lease—Liability, Insurance and Condemnation”);

(ii) in whole, in the event of any termination or cancellation of the Second Amended and Restated Special Facilities Lease in its entirety (see Appendix C—“Summary of Certain Provisions of the Lease—Events of Default and Remedies”);

(iii) in whole or in part, if United determines, as evidenced by a resolution adopted by its Board of Directors in its sole discretion, that the continued operation of the improvements financed by the Series 97/98 Bonds, or a substantial portion thereof, is impractical, uneconomical or undesirable for any reason, provided that United shall have deposited sufficient funds with the Trustee to be deposited in the Extraordinary Redemption Account to accomplish such a redemption; and

(iv) in whole or in part, at any time not later than 120 days after interest on the Series 2015B-2 Bonds shall be finally determined, upon the basis of a ruling of the Internal Revenue Service (which ruling is not challenged by appropriate proceedings) or a final determination by a court of competent jurisdiction (which is not or cannot be appealed), to be includable for federal income tax purposes in the income of all recipients thereof subject to federal income taxation (except with respect to determination regarding the taxability of interest on any Series 2015B-2 Bond during such time that it is held by a registered owner who is a “substantial user” of the facilities financed

or refinanced with the proceeds of such Series 2015B-2 Bonds or a “related person” to such substantial user, as such terms are used in Section 147(a) of the Code) (a “Determination of Taxability”). The Series 2015B-2 Bonds will be redeemed in whole upon a Determination of Taxability with respect to the Series 2015B-2 Bonds, unless in the opinion of nationally recognized bond counsel, redemption of a portion of such Series 2015B-2 Bonds would have the result that interest payable on the remaining Series 2015B-2 Bonds outstanding after the redemption would not be so included in the gross income for federal income tax purposes of any holder or beneficial owner thereof, in which event only such portion will be redeemed.

Redemption Procedures

Notice of any such mandatory, extraordinary mandatory or optional redemption, identifying the Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, to be redeemed, shall be given in writing by the Trustee by first-class mail, postage prepaid to the Registered Owners of all of the Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, to be so redeemed not less than thirty (30) days before the date fixed for such redemption and, in the case of optional redemption or extraordinary mandatory redemption, shall be given in writing by the City to the Trustee not less than forty-five (45) days before the date fixed for such redemption or such shorter period acceptable to the Trustee in its sole discretion. Notice of redemption shall also be sent to any securities depository institutions registered under the Securities Exchange Act of 1934, as amended, acting as securities depository for the applicable Series 2015B Bonds and such notice shall be delivered to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System. Each redemption notice shall contain the name of the Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, CUSIP numbers, certificate numbers (if applicable), the date fixed for redemption, the redemption price, the redemption agent’s name and address with a contact telephone number, the date of issuance, the maturity date, and any other information appropriate to identify the Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, to be redeemed, and shall specify any condition to the redemption. If such written notice of redemption is given, and if due provision for payment of the redemption price is made by the City with the Trustee or escrow agent (as applicable), all as provided above, the Series 2015B-2 Bonds or Series 2015B-2 Bonds, as applicable, that are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities, they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the purpose of being paid by the Trustee with the funds so provided for such payment. Redemption of the applicable Series 2015B Bonds, pursuant to a notice provided for hereunder, may be conditioned upon a deposit of funds (except in the case of mandatory sinking fund redemption) sufficient to pay the applicable Series 2015B Bonds scheduled to be redeemed prior to maturity, and may be made subject to any other condition specified by the City in the notice of redemption. If due provision for such payment is not made by the date fixed for redemption or if any specified condition is not satisfied by the redemption date, the applicable Series 2015B Bonds shall continue to bear interest and remain outstanding and the applicable redemption notice shall have no effect.

In the event of a redemption of less than all of the Series 2015B-1 Bonds or the Series 2015B-2 Bonds, the particular Series 2015B-1 Bonds or Series 2015B-2 Bonds to be redeemed shall be selected in accordance with the terms of this paragraph. In the event of any optional redemption of less than all of the Series 2015B-1 Bonds, the particular maturity and principal amount of the Series 2015B-1 Bonds to be redeemed shall be selected by United, or if not so selected then by lot or other customary method determined by the Trustee, subject to DTC operational requirements for term bonds held by DTC, and provided that a partial redemption of Series 2015B-1 Bonds processed through DTC will be treated, in accordance with DTC’s rules and procedures, as a “Pro Rata Pass-Through Distribution of Principal.” The reduction in principal amount of the Series 2015B-1 Bonds to be mandatorily redeemed on any Mandatory Redemption Date as a result of any such redemption of less than all of such Series 2015B-1 Bonds, as provided above, shall be made as provided in the final paragraph under the heading “—Mandatory Sinking Fund Redemption” above. In the event of any extraordinary mandatory redemption of less than all of either series of the Series 2015B Bonds outstanding, the particular Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, to be redeemed shall be determined by the Trustee, allocating the principal amount to be redeemed as nearly as feasible pro rata among the maturities (and among mandatory redemption requirements within maturities) and interest rates of all such Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, subject to DTC operational requirements for term bonds held by DTC, and provided that a partial redemption of Series 2015B-1 Bonds or Series 2015B-2 Bonds, as applicable, processed through DTC will be treated, in accordance with DTC’s rules and procedures, as a “Pro Rata Pass-Through Distribution of Principal.” The portion

of any Series 2015B-1 Bonds or Series 2015B-2 Bonds to be redeemed shall be in integral multiples of \$5,000, provided that no such redemption shall leave any Series 2015B-1 Bond or Series 2014B-2 Bond outstanding in an amount less than \$100,000.

SECURITY FOR THE SERIES 2015B BONDS

Pursuant to the Trust Indenture, the City has assigned to the Trustee, for the benefit of the holders of the Bonds, including the Series 2015B Bonds, and to secure the due payment of the principal of, premium, if any, and interest on the Bonds, including the Series 2015B Bonds, all of its right, title and interest in and to certain Pledged Revenues, including (i) all Special Facilities Payments received or receivable from United by the City under the Second Amended and Restated Special Facilities Lease, (ii) certain net receipts derived by the City from any reletting of the Special Facilities and related ground areas to a replacement tenant or tenants following an event of default by United under the Second Amended and Restated Special Facilities Lease, including a failure by United to pay Special Facilities Payments under the Second Amended and Restated Special Facilities Lease when due, (iii) any insurance proceeds or refunds and all condemnation payments payable to the City and related to the Special Facilities and (iv) any amounts on deposit in certain funds and accounts held by the Trustee under the Trust Indenture, including, without limitation, the Interest and Redemption Fund, including any Capitalized Interest Account therein, and any amounts on deposit in the Acquisition Fund under the Trust Indenture (except that all amounts on deposit in any Acquisition Fund or Capitalized Interest Accounts related to a particular series of Bonds shall be pledged only to such series of Bonds). Notwithstanding the foregoing, all amounts on deposit in the Series 2015B-1 Construction Account of the Acquisition Fund and all amounts on deposit in the Series 2015B-1 Capitalized Interest Account shall be pledged solely to the Series 2015B-1 Bonds, and not to the Series 2015B-2 Bonds.

The Series 2015B Bonds constitute additional Bonds under the Trust Indenture and will be secured by a pledge of the Pledged Revenues that is on a parity with the pledge of the Pledged Revenues securing the Series 2011 Bonds and any future series of bonds issued pursuant to the Trust Indenture (except that all amounts on deposit in the Series 2015B-1 Construction Account of the Acquisition Fund and all amounts on deposit in the Series 2015B-1 Capitalized Interest Account will be pledged only to the Series 2015B-1 Bonds). As of February 1, 2015, \$113,305,000 aggregate principal amount of Series 2011 Bonds remained outstanding. The Series 97/98B Bonds, which are currently outstanding in the aggregate principal amount of \$65,630,000 and which are also secured on a parity under the Trust Indenture with the Series 2011 Bonds with respect to the pledge of Pledged Revenues, are anticipated to be refunded in full with the proceeds of the Series 2015B-2 Bonds or, to the extent not so refunded, to be redeemed, on the same date as the issuance of the Series 2015B-2 Bonds, with funds separately provided by United

The Series 2015B Bonds shall never constitute an indebtedness of the City within the meaning of any provisions of the Constitution or laws of the State of Texas or the City's Home Rule Charter and shall not be general obligations of the City. The holders of the Series 2015B Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and may not be repaid in any circumstances from tax revenues or general revenues of the City's airport system.

AN INVESTMENT IN THE SERIES 2015B BONDS INVOLVES SIGNIFICANT RISKS. See "CERTAIN BONDOWNERS' RISKS" herein.

A more detailed description of certain of the Pledged Revenues and other matters related to the security for the Series 2015B Bonds follows.

Special Facilities Payments

Pursuant to the Second Amended and Restated Special Facilities Lease, for so long as any Bonds remain outstanding, United is obligated to pay to the Trustee, as assignee of the City, Special Facilities Payments in an amount that, together with other amounts on deposit in the Interest and Redemption Fund established under the Trust Indenture, including with respect to each series of Bonds, the Capitalized Interest Account related to such series of Bonds, will be sufficient to pay when due the principal of, premium, if any, and interest on the outstanding Bonds, including the Series 2015B Bonds.

The Second Amended and Restated Special Facilities Lease provides that United's obligation to make payments of Special Facilities Payments when due is absolute and unconditional and will not be subject to any right of recoupment or offsets and will continue in any event (including failure to complete construction of any Special Facilities intended to be constructed using the proceeds of any Bonds).

United is required to pay the Special Facilities Payments to the City by depositing such funds directly with the Trustee for the account of the Interest and Redemption Fund under the Trust Indenture. United is also obligated under the Second Amended and Restated Special Facilities Lease to pay to the City certain Ground Rentals for the right to use and occupy the ground areas underlying Terminal B, certain City Charges with respect to operating and maintenance expenses and other charges with respect to the Special Facilities, and certain Landing Fees based on the total landed weight of United's aircraft operating at the Airport. United will also continue to be obligated to pay other additional rentals to the City under its separate lease agreements with the City with respect to Terminals A, C, D and E. Such Ground Rentals, City Charges, Landing Fees and other additional rentals will not be part of the Pledged Revenues under the Trust Indenture and will not constitute security for the Series 2015B Bonds. See Appendix C—"Summary of Certain Provisions of the Lease—Special Facilities Payments; Other Rent and Charges."

Payments of Special Facilities Payments by United under the Second Amended and Restated Special Facilities Lease and any amounts payable by United under the Guaranty will constitute the principal security for the payment of the principal of, premium, if any, and interest on the Series 2015B Bonds. The ability of United to make such Special Facilities Payments will be dependent upon the financial condition and results of operations of United. For a description of certain risks relating to United and its ability to pay Special Facilities Payments under the Second Amended and Restated Special Facilities Lease, see "CERTAIN BONDOWNERS' RISKS—Obligation of United as Primary Security; Certain Risks with Respect to United" and "—Possible Limitations on Damages Against United Upon a United Bankruptcy" herein.

Guaranty

The owners of the Series 2015B Bonds will also be entitled to the benefits of the Guaranty from United to the Trustee, under which United will unconditionally guarantee to the Trustee, for the benefit of the owners of the Series 2015B Bonds, the full and prompt payment of the principal of and premium, if any, on the Series 2015B Bonds when and as the same become due and payable as provided in the Trust Indenture, whether at the stated maturity thereof, by redemption, acceleration or otherwise, and the full and prompt payment of the interest on the Series 2015B Bonds when and as the same becomes due and payable as provided in the Trust Indenture. The obligations of United under the Guaranty are unsecured and are intended to be independent of those set out in the Second Amended and Restated Special Facilities Lease and to be enforceable without regard to the validity or enforceability of the Second Amended and Restated Special Facilities Lease or any obligation of United contained therein. However, a bankruptcy court could limit a claim against United under both the Second Amended and Restated Special Facilities Lease and the Guaranty. See "CERTAIN BONDOWNERS' RISKS—Possible Limitations on Damages Against United Upon a United Bankruptcy" and Appendix D—"Excerpts of Certain Provisions of the Guaranty." United has also similarly guaranteed the full and prompt payment when due of the principal of, premium, if any, and interest on each series of the Prior Bonds under separate guaranty agreements.

Reletting

Pursuant to the Second Amended and Restated Special Facilities Lease and the Trust Indenture, in certain circumstances the City is required to use commercially reasonable efforts to relet the Special Facilities for the benefit of the Bondholders and the City. Specifically, upon and during the continuance of any circumstance constituting an event of default by United under the Second Amended and Restated Special Facilities Lease, the City may (and is required to, in the event of a failure by United to pay Special Facilities Payments when due thereunder) use all commercially reasonable efforts under the then-applicable circumstances to: (1) complete construction and equipping of the Special Facilities intended to be constructed with the then-unspent proceeds of any Bonds, and apply available proceeds of any previously-issued Bonds for such purpose; and (2) either (a) operate all the Special Facilities and impose rates and charges on airline tenants, as appropriate, for their availability, operation and maintenance, or (b) sublease the Special Facilities and the related ground areas to a replacement tenant or tenants on a net rent basis, provided that, in either event, the City shall use commercially reasonable efforts to impose and

collect rates and charges or rental rates sufficient to provide for City Charges and Ground Rentals to the same extent as United is obligated to do so and to provide additional amounts equal to the Special Facilities Payments, all for the account of United, holding United liable for the difference between the rents and other amounts payable by United under the Second Amended and Restated Special Facilities Lease and the charges received from airline tenants and/or the rents and other amounts received from any sublessee with respect to the Special Facilities. The City's obligation to use commercially reasonable efforts to relet the Special Facilities upon a default by United in the payment of the Special Facilities Payments does not apply to the improvements in Terminal D that were financed with the proceeds of the Prior Bonds, as such facilities are no longer occupied by United or leased to United and no longer constitute "Special Facilities" under the Second Amended and Restated Special Facilities Lease.

All receipts derived by the City from any charges and/or rents (net of City Charges and any Ground Rentals attributable to the period after such reletting commences, and up to the amount of all Special Facilities Payments payable under the Second Amended and Restated Special Facilities Lease) shall be remitted to the Trustee for deposit in the Interest and Redemption Fund to support repayment of the Bonds, including the Series 2015B Bonds, and constitute part of the Pledged Revenues securing repayment of the Bonds, including the Series 2015B Bonds. See Appendix C—"Summary of Certain Provisions of the Lease—Events of Default and Remedies." See also Appendix B—"Summary of Certain Provisions of the Trust Indenture—Definitions—Pledged Revenues." In the event that the amounts received by the City from any reletting are insufficient, after deduction therefrom of City Charges and Ground Rentals, to make all necessary payments of the principal of, redemption premium (if any) and interest on the Bonds (including the Series 2015B Bonds) as and when such amounts become due, the available remaining amounts would be allocated among the outstanding series of Bonds in proportion to the amount of debt service due and payable on each series of Bonds, as and when such payments become due and payable. Any deductions from reletting proceeds for City Charges and Ground Rentals cannot be predicted at this time, may vary from year to year, and could be material in any year (depending, among other things, on market conditions affecting reletting proceeds at the time reletting occurs).

Notwithstanding the foregoing, certain legal and practical considerations could inhibit or materially delay the City's ability to relet the Special Facilities or otherwise derive sufficient receipts therefrom in order to make payments when due in respect of the Series 2015B Bonds. See "CERTAIN BONDOWNERS' RISKS—Limitations Upon the City's Ability to Relet the Special Facilities" and "—Possible Limitations on Damages Against United Upon a United Bankruptcy" herein.

Other Pledged Revenues

Insurance Proceeds and Condemnation Awards. Pursuant to the Second Amended and Restated Special Facilities Lease, United is obligated to provide for all-risk property insurance covering the Special Facilities in an amount not less than the full replacement cost of each phase thereof, following the substantial completion thereof. To the extent any such insurance proceeds or any condemnation awards are not used to rebuild or repair the applicable facilities following a casualty or taking, as applicable, United has agreed that such amounts will be used to pay the obligations with respect to the outstanding Bonds and other amounts due under the Trust Indenture, and any excess after payment or provision for the payments of such amounts shall be divided between the City and United. See "THE SERIES 2015B BONDS—Extraordinary Mandatory Redemption" above and Appendix C—"Summary of Certain Provisions of the Lease—Liability, Insurance and Condemnation."

Acquisition Fund and Capitalized Interest Account. The Trust Indenture establishes a Series 2015B-1 Construction Account within the Acquisition Fund and a Series 2015B-1 Capitalized Interest Account within the Interest and Redemption Fund into which certain proceeds of the Series 2015B-1 Bonds will be deposited upon issuance. See "PLAN OF FINANCE AND APPLICATION OF SERIES 2015B BOND PROCEEDS—Application of Series 2015B-1 Bond Proceeds" above. All amounts in the Series 2015B-1 Construction Account and the Series 2015B-1 Capitalized Interest Account will be pledged solely to the Series 2015B-1 Bonds, and will not be pledged to the Series 2015B-2 Bonds or any other Bonds issued pursuant to the Trust Indenture. Subject to the terms of the Trust Indenture, amounts in the Series 2015B-1 Capitalized Interest Account related to the Series 2015B-1 Bonds are to be disbursed by the Trustee to pay interest accruing on the Series 2015B-1 Bonds through July 15, 2016, and amounts in the account in the Series 2015B-1 Construction Account related to the Series 2015B-1 Bonds are to be disbursed, upon requisition by United, to pay costs of constructing and improving the Series 2015B

Special Facilities. See Appendix B—“Summary of Certain Provisions of the Trust Indenture—Investment of Funds.”

Additional Bonds

Pursuant to the Trust Indenture and the Second Amended and Restated Special Facilities Lease Agreement, the City, at the request of United, may issue one or more series of additional bonds secured on a parity under the Trust Indenture with the Bonds, including the Series 2015B Bonds, with respect to the pledge of Pledged Revenues, subject only to certain limited conditions specified in the Trust Indenture, for the purpose of (1) paying any costs of the Series 2015B Special Facilities not fully funded with proceeds of the Series 2015B Bonds, (2) financing the construction of facilities included in any Deferred Phase, (3) financing the construction of additional Special Facilities (either in Terminal B or in other parts of the Airport), or (4) refunding all or any portion of the then-outstanding Bonds. See “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Description of the Series 2015B Special Facilities” herein, and Appendix B—“Summary of Certain Provisions of the Trust Indenture—Additional Bonds and Refunding Bonds.”

UNITED AIRLINES, INC.

General

United transports people and cargo through its mainline operations, which utilize jet aircraft with at least 114 seats, and regional operations, which utilize smaller aircraft that are operated under contract by United Express carriers. United serves major markets around the world, either directly or through participation in Star Alliance[®], the world’s largest airline alliance. United operates an average of more than 5,300 flights a day to more than 360 airports across six continents. The principal executive offices of UAL and United are located at 233 S. Wacker Drive, Chicago, Illinois 60606, telephone (872) 825-4000.

Alliances

United has a number of strategic bilateral and multilateral alliances with other airlines, including marketing alliances and joint ventures, which enhance travel options for customers by providing greater time of day coverage to common destinations, additional mileage accrual and redemption opportunities, and expanded global network access. These marketing alliances typically include one or more of the following features: loyalty program reciprocity; codesharing of flight operations (whereby one carrier’s selected flights can be marketed under the brand name of another carrier); coordination of reservations, ticketing, passenger check-in, baggage handling, airport lounge access and flight schedules, and other resource-sharing activities that include joint sales and marketing.

United is a member of Star Alliance[®], a global integrated airline network co-founded by Old United in 1997 and the largest and most comprehensive airline alliance in the world. As of January 1, 2015, Star Alliance[®] carriers served over 1,300 airports in more than 190 countries with over 18,500 daily departures. Current Star Alliance[®] members, in addition to United, are Adria Airways, Aegean Airlines, Air Canada, Air China, Air India, Air New Zealand, All Nippon Airways (“ANA”), Asiana Airlines, Austrian Airlines, Avianca, Brussels Airlines, Copa Airlines, Croatia Airlines, EGYPTAIR, Ethiopian Airlines, EVA Air, LOT Polish Airlines, Lufthansa, SAS Scandinavian Airlines, Shenzhen Airlines, Singapore Airlines, South African Airways, SWISS, TAP Portugal, THAI Airways International, and Turkish Airlines.

United has a variety of bilateral commercial alliance agreements and obligations with Star Alliance[®] members, addressing, among other things, reciprocal earning, redemption of frequent flyer miles and access to airport lounges and, with certain Star Alliance[®] members, codesharing of flight operations. In addition to the alliance agreements with Star Alliance[®] members, United currently maintains independent marketing alliance agreements with other air carriers currently unaffiliated with a global alliance, including Aeromar, Aer Lingus, Air Dolomiti, Cape Air, Germanwings, Great Lakes Airlines, Hawaiian Airlines, Island Air, Jet Airways and Silver Airways. United also offers a train-to-plane code share and frequent flyer alliance with Amtrak from Newark Liberty International Airport to select regional destinations on select city pairs in the Northeastern United States.

United also participates in joint ventures, one with Air Canada and the Lufthansa Group (which includes Lufthansa and its affiliates Austrian Airlines, Brussels Airlines and SWISS) covering transatlantic routes, and another with ANA covering certain transpacific routes. These joint ventures enable the participating carriers to integrate the services they provide in the respective regions, capturing revenue synergies and delivering highly competitive flight schedules, fares and services.

Regional Operations

United has contractual relationships with various regional carriers to provide regional jet and turboprop service branded as United Express. These regional operations are an extension of United's mainline network. This regional service complements United's operations by carrying traffic that connects to its mainline service and allows flights to smaller cities that cannot be provided economically with mainline aircraft. Republic Airlines, CommutAir Airlines, ExpressJet Airlines, GoJet Airlines, Mesa Airlines, Shuttle America, SkyWest Airlines ("SkyWest") and Trans States Airlines ("Trans States") are all regional carriers, which operate most of their capacity contracted to United under capacity purchase agreements with United. Under these capacity purchase agreements, United pays the regional carriers contractually-agreed fees (carrier-controlled costs) for operating these flights plus a variable reimbursement (incentive payment for superior operational performance) based on agreed performance metrics.

While the regional carriers operating under capacity purchase agreements comprise more than 95% of all regional flights, United also has prorate agreements with Hyannis Air Service, Inc., SkyWest and Trans States. Under these commercial flying agreements, United and its regional carriers agree to divide revenue collected from each passenger according to a formula, while both United and its regional carriers are individually responsible for their own costs of operations. Unlike capacity purchase agreements, under a prorate agreement, the regional carrier retains the control and risk of scheduling, and in most cases, market selection, local seat pricing and inventory for its flights, although United and its regional carriers may coordinate schedules to maximize connections.

Additional Information

United is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith, files reports and other information with the SEC, which may be in the form of combined reports reflecting information about both United and UAL. Certain information with respect to United and UAL is furnished herein and in Appendix A hereto and incorporated therein by reference to materials on file with the SEC. See Appendix A—"Availability of Certain Information Relating to United Airlines, Inc." Such information has been provided by United and has not been independently verified by the City or the Underwriters, and neither the City nor the Underwriters make any representations or warranties, express or implied, as to the accuracy or completeness of such information. **No information from the commercial website of United is incorporated by reference into this document.**

CERTAIN BONDOWNERS' RISKS

The following section describes certain risk factors affecting the payment of and security for the Series 2015B Bonds. The following discussion is not meant to be an exhaustive list of all the risks associated with the purchase of any Series 2015B Bonds and does not necessarily reflect the relative importance of the various risks. In evaluating the Series 2015B Bonds, potential investors are advised to consider the following risk factors along with all other information described elsewhere or incorporated by reference in this Official Statement.

Obligation of United as Primary Security; Certain Risks with Respect to United

Payments of Special Facilities Payments by United under the Second Amended and Restated Special Facilities Lease and any amounts payable by United under the Guaranty will constitute the principal security for the payment of the principal of, premium, if any, and interest on the Series 2015B Bonds. The obligation of

United to make payments of Special Facilities Payments under the Second Amended and Restated Special Facilities Lease and to make payments under the Guaranty will constitute an absolute and unconditional general obligation of United. Payment of such amounts will be dependent upon the financial condition and results of operations of United.

Risk Factors Relating to United

High and/or volatile fuel prices or significant disruptions in the supply of aircraft fuel could have a material adverse impact on the Company's strategic plans, operating results, financial position and liquidity.

Aircraft fuel is critical to the Company's operations and has been the Company's single largest and most volatile operating expense for the last several years. The Company generally sources adequate supplies of fuel at prevailing market prices and has some ability to store fuel close to major hub locations to ensure supply continuity in the short term. Timely and adequate supply of aircraft fuel depends on the continued availability of reliable fuel supply sources and delivery infrastructure. Although the Company has some ability to cover short term supply and infrastructure disruptions at its major demand locations, it can neither predict nor guarantee the continued timely availability of aircraft fuel throughout the Company's system.

Market prices for aircraft fuel depend on a multitude of unpredictable factors beyond the Company's control. These factors include changes in global crude oil prices, aircraft fuel supply-demand balance, inventory levels and fuel production and transportation capacity, as well as indirect factors, such as geopolitical events, economic growth indicators, fiscal/monetary policies, fuel tax policies and financial investments. Both actual changes as well as changes in market expectations of these factors can potentially drive rapid changes in fuel price levels and price volatility.

Given the highly competitive nature of the airline industry, the Company may not be able to increase its fares and fees sufficiently to offset the full impact of increases in fuel prices, especially if these increases are rapid and sustained. Further, such fare and fee increases may not be sustainable, may reduce the general demand for air travel and may also eventually impact the Company's strategic growth and investment plans for the future. In addition, decreases in fuel prices for an extended period may result in increased industry capacity, increased competitive actions for market share and lower fares or surcharges in general. If fuel prices were subsequently to rise significantly, there may be a lag between improvement of revenue and the adverse impact of higher fuel prices as a result of any increased industry capacity.

To protect against increases in the market prices of fuel, the Company routinely hedges a portion of its future fuel requirements. However, the Company's hedging program may not be successful in mitigating higher fuel costs, and any price protection provided may be limited due to market conditions, including choice of hedging instruments, breakdown of correlation between hedging instrument and market price of fuel and failure of hedge counterparties. To the extent that the Company uses hedge contracts that have the potential to create an obligation to pay upon settlement if fuel prices decline significantly, including swaps or sold put options as part of a collar, such hedge contracts may limit the Company's ability to benefit fully from lower fuel costs in the future. If fuel prices decline significantly from the levels existing at the time the Company enters into a hedge contract, the Company may be required to post collateral (margin) beyond certain thresholds. There can be no assurance that the Company's hedging arrangements will provide any particular level of protection against rises in fuel prices or that its counterparties will be able to perform under the Company's hedging arrangements. Additionally, deterioration in the Company's financial condition could negatively affect its ability to enter into new hedge contracts in the future and may potentially require the Company to post increased amounts of collateral under its fuel hedging agreements.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and regulations promulgated by the Commodity Futures Trading Commission (the "CFTC") require centralized clearing for over-the-counter derivatives and record-keeping and reporting requirements that are applicable to the Company's fuel hedge contracts. The UAL Board of Directors ("Board of Directors") has approved the Company's election of the CFTC's end-user exception, which permits the Company as a non-financial end user of derivatives to hedge commercial risk and be exempt from the CFTC mandatory clearing requirements. However, several of the Company's hedge counterparties are also subject to these requirements, which may raise the counterparties' costs.

Those increased costs may in turn be passed on to the Company, resulting in increased transaction costs to execute hedge contracts and lower credit thresholds to post collateral (margin).

See Note 10 to the financial statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Annual Report") for additional information on the Company's hedging programs.

Terrorist attacks or international hostilities, or the fear of terrorist attacks or hostilities, even if not made directly on the airline industry, could negatively affect the Company and the airline industry.

The terrorist attacks on September 11, 2001 involving commercial aircraft severely and adversely impacted the Company's financial condition and results of operations, as well as the prospects for the airline industry. Among the effects experienced from the September 11, 2001 terrorist attacks were substantial flight disruption costs caused by the FAA-imposed temporary grounding of the U.S. airline industry's fleet, significantly increased security costs and associated passenger inconvenience, increased insurance costs, substantially higher ticket refunds and significantly decreased traffic and passenger revenue.

Additional terrorist attacks, even if not made directly on the airline industry, or the fear of or the precautions taken in anticipation of such attacks (including elevated national threat warnings or selective cancellation or redirection of flights) could materially and adversely affect the Company and the airline industry. Wars and other international hostilities could also have a material adverse impact on the Company's financial condition, liquidity and results of operations. The Company's financial resources may not be sufficient to absorb the adverse effects of any future terrorist attacks or other international hostilities.

The Company relies heavily on technology and automated systems to operate its business and any significant failure or disruption of the technology or these systems could materially harm its business.

The Company depends on automated systems and technology to operate its business, including computerized airline reservation systems, flight operations systems, revenue management systems, accounting systems, telecommunication systems and commercial websites, including www.united.com. United's website and other automated systems must be able to accommodate a high volume of traffic, maintain secure information and deliver important flight and schedule information, as well as process critical financial transactions. These systems could suffer substantial or repeated disruptions due to various events, some of which are beyond the Company's control, including natural disasters, power failures, terrorist attacks, equipment or software failures, computer viruses or cyber security attacks. Substantial or repeated systems failures or disruptions, including failures or disruptions related to the Company's complex integration of systems, could reduce the attractiveness of the Company's services versus those of its competitors, materially impair its ability to market its services and operate its flights, result in the unauthorized release of confidential or otherwise protected information, result in increased costs, lost revenue and the loss or compromise of important data, and may adversely affect the Company's business, results of operations and financial condition.

Disruptions to the Company's regional network and United Express flights provided by third-party regional carriers could adversely affect the Company's operations and financial condition.

The Company has contractual relationships with various regional carriers to provide regional jet and turboprop service branded as United Express. These regional operations are an extension of the Company's mainline network and complement the Company's operations by carrying traffic that connects to mainline service and allows flights to smaller cities that cannot be provided economically with mainline aircraft. The Company's business and operations are dependent on its regional flight network, with regional capacity accounting for approximately 13% of the Company's total as of December 31, 2014.

Although the Company has agreements with its regional carriers that include contractually agreed performance metrics, the Company does not control the operations of these carriers. A number of factors may impact the Company's regional network, including weather-related effects and seasonality. In addition, the decrease in qualified pilots driven by federal regulations has adversely impacted and could continue to affect the Company's regional flying. For example, the Federal Aviation Administration's ("FAA") expansion of minimum pilot

qualification standards, including a requirement that a pilot have at least 1,500 total flight hours, as well as the FAA's revised pilot flight and duty time rules, effective January 2014, have contributed to an increasing need for pilots for regional carriers. The decrease in qualified pilots resulting from the regulations as well as factors including a decreased student pilot population and a shrinking U.S. military from which to hire qualified pilots, could adversely impact the Company's operations and financial condition, and also require the Company to reduce regional carrier flying.

If a significant disruption occurs to the Company's regional network or flights or if one or more of the regional carriers with which the Company has relationships is unable to perform their obligations over an extended period of time, there could be a material adverse effect on the Company's business, financial condition and operations.

The Company is subject to increasing legislative and regulatory and customer focus on privacy issues and data security.

The Company is subject to increasing legislative and regulatory and customer focus on privacy issues and data security. A number of the Company's commercial partners, including credit card companies, have imposed data security standards that the Company must meet and these standards continue to evolve. The Company will continue its efforts to meet new and increasing privacy and security standards; however, it is possible that certain new standards may be difficult to meet and could increase the Company's costs. Additionally, any compromise of the Company's technology systems could result in the loss, disclosure, misappropriation of or access to customers', employees' or business partners' information. Any such loss, disclosure, misappropriation or access could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information. Any significant data breach or the Company's failure to comply with applicable U.S. and foreign privacy or data security regulations or security standards imposed by the Company's commercial partners may adversely affect the Company's reputation, business, results of operations and financial condition.

Economic and industry conditions constantly change and unfavorable global economic conditions may have a material adverse effect on the Company's business and results of operations.

The Company's business and results of operations are significantly impacted by general economic and industry conditions. The airline industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and global economies. Robust demand for the Company's air transportation services depends largely on favorable economic conditions, including the strength of the domestic and foreign economies, low unemployment levels, strong consumer confidence levels and the availability of consumer and business credit.

Air transportation is often a discretionary purchase that leisure travelers may limit or eliminate during difficult economic times. In addition, during periods of unfavorable economic conditions, business travelers usually reduce the volume of their travel, either due to cost-saving initiatives or as a result of decreased business activity requiring travel. During such periods, the Company's business and results of operations may be adversely affected due to significant declines in industry passenger demand, particularly with respect to the Company's business and premium cabin travelers, and a reduction in fare levels.

Stagnant or weakening global economic conditions either in the United States or in other geographic regions, and any future volatility in U.S. and global financial and credit markets may have a material adverse effect on the Company's revenues, results of operations and liquidity. If such economic conditions were to disrupt capital markets in the future, the Company may be unable to obtain financing on acceptable terms (or at all) to refinance certain maturing debt and to satisfy future capital commitments.

The Company could experience adverse publicity, harm to its brand, reduced travel demand and potential tort liability as a result of an accident, catastrophe, or incident involving its aircraft, the aircraft of its regional carriers or the aircraft of its codeshare partners, which may result in a material adverse effect on the Company's results of operations or financial position.

An accident, catastrophe, or incident involving an aircraft that the Company operates, or an aircraft that is operated by a codeshare partner or one of the Company's regional carriers, could have a material adverse effect on the Company if such accident, catastrophe, or incident created a public perception that the

Company's operations, or the operations of its codeshare partners or regional carriers, are not safe or reliable, or less safe or reliable than other airlines. Such public perception could in turn result in adverse publicity for the Company, cause harm to the Company's brand and reduce travel demand on the Company's flights, or the flights of its codeshare partners or regional carriers.

In addition, any such accident, catastrophe, or incident could expose the Company to significant tort liability. Although the Company currently maintains liability insurance in amounts and of the type the Company believes to be consistent with industry practice to cover damages arising from any such accident or catastrophe, and the Company's codeshare partners and regional carriers carry similar insurance and generally indemnify the Company for their operations, if the Company's liability exceeds the applicable policy limits or the ability of another carrier to indemnify it, the Company could incur substantial losses from an accident, catastrophe or incident which may result in a material adverse effect on the Company's results of operations or financial position.

The Company's business relies extensively on third-party service providers. Failure of these parties to perform as expected, or interruptions in the Company's relationships with these providers or their provision of services to the Company, could have an adverse effect on the Company's financial position and results of operations.

The Company has engaged an increasing number of third-party service providers to perform a large number of functions that are integral to its business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of information technology infrastructure and services, transmitting or uploading of data, provision of aircraft maintenance and repairs, provision of various utilities and performance of aircraft fueling operations, among other vital functions and services. The Company does not directly control these third-party service providers, although it does enter into agreements with many of them that define expected service performance. Any of these third-party service providers, however, may materially fail to meet their service performance commitments to the Company, may suffer disruptions to their systems that could impact their services, or the agreements with such providers may be terminated. For example, flight reservations booked by customers and travel agencies via third-party GDSs may be adversely affected by disruptions in the business relationships between the Company and GDS operators. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the Company's flight information to be limited or unavailable for display, significantly increase fees for both the Company and GDS users, and impair the Company's relationships with its customers and travel agencies. The failure of any of the Company's third-party service providers to perform their service obligations adequately, or other interruptions of services, may reduce the Company's revenues and increase its expenses, prevent the Company from operating its flights and providing other services to its customers or result in adverse publicity or harm to its brand. In addition, the Company's business and financial performance could be materially harmed if its customers believe that its services are unreliable or unsatisfactory.

Inadequate liquidity or a negative impact on the Company's liquidity from factors beyond the Company's control may have a material adverse effect on the Company's financial position and business.

The Company has a significant amount of financial leverage from fixed obligations, including aircraft lease and debt financings, leases of airport property and other facilities, and other material cash obligations. In addition, the Company has substantial non-cancelable commitments for capital expenditures, including for the acquisition of new aircraft and related spare engines.

Although the Company's cash flows from operations and its available capital, including the proceeds from financing transactions, have been sufficient to meet these obligations and commitments to date, the Company's future liquidity could be negatively affected by the risk factors discussed herein, including, but not limited to, substantial volatility in the price of fuel, adverse economic conditions, disruptions in the global capital markets and catastrophic external events.

If the Company's liquidity is constrained due to the various risk factors noted herein or otherwise, the Company might not be able to timely pay its debts or comply with certain operating and financial covenants under its financing and credit card processing agreements or with other material provisions of its contractual obligations. These covenants require the Company or United, as applicable, to maintain minimum liquidity and/or

minimum collateral coverage ratios, depending on the particular agreement. The Company's ability to comply with these covenants may be affected by events beyond its control, including the overall industry revenue environment, the level of fuel costs and the appraised value of certain collateral.

If the Company does not timely pay its debts or comply with such covenants, a variety of adverse consequences could result. These potential adverse consequences include an increase of required reserves under credit card processing agreements, withholding of credit card sale proceeds by its credit card service providers, loss of undrawn lines of credit, the occurrence of one or more events of default under the relevant agreements, the acceleration of the maturity of debt and/or the exercise of other remedies by its creditors and equipment lessors that could result in a material adverse effect on the Company's financial position and results of operations. The Company cannot provide assurance that it would have sufficient liquidity to repay or refinance such debt if it were accelerated. In addition, an event of default or acceleration of debt under certain of its financing agreements could result in one or more events of default under certain of the Company's other financing agreements due to cross default and cross acceleration provisions.

Furthermore, constrained liquidity may limit the Company's ability to withstand competitive pressures and downturns in the travel business and the economy in general.

The Company's substantial level of indebtedness and non-investment grade credit rating, as well as market conditions and the availability of assets as collateral for loans or other indebtedness, may make it difficult for the Company to raise additional capital to meet its liquidity needs on acceptable terms, or at all.

See Part II Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of the 2014 Annual Report for additional information regarding the Company's liquidity.

Union disputes, employee strikes or slowdowns, and other labor-related disruptions, as well as the integration of United's workforces in connection with the October 1, 2010 Merger, could adversely affect the Company's operations and could result in increased costs that impair its financial performance.

United is a highly unionized company. As of December 31, 2014, the Company and its subsidiaries had approximately 84,000 active employees, of whom approximately 80% were represented by various U.S. labor organizations.

The successful integration of United's workforces in connection with the October 1, 2010 Merger and achievement of the anticipated benefits of the combined company depend in part on integrating employee groups and maintaining productive employee relations. In order to fully integrate the pre-October 1, 2010 Merger represented employee groups, the Company must negotiate a joint collective bargaining agreement covering each combined group. The process for integrating the labor groups is governed by a combination of the Railway Labor Act (the "RLA"), the McCaskill-Bond Amendment, and where applicable, the existing provisions of collective bargaining agreements and union policies. A delay in or failure to integrate employee groups presents the potential for increased operating costs and labor disputes that could adversely affect the Company's operations.

The Company can provide no assurance that a successful or timely resolution of labor negotiations for all amendable collective bargaining agreements will be achieved. There is a risk that unions or individual employees might pursue judicial or arbitral claims arising out of changes implemented as a result of the October 1, 2010 Merger. There is also a possibility that employees or unions could engage in job actions such as slowdowns, work-to-rule campaigns, sick-outs or other actions designed to disrupt the Company's normal operations, in an attempt to pressure the Company in collective bargaining negotiations. Although the RLA makes such actions unlawful until the parties have been lawfully released to self-help, and the Company can seek injunctive relief against premature self-help, such actions can cause significant harm even if ultimately enjoined. In addition, achieving joint collective bargaining agreements with the Company's represented employee groups is likely to increase the Company's labor costs, which increase could be material.

See Notes 15 and 17 to the financial statements included in Part II, Item 8 of the 2014 Annual Report for additional information on labor negotiations and costs.

An outbreak of a disease or similar public health threat could have a material adverse impact on the Company's business, financial position and results of operations.

An outbreak of a disease or similar public health threat that affects travel demand or travel behavior, or travel restrictions or reduction in the demand for air travel caused by an outbreak of a disease or similar public health threat in the future, could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company is subject to economic and political instability and other risks of doing business globally.

The Company is a global business with operations outside of the United States from which it derives approximately 40% of its operating revenues, as measured and reported to the U.S. Department of Transportation ("DOT"). The Company's operations in Asia, Europe, Latin America, Africa and the Middle East are a vital part of its worldwide airline network. Volatile economic, political and market conditions in these international regions may have a negative impact on the Company's operating results and its ability to achieve its business objectives. In addition, significant or volatile changes in exchange rates between the U.S. dollar and other currencies, and the imposition of exchange controls or other currency restrictions, may have a material adverse impact upon the Company's liquidity, revenues, costs and operating results.

Most recently, economic instability in Venezuela resulted in exchange rate changes that apply to the Company's funds held in Venezuelan bolivars. The Company had approximately \$100 million of its unrestricted cash balance held in Venezuelan bolivars as of December 31, 2014 based on a mix of historical rates in effect at the time of submission for repatriation. There can be no assurance that the Company will be able to repatriate any or all of the funds held in Venezuelan bolivars in the future. Additionally, the amount and exchange rate at which the balance of funds will be repatriated could change resulting in a loss to the Company. If economic instability and devaluation of the local currency continue for a period of time in Venezuela, such conditions may have an adverse impact on the Company's business.

Extensive government regulation could increase the Company's operating costs and restrict its ability to conduct its business.

Airlines are subject to extensive regulatory and legal oversight. Compliance with U.S. and international regulations imposes significant costs and may have adverse effects on the Company. Laws, regulations, taxes and airport rates and charges, both domestically and internationally, have been proposed from time to time that could significantly increase the cost of airline operations or reduce airline revenue. The Company cannot provide any assurance that current laws and regulations, or laws or regulations enacted in the future, will not adversely affect its financial condition or results of operations.

United provides air transportation under certificates of public convenience and necessity issued by the DOT. If the DOT altered, amended, modified, suspended or revoked these certificates, it could have a material adverse effect on the Company's business. The DOT is also responsible for promulgating consumer protection and other regulations such as the rule against lengthy tarmac delays, that will impose significant compliance costs on the Company. The FAA regulates the safety of United's operations. United operates pursuant to an air carrier operating certificate issued by the FAA. In January 2014, the FAA's more stringent pilot flight and duty time requirements under Part 117 of the Federal Aviation Regulations took effect, which has increased costs for all carriers. In July 2014, minimum qualifications took effect for air carrier first officers. These regulations impact the Company and its regional partner flying, as they have caused mainline airlines to hire regional pilots, while simultaneously significantly reducing the pool of new pilots from which regional carriers themselves can hire. Although this is an industry issue, it directly affects the Company and requires it to reduce regional partner flying, as several regional partners have experienced difficulty flying their schedules due to reduced pilot availability. From time to time, the FAA also issues orders, airworthiness directives and other regulations relating to the maintenance and operation of aircraft that require material expenditures or operational restrictions by the Company. These FAA orders and directives could include the temporary grounding of an entire aircraft type if the FAA identifies design, manufacturing, maintenance or other issues requiring immediate corrective action. FAA requirements cover, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear

avoidance systems, noise abatement and other environmental concerns, aircraft operation and safety and increased inspections and maintenance procedures to be conducted on older aircraft. These FAA directives or requirements could have a material adverse effect on the Company. Also, the Occupational Safety and Health Administration's regulatory programs for hazard communication, hearing conservation and blood borne pathogens in the areas of cabin crewmember safety and health, which began in March 2014, have exposed the Company to increased regulatory requirements in the aircraft cabin, with associated increased costs and the possibility for operational impacts.

In addition, the Company's operations may be adversely impacted due to the existing antiquated air traffic control ("ATC") system utilized by the U.S. government. During peak travel periods in certain markets, the current ATC system's inability to handle existing travel demand has led to short-term capacity constraints imposed by government agencies and resulted in delays and disruptions of air traffic. In addition, the current system will not be able to effectively handle projected future air traffic growth. Imposition of these ATC constraints on a long-term basis may have a material adverse effect on the Company's results of operations. Failure to update the ATC system in a timely manner, and the substantial funding requirements of a modernized ATC system that may be imposed on air carriers may have an adverse impact on the Company's financial condition or results of operations.

The airline industry is subject to extensive federal, state and local taxes and fees that increase the cost of the Company's operations. In addition to taxes and fees that the Company is currently subject to, proposed taxes and fees are currently pending and if imposed, would increase the Company's operating expenses.

Access to landing and take-off rights, or "slots," at several major U.S. airports and many foreign airports served by the Company are, or recently have been, subject to government regulation. Certain of the Company's major hubs are among increasingly congested airports in the United States and have been or could be the subject of regulatory action that might limit the number of flights and/or increase costs of operations at certain times or throughout the day. The FAA may limit the Company's airport access by limiting the number of departure and arrival slots at high density traffic airports, which could affect the Company's ownership and transfer rights, and local airport authorities may have the ability to control access to certain facilities or the cost of access to its facilities, which could have an adverse effect on the Company's business. The FAA historically has taken actions with respect to airlines' slot holdings that airlines have challenged; if the FAA were to take actions that adversely affect the Company's slot holdings, the Company could incur substantial costs to preserve its slots. Further, the Company's operating costs at airports at which it operates, including the Company's major hubs, may increase significantly because of capital improvements at such airports that the Company may be required to fund, directly or indirectly. In some circumstances, such costs could be imposed by the relevant airport authority without the Company's approval and may have a material adverse effect on the Company's financial condition.

The ability of carriers to operate flights on international routes between airports in the United States and other countries may be subject to change. Applicable arrangements between the United States and foreign governments may be amended from time to time, government policies with respect to airport operations may be revised, and the availability of appropriate slots or facilities may change. The Company currently operates a number of flights on international routes under government arrangements, regulations or policies that designate the number of carriers permitted to operate on such routes, the capacity of the carriers providing services on such routes, the airports at which carriers may operate international flights, or the number of carriers allowed access to particular airports. Any further limitations, additions or modifications to such arrangements, regulations or policies could have a material adverse effect on the Company's financial position and results of operations. Additionally, a change in law, regulation or policy for any of the Company's international routes, such as open skies, could have a material adverse impact on the Company's financial position and results of operations and could result in the impairment of material amounts of related tangible and intangible assets. In addition, competition from revenue sharing joint ventures and other alliance arrangements by and among other airlines could impair the value of the Company's business and assets on the open skies routes. The Company's plans to enter into or expand U.S. antitrust immunized alliances and joint ventures on various international routes are subject to receipt of approvals from applicable U.S. federal authorities and obtaining other applicable foreign government clearances or satisfying the necessary applicable regulatory requirements. There can be no assurance that such approvals and clearances will be granted or will continue in effect upon further regulatory review or that changes in regulatory requirements or standards can be satisfied.

Many aspects of the Company's operations are also subject to increasingly stringent federal, state, local and international laws protecting the environment. Future environmental regulatory developments, such as climate change regulations in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. There are certain climate change laws and regulations that have already gone into effect and that apply to the Company, including the European Union Emissions Trading Scheme, the State of California's greenhouse gas cap and trade regulations, environmental taxes for certain international flights, limited greenhouse gas reporting requirements and land-use planning laws which could apply to airports and could affect airlines in certain circumstances. In addition, there is the potential for additional regulatory actions in regard to the emission of greenhouse gases by the aviation industry. The precise nature of future requirements and their applicability to the Company are difficult to predict, but the financial impact to the Company and the aviation industry would likely be adverse and could be significant.

In 2015, the U.S. Congress will begin consideration of legislation to reauthorize the FAA, which encompasses all significant aviation tax and policy related issues. As with previous reauthorization legislation, the U.S. Congress may consider a range of policy changes that could impact the Company's operations and costs.

See Part I, Item 1, Business - Industry Regulation, of the 2014 Annual Report for additional information on government regulation impacting the Company.

The airline industry is highly competitive and susceptible to price discounting and changes in capacity, which could have a material adverse effect on the Company.

The U.S. airline industry is characterized by substantial price competition including from low-cost carriers. The significant market presence of low-cost carriers, which engage in substantial price discounting, has diminished the ability of large network carriers to achieve sustained profitability on domestic and international routes.

Airlines also compete for market share by increasing or decreasing their capacity, including route systems and the number of markets served. Several of the Company's domestic and international competitors have increased their international capacity by including service to some destinations that the Company currently serves, causing overlap in destinations served and therefore increasing competition for those destinations. In addition, the Company and certain of its competitors have implemented significant capacity reductions in recent years in response to high and volatile fuel prices and stagnant global economic growth. Further, certain of the Company's competitors may not reduce capacity or may increase capacity, impacting the expected benefit to the Company from capacity reductions. This increased competition in both domestic and international markets may have a material adverse effect on the Company's results of operations, financial condition or liquidity.

UAL's obligations for funding United's defined benefit pension plans are affected by factors beyond UAL's control.

The Company maintains two primary defined benefit pension plans, one covering certain pilot employees and another covering certain U.S. non-pilot employees. The timing and amount of UAL's funding requirements under these plans depend upon a number of factors, including labor negotiations with the applicable employee groups and changes to pension plan benefits as well as factors outside of UAL's control, such as the number of applicable retiring employees, asset returns, interest rates and changes in pension laws. Changes to these and other factors that can significantly increase UAL's funding requirements, such as its liquidity requirements, could have a material adverse effect on UAL's financial condition.

The airline industry may undergo further consolidation, creation or modification of alliances or joint ventures or bankruptcy restructuring, any of which could have a material adverse effect on the Company.

The Company faces and may continue to face strong competition from other carriers due to industry consolidation, the creation and modification of alliances and joint ventures and bankruptcy restructuring. Both the U.S. and international airline industries have experienced consolidation through a number of mergers and acquisitions. The Company is also facing stronger competition from expanded airline alliances and joint ventures.

Carriers may improve their competitive positions through airline alliances, slot swaps and/or joint ventures. Certain types of airline joint ventures further competition by allowing multiple airlines to coordinate routes, pool revenues and costs, and enjoy other mutual benefits, achieving many of the benefits of consolidation. “Open Skies” agreements, including the agreements between the United States and the European Union and between the United States and Japan, may also give rise to additional consolidation or better integration opportunities among international carriers. Movement of airlines between current global airline alliances could reduce joint network coverage for members of such alliances while also creating opportunities for joint ventures and bilateral alliances that did not exist before such realignment. A number of carriers, both domestic and international, have filed for bankruptcy protection in the last ten years and other domestic and international carriers could restructure or consolidate in bankruptcy or threaten to do so in the future to reduce their costs. Carriers operating under bankruptcy protection can operate in a manner that could be adverse to the Company, could divest assets to the Company’s competitors and could emerge from bankruptcy as more vigorous competitors.

There is ongoing speculation that further airline and airline alliance consolidations or reorganizations could occur in the future. The Company routinely engages in analysis and discussions regarding its own strategic position, including current and potential alliances, asset acquisitions and divestitures and may have future discussions with other airlines regarding strategic activities. If other airlines participate in such activities, those airlines may significantly improve their cost structures or revenue generation capabilities, thereby potentially making them stronger competitors of the Company and potentially impairing the Company’s ability to realize expected benefits from its own strategic relationships.

Increases in insurance costs or reductions in insurance coverage may materially and adversely impact the Company’s results of operations and financial condition.

The Company could be exposed to significant liability or loss if its property or operations were to be affected by a natural catastrophe or other event, including aircraft accidents. If the Company is unable to obtain sufficient insurance (including but not limited to aviation hull and liability insurance, workers’ compensation, and property and business interruption coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, its results of operations and financial condition could be materially and adversely affected.

Following the terrorist attacks on September 11, 2001, the Company’s insurance costs increased significantly and the availability of third-party war risk (terrorism) insurance decreased significantly. From September 2001 through May 2014, the Company obtained third-party war risk (terrorism) insurance through a FAA-administered program. In anticipation of the government discontinuing this program, effective May 2014, the Company terminated its FAA-administered insurance and returned to the commercial insurance markets to obtain third-party war risk (terrorism) insurance. The government subsequently discontinued the FAA-administered program in December 2014. If the Company is unable in the future to obtain third-party war risk (terrorism) insurance with acceptable terms, or if the coverage obtained is insufficient relative to actual liability or losses that the Company experiences, its results of operations and financial condition could be materially and adversely affected.

The Company’s results of operations fluctuate due to seasonality and other factors associated with the airline industry.

Due to greater demand for air travel during the spring and summer months, revenues in the airline industry in the second and third quarters of the year are generally stronger than revenues in the first and fourth quarters of the year, which are periods of lower travel demand. The Company’s results of operations generally reflect this seasonality, but have also been impacted by numerous other factors that are not necessarily seasonal including, among others, the imposition of excise and similar taxes, extreme or severe weather, air traffic control congestion, geological events, natural disasters, changes in the competitive environment due to industry consolidation, general economic conditions and other factors. As a result, the Company’s quarterly operating results are not necessarily indicative of operating results for an entire year and historical operating results in a quarterly or annual period are not necessarily indicative of future operating results.

The Company may never realize the full value of its intangible assets or its long-lived assets causing it to record impairments that may negatively affect its financial position and results of operations.

In accordance with applicable accounting standards, the Company is required to test its indefinite-lived intangible assets for impairment on an annual basis on October 1 of each year, or more frequently if conditions indicate that an impairment may have occurred. In addition, the Company is required to test certain of its other assets for impairment if conditions indicate that an impairment may have occurred.

The Company may be required to recognize impairments in the future due to, among other factors, extreme fuel price volatility, tight credit markets, a decline in the fair value of certain tangible or intangible assets, unfavorable trends in historical or forecasted results of operations and cash flows and an uncertain economic environment, as well as other uncertainties. The Company can provide no assurance that a material impairment charge of tangible or intangible assets will not occur in a future period. The value of the Company's aircraft could be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from grounding of aircraft by the Company or other carriers. An impairment charge could have a material adverse effect on the Company's financial position and results of operations.

The Company's ability to use its net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes may be significantly limited due to various circumstances, including certain possible future transactions involving the sale or issuance of UAL common stock, or if taxable income does not reach sufficient levels.

As of December 31, 2014, UAL reported consolidated federal net operating loss ("NOL") carryforwards of approximately \$9.6 billion.

The Company's ability to use its NOL carryforwards may be limited if it experiences an "ownership change" as defined in Section 382 ("Section 382") of the Code. An ownership change generally occurs if certain stockholders increase their aggregate percentage ownership of a corporation's stock by more than 50 percentage points over their lowest percentage ownership at any time during the testing period, which is generally the three-year period preceding any potential ownership change.

There is no assurance that the Company will not experience a future ownership change under Section 382 that may significantly limit or possibly eliminate its ability to use its NOL carryforwards. Potential future transactions involving the sale or issuance of UAL common stock, including the exercise of conversion options under the terms of any convertible debt that UAL may issue in the future, the repurchase of such debt with UAL common stock, any issuance of UAL common stock for cash and the acquisition or disposition of such stock by a stockholder owning 5% or more of UAL common stock, or a combination of such transactions, may increase the possibility that the Company will experience a future ownership change under Section 382.

Under Section 382, a future ownership change would subject the Company to additional annual limitations that apply to the amount of pre-ownership change NOLs that may be used to offset post-ownership change taxable income. This limitation is generally determined by multiplying the value of a corporation's stock immediately before the ownership change by the applicable long-term tax-exempt rate. Any unused annual limitation may, subject to certain limits, be carried over to later years, and the limitation may under certain circumstances be increased by built-in gains in the assets held by such corporation at the time of the ownership change. This limitation could cause the Company's U.S. federal income taxes to be greater, or to be paid earlier, than they otherwise would be, and could cause all or a portion of the Company's NOL carryforwards to expire unused. Similar rules and limitations may apply for state income tax purposes. The Company's ability to use its NOL carryforwards will also depend on the amount of taxable income it generates in future periods. Its NOL carryforwards may expire before the Company can generate sufficient taxable income to use them in full.

Limitations Upon the City's Ability to Relet the Special Facilities

Although United's obligation to make Special Facilities Payments is not secured by a leasehold mortgage on the Special Facilities in favor of the bondholders, upon and during an event of default by United under the Second Amended and Restated Special Facilities Lease, the City may (or, in the event of a failure by United to pay Special Facilities Payments when due under the Second Amended and Restated Special Facilities Lease, is required to) use all commercially reasonable efforts to relet the Special Facilities and related ground areas to a

replacement tenant or tenants on a net rent basis (i.e., the tenant shall be responsible for all occupancy costs) at a rental rate sufficient to provide for the payment of certain charges, including but not limited to Special Facilities Payments, to the same extent as United is obligated to do so. See “SECURITY FOR THE SERIES 2015B BONDS,” above. However, certain practical and legal considerations could inhibit or materially delay the City’s ability to relet any such facilities or otherwise recognize sufficient revenues therefrom in order to repay the Series 2015B Bonds.

Failure by United to Vacate the Special Facilities and Related Ground Areas. The ability of the City to relet all or any part of the Special Facilities upon and following an event of default by United under the Second Amended and Restated Special Facilities Lease could depend upon whether United will, or would be required in such circumstances to, surrender to the City the Special Facilities, as well as the related ground areas covered by the Second Amended and Restated Special Facilities Lease.

Unless United willingly vacates the Special Facilities and related ground areas upon and following an event of default by it under the Second Amended and Restated Special Facilities Lease, the City could be required to bring legal proceedings against United in order to exclude it from possession of such properties to enable their potential reletting to one or more replacement tenants. In such event, certain procedural and substantive provisions of Texas law could prevent the City from immediately evicting or otherwise dispossessing United of the Special Facilities and related ground areas to make such properties available for a prompt reletting by the City.

Alternatively, upon and following a bankruptcy filing by United, certain provisions of the United States Bankruptcy Code could significantly delay or inhibit the City’s ability to repossess or cause United to surrender promptly any or all of the Special Facilities and related ground areas to enable their potential reletting by the City. In particular, if a bankruptcy case is filed with respect to United, the Second Amended and Restated Special Facilities Lease would likely be treated as an executory contract or unexpired lease of non-residential real property pursuant to Section 365 of the United States Bankruptcy Code. In such event, within 60 days after the entry of an order for relief is granted with respect to the bankruptcy filing (subject to extension at the discretion of the bankruptcy court up to 270 days), United would be required to either (i) assume the Second Amended and Restated Special Facilities Lease, in which case United would remain in possession of the Special Facilities and related ground areas but it would also have to cure all pre-filing monetary defaults (such as unpaid Special Facilities Payments) and perform its future obligations under the Second Amended and Restated Special Facilities Lease as a condition to that agreement’s ongoing effectiveness, including during the pendency of the bankruptcy case, or (ii) reject the Second Amended and Restated Special Facilities Lease, in which case the Second Amended and Restated Special Facilities Lease could be terminated by the City and United would be required to vacate the Special Facilities and related ground areas in due course. While any such rejection of the Second Amended and Restated Special Facilities Lease by United in bankruptcy could eventually facilitate a potential reletting of the Special Facilities and related ground areas, the City could nevertheless experience delays in gaining access to such properties as a result of the bankruptcy filing, and such delays could adversely affect the potential availability of reletting proceeds when needed to effect the timely repayment of the Series 2015B Bonds. Such a rejection of the Second Amended and Restated Special Facilities Lease by United could also result in limited damages against it under the United States Bankruptcy Code. See “CERTAIN BONDOWNERS’ RISKS—Possible Limitations on Damages Against United Upon a United Bankruptcy” herein.

Rather than treating the Second Amended and Restated Special Facilities Lease as an unexpired lease of non-residential real property in bankruptcy, United’s bankruptcy trustee or United as debtor-in-possession could instead seek to treat the Second Amended and Restated Special Facilities Lease as a disguised loan with respect to all or any portion of the Special Facilities, and it is possible that the bankruptcy court could agree with such recharacterization. In such circumstances, United could seek to suspend its Special Facility Payments with respect to affected Special Facilities during the pendency of its bankruptcy proceedings. Bondholders would likely be treated as secured creditors of United with respect to the suspended Special Facilities Payments (which could ultimately be restructured or reduced) and the affected Special Facilities, but an automatic stay against enforcing remedies could prevent the City from terminating the Second Amended and Restated Special Facilities Lease. As a result, United could then remain in possession of the affected Special Facilities and related ground areas for up to the full remaining term of the Second Amended and Restated Special Facilities Lease, and the City would not be able to regain possession of such properties during such time to enable their potential reletting.

For all the foregoing reasons, no assurance can be given that United will, or will be required to, surrender the Special Facilities and related ground areas within any specific timeframe following a bankruptcy or other default by it under the Second Amended and Restated Special Facilities Lease. In such event(s), the Special Facilities and related ground areas could be unavailable for potential reletting by the City, for relatively brief or even extended periods of time, to help generate sufficient funds when needed to effect the timely repayment of the Series 2015B Bonds.

Potential Limitations on Reletting Value of Prior Special Facilities in Terminal C. As described above under “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Description of the Prior Special Facilities,” the Special Facilities in Terminal C are comprised largely of passenger holdroom, baggage area and other miscellaneous improvements that support United’s broader operations in Terminal C. As further described above under “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Memorandum of Agreement,” certain of the Special Facilities in Terminal C may revert to the City following substantial completion of the Series 2015B Special Facilities and be unavailable for any reletting that might thereafter occur. Still, even if any Special Facilities in Terminal C that are subject to reletting are vacated by United following an event of default by it under the Second Amended and Restated Special Facilities Lease such that they could be relet, the City may be unable to find interested replacement tenants for them given their limited functional uses, which uses may be further limited by the City’s inability to procure other broader operating space for potential replacement tenants in Terminal C. In particular, as described above under “GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON—United’s Terminal Facilities at the Airport” and “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Second Amended and Restated Special Facilities Lease; Related Lease Arrangements,” United leases from the City the Preexisting Terminal C Facilities, which comprise the bulk of the remaining operational space in Terminal C, under the Use and Lease Agreement, which is separate from the Second Amended and Restated Special Facilities Lease pursuant to which United leases from the City all of Terminal B and the Special Facilities in Terminal C. There can be no assurance that, following a termination of the Second Amended and Restated Special Facilities Lease, United will, or would be required to, surrender to the City the Preexisting Terminal C Facilities. For example, United could continue performing its obligations under the Use and Lease Agreement irrespective of any default by it under the Second Amended and Restated Special Facilities Lease (as such agreements are not cross-defaulted with one another) and, if in bankruptcy, United could even seek to reject the Second Amended and Restated Special Facilities Lease while affirming and continuing to perform its obligations under the Use and Lease Agreement. In such instance, though United could be required to vacate Terminal B and the specific Special Facilities in Terminal C that were financed with the proceeds of the Bonds, it could nevertheless remain in possession of the Preexisting Terminal C Facilities that are separately leased to it under the Use and Lease Agreement, and thereby continue significant operations in Terminal C. (United could also continue to remain in possession of and conduct substantial operations at the Airport out of its separately leased facilities in Terminals A, D and E at the Airport, subject to performing its obligations under the leases for such facilities in those terminals.) The areas leased to United under the Use and Lease Agreement are more necessary to United’s ability to operate out of Terminal C than the Special Facilities in Terminal C leased by United under the Second Amended and Restated Special Facilities Lease, which Special Facilities primarily support United’s operations in the Preexisting Terminal C Facilities. Therefore, the City’s ability to find a replacement tenant willing to lease the Special Facilities in Terminal C may be reduced if United has not vacated the Preexisting Terminal C Facilities, allowing the City to offer the Preexisting Terminal C Facilities to a potential replacement tenant simultaneously with the Special Facilities United had leased in Terminal C under the Second Amended and Restated Special Facilities Lease Agreement. Further, even if such a replacement tenant or tenants could be found, there can be no assurance that any such replacement tenant(s) would be willing or able to pay sufficient rentals to lease any such facilities to ensure the full payment of the Series 2015B Bonds when due.

Potential Limitations on Reletting Value of Special Facilities in Terminal B. As described above under “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Description of the Prior Special Facilities and Facilities in Terminal D Financed with Prior Bond Proceeds,” many of the Special Facilities located in Terminal B are comprised of passenger terminal facilities developed primarily for regional flight operations. Although the Series 2015B Special Facilities are anticipated to mainly support larger aircraft for use in United’s mainline operations, United expects to continue to use the other Special Facilities in Terminal B in the Airport to conduct its regional jet flight operations, and such Special Facilities are expected to remain equipped with facilities primarily to serve regional aircraft. For example, the 30 gates in the South Concourse of Terminal B, financed with the proceeds of the Series 2011 Bonds, are configured for ground-level aircraft boarding, rather than

for the use of jet bridges. Certain capital improvements or renovations could be required before those Special Facilities would be capable of supporting larger aircraft, and there can be no assurance that the City would be able to find a replacement tenant or tenants willing to undertake any capital improvements or renovations that may be necessary to modify the facilities for their particular operations. Further, even if such a replacement tenant or tenants could be found, there can be no assurance that any such replacement tenant(s) would be willing or able to pay sufficient rentals to lease any such facilities to ensure the full payment of the Series 2015B Bonds when due.

Completion of Special Facilities. The ability of the City to relet all or any of the Special Facilities at the time of any default under the Second Amended and Restated Special Facilities Lease could depend upon the extent to which the construction or installation of such facilities has been completed, particularly the anticipated new North Concourse of Terminal B, which will undergo construction following issuance of the Series 2015B Bonds. Although United has covenanted under the Second Amended and Restated Special Facilities Lease to use all commercially reasonable efforts to cause the construction of any facilities financed with the proceeds of the Bonds to be constructed by United in accordance with pre-established schedules (which schedules are subject to change, as may be agreed upon by United and the City) and to pay from its own funds for the completion of such facilities if there are insufficient Bond proceeds, no assurance can be given that all or any particular new Special Facilities will be completed and available for any reletting by the City when needed. Because the construction costs for the Series 2015B Special Facilities are expected to exceed the available proceeds of the Series 2015B-1 Bonds by about \$15 million, United is expected to be required to expend some amount of its own funds to ensure the completion of the 2015B Special Facilities. Completion of the construction of the Series 2015B Special Facilities or any future facilities intended to be financed with the proceeds of Bonds could also be adversely impacted by estimating errors; design and engineering errors; delays in the award or processing of construction contracts or changes in construction plans; unforeseen site conditions; labor difficulties; adverse weather conditions; contractor defaults; and other construction-related delays. Completion by the City of complementary improvements necessary for the full functioning of the Series 2015B Special Facilities is subject to similar risks. Moreover, the existing ramp-level regional aircraft boarding corridors to the east of the existing circular flight stations on the north side of Terminal B, including all 14 regional aircraft boarding areas contained in such boarding corridors and related hardstand aircraft parking positions, will be demolished in connection with the construction of the Series 2015B Special Facilities, resulting in diminished capacity of the remaining Special Facilities until, as part of completion of the Series 2015B Special Facilities, the completion of construction of replacement aircraft gates with equivalent or greater capacity than the boarding areas that are demolished.

Hub Operations; Potential Availability of Other Competing Space at the Airport. United uses the Airport as one of its principal hubs and is the largest user of terminal and other related space at the Airport. Moreover, the North Concourse of Terminal B is being, and additional facilities financed with proceeds of future Bonds may be, constructed and installed to support United's hub operations at the Airport. While United also serves a large market of origination-and-destination passenger traffic at the Airport, a significant portion of its operations support passenger traffic that is not originated in, or ultimately destined for, the Airport. Because other air carriers may not desire to operate large hub facilities at the Airport, and because competing facilities at the Airport could also be available to prospective replacement tenants at the time the City may be seeking to relet any of the Special Facilities (particularly if the Special Facilities are then available as a result of a retraction by United at the Airport), there can be no assurance that the City would be able to find a replacement tenant or tenants for any of the Special Facilities or that any such replacement tenant(s) would be willing or able to pay sufficient rentals to lease any such Special Facilities to ensure the full payment of the Series 2015B Bonds when due.

Subordination of Special Facilities Payments; Uncertainty Concerning Terminal C Rental Rates Affecting the Special Facilities. In connection with the reletting of any of the Special Facilities, the City is required to use all commercially reasonable efforts to seek a replacement tenant who would pay or provide for the payment of certain charges, including but not limited to Special Facilities Payments, to the same extent as United is required to do under the Second Amended and Restated Special Facilities Lease. Any such reletting proceeds, however, would first be applied by the City to pay City Charges and to pay Ground Rentals attributable to the period after reletting began, prior to being applied towards Special Facilities Payments (and consequently debt service on the Bonds, including the Series 2015B Bonds). As a result, if all replacement tenants for the Special Facilities should pay less, in the aggregate, for the Special Facilities than United is required to pay, sufficient Special Facilities Payments to repay the Bonds, including the Series 2015B Bonds, when due would not be available. In such event, the amounts available to be applied to Special Facilities Payments would be allocated among the outstanding series of Bonds in

proportion to the amount of debt service due and payable on each series of Bonds, as and when such payments become due and payable.

In addition, in connection with any such reletting, the City may choose or be required to relet to any replacement tenant(s) all or a portion of the Preexisting Terminal C Facilities, as certain Special Facilities in Terminal C that were financed with the proceeds of the Bonds would be of little value to any tenant who does not also use and occupy the Preexisting Terminal C Facilities. United currently pays or will pay certain additional rentals to the City for such lease rights in Terminal C under the Use and Lease Agreement, which other additional rentals are not pledged as security for the Series 2015B Bonds. The City would likely seek to charge any replacement tenant(s) similar additional rentals. There can be no assurance that the City would be able to relet the Special Facilities leased by United in Terminal C and the Preexisting Terminal C Facilities for sufficient amounts to pay to the City all additional rentals that could be required and, thereafter, Special Facilities Payments on the Bonds.

Limitations on Trustee's Ability to Accelerate Special Facilities Payments

Upon certain payment-related events of default under the Trust Indenture, the Trustee may declare all amounts owed under the Bonds, including the Series 2015B Bonds, immediately due and payable. See Appendix B—"Summary of Certain Provisions of the Trust Indenture—Events of Default and Remedies." The Second Amended and Restated Special Facilities Lease provides that United must pay Special Facilities Payments in an amount sufficient to pay all amounts when due upon the Bonds, including the Series 2015B Bonds, upon acceleration or otherwise. Texas law concerning real property leases provides for certain remedies available to a lessor for breach of a lease for real property, and acceleration of all rental payments due under the lease may not be an available remedy. A court could conclude that the requirement that United pay Special Facilities Payments in an amount equal to the amount due on any of the Series 2015B Bonds following an acceleration of such Series 2015B Bonds is, in effect, an impermissible acceleration of the rent due under a lease for real property and refuse to enforce the payment. If a court were to come to such conclusion, the Trustee could pursue other remedies available under the Trust Indenture. Such remedies, however, may not provide for the full payment of the principal and interest then due on the accelerated Bonds.

Effect on Bonds of Merger or Other Corporate Reorganization of United; Absence of Certain Covenants

The Second Amended and Restated Special Facilities Lease and the Guaranty do not prohibit United from consolidating or merging with or into another corporation or entity, or from selling or otherwise disposing of all or substantially all of its assets, as long as: (1) United assigns the Second Amended and Restated Special Facilities Lease to its parent, to an entity with which it merges or consolidates, to an entity that succeeds to all or substantially all of United's assets, or to an entity that is under common control of United's parent, or (2) the surviving, resulting or transferee corporation, as the case may be, if not United, (i) assumes in writing all of United's obligations under the Second Amended and Restated Special Facilities Lease and (ii) qualifies or is qualified to do business in Texas. Upon any permitted assignment by United of the Second Amended and Restated Special Facilities Lease, United must assign the Guaranty to the same assignee. See Appendix C—"Summary of Certain Provisions of the Lease—Miscellaneous—Lessee to Maintain its Corporate Existence" and Appendix D—"Excerpts of Certain Provisions of the Guaranty—Covenants Relating to Corporate Existence."

If United were to participate in any merger or other corporate reorganization as permitted under the Second Amended and Restated Special Facilities Lease and the Guaranty, either voluntarily or otherwise, the financial condition and prospects of the surviving or resulting corporation or transferee could be materially different from those of United, and the security for the payment of the Bonds, including the Series 2015B Bonds, and the ratings thereon and market price thereof, could be adversely affected as a result of such merger or other corporate reorganization. In any case, there can be no assurance that United will either merge or not merge with or into another entity over the term of the Series 2015B Bonds. Holders of the Bonds do not have the right to require United to repurchase the Bonds because of a merger or other corporate reorganization of United.

Possible Loss of Tax-Exempt Status of Interest on the Series 2015B Bonds

On the date of delivery of and payment for the Series 2015B Bonds, Co-Bond Counsel will render its opinion with respect to the tax-exempt status of the interest on the Series 2015B Bonds, the form of which opinion is set forth in Appendix G hereto. See also “TAX MATTERS” herein.

In the event the interest on any of the Series 2015B Bonds is determined to be includable in gross income of registered owners of such Series 2015B Bonds for federal income tax purposes as a result of a Determination of Taxability, such Series 2015B Bonds will be subject to extraordinary mandatory redemption as described under “THE SERIES 2015B BONDS—Extraordinary Mandatory Redemption” above. In the event that interest on the Series 2015B Bonds is determined to be includable in gross income of registered owners of the Series 2015B Bonds for federal income tax purposes for any reason other than a Determination of Taxability, however, the Series 2015B Bonds will not be subject to extraordinary mandatory redemption. In either such event, there will be no adjustment in the interest rate on such Series 2015B Bonds and the owners will not be indemnified against losses sustained as a result of a determination that the interest on such Series 2015B Bonds is not excludable from gross income for federal income tax purposes. Further, a Determination of Taxability may not occur for a substantial period of time after interest first becomes includable in the gross income of the owners thereof for federal income tax purposes. Additionally, if, prior to a Determination of Taxability with respect to the Series 2015B Bonds, the lien of the Trust Indenture with respect to such Series 2015B Bonds has been defeased pursuant to the provisions thereof set forth in Appendix B—“Summary of Certain Provisions of the Trust Indenture—Defeasance,” such Series 2015B Bonds will not be subject to extraordinary mandatory redemption as a result of such Determination of Taxability. In certain circumstances, the loss of the exclusion of interest on any Series 2015B Bonds from gross income of the owners thereof for federal income tax purposes could be retroactive to the date of issuance of such Series 2015B Bonds. The tax liability of the owners of any Series 2015B Bonds for failure to include interest on such Bonds in their gross income may extend to years for which interest was received on such Series 2015B Bonds, or some portion thereof, and for which the relevant statute of limitations has not yet run.

In addition, for a discussion of how changes in law could limit the tax benefit of the tax exemption applicable to the Series 2015B Bonds, see “TAX MATTERS—Tax Legislative Changes” herein.

Possible Limitations on Damages Against United Upon a United Bankruptcy

As described above under “CERTAIN BONDOWNERS’ RISKS—Limitations Upon the City’s Ability to Relet the Special Facilities—Failure by United to Vacate the Special Facilities and Related Ground Areas,” in the event a bankruptcy case is filed with respect to United, a bankruptcy court could determine that the Second Amended and Restated Special Facilities Lease is an executory contract or unexpired lease pursuant to Section 365 of the United States Bankruptcy Code. In that event, a trustee in bankruptcy or United as a debtor-in-possession might reject the Second Amended and Restated Special Facilities Lease. Under the United States Bankruptcy Code, any rejection of the Second Amended and Restated Special Facilities Lease could result in a claim for damages against United in connection with the Series 2015B Bonds, which claim would rank as that of a general unsecured creditor of United.

If the Second Amended and Restated Special Facilities Lease were determined to be an unexpired lease of non-residential real property, the amount of a corresponding claim for damages against United in connection with the Series 2015B Bonds would be limited to the rent payable under the Second Amended and Restated Special Facilities Lease (without acceleration) for the greater of one year or 15% of the remaining term of the Second Amended and Restated Special Facilities Lease, but not to exceed three years, following the earlier of (a) the date the bankruptcy petition was filed, and (b) the date on which the City repossessed, or United surrendered, the leased property under the Second Amended and Restated Special Facilities Lease, plus any unpaid rentals under the Second Amended and Restated Special Facilities Lease (without acceleration) on the earlier of such dates. In this event, any claim with respect to the Series 2015B Bonds that do not mature (absent acceleration) within the period of one year or 15% of the remaining term of the Second Amended and Restated Special Facilities Lease (but not in excess of three years) following the bankruptcy commencement date (i.e., the earlier of (a) or (b) above) could be limited to the interest that would accrue on such Series 2015B Bonds during such period and may not permit a claim for the recovery of principal.

Pursuant to the terms of the Guaranty, United will unconditionally guarantee to the Trustee, for the benefit of the owners of the Series 2015B Bonds, the full and prompt payment of the principal and premium, if any, on such Series 2015B Bonds when and as the same shall become due and payable as provided in the Trust Indenture, whether at the stated maturity thereof, by redemption, acceleration or otherwise, and the full and prompt payment of the interest on the Series 2015B Bonds when and as the same shall become due and payable as provided in such Trust Indenture. The obligations covered by the Guaranty are intended by the parties to be independent of those set out in the Second Amended and Restated Special Facilities Lease (and thereby not subject to the Bankruptcy Code limitations discussed above) and to be enforceable without regard to the validity or enforceability of the Second Amended and Restated Special Facilities Lease or any obligation of United contained therein. In the event a bankruptcy case were filed with respect to United, the Trustee may file a claim pursuant to the Guaranty, independently of any claim under the Second Amended and Restated Special Facilities Lease and Trust Indenture, for the payment of all amounts, if any, required for the payment of the principal of, redemption premium (if any) and interest on the Series 2015B Bonds when due. Such claim, however, if allowed, would rank as that of a general unsecured creditor of United. A bankruptcy court could determine, however, that the Trustee's claims under the Guaranty should be limited to the same extent as the Bankruptcy Code limitation of claims for damages with respect to non-residential real property leases described above in connection with claims under Second Amended and Restated Special Facilities Lease. No assurance can be given that the Trustee's claims under the Guaranty will not be so limited. If so limited, the Guaranty would provide no additional security for payments due on the Series 2015B Bonds.

No representation or warranty is made by United or any other party that any claim under any of the Second Amended and Restated Special Facilities Lease or the Guaranty will be allowed or that any recovery on any such claim will be permitted under the United States Bankruptcy Code. If only limited damages were allowed against or recoverable from United under the Second Amended and Restated Special Facilities Lease or Guaranty as a result of a bankruptcy filing of United, repayment of the Series 2015B Bonds would depend upon the availability of other Pledged Revenues, including reletting proceeds as may be provided by a replacement tenant or tenants. See, however, "—Limitations Upon the City's Ability to Relet the Special Facilities" above.

NO LITIGATION

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body known to the City to be pending or threatened against the City wherein an unfavorable decision, ruling or finding would adversely affect (i) the title to office of any member or officer of the City or any power of the City material to the authorization and issuance of the Series 2015B Bonds, or (ii) the validity of the proceedings taken by the City for the authorization, execution, delivery and performance by the City of, or the validity or enforceability of, the Series 2015B Bonds, the Trust Indenture, or the Lease.

RATING

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, has provided a rating for the Series 2015B Bonds of B+. This rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from the rating agency furnishing such rating. There is no assurance that such rating will be maintained for any given period of time or that such rating will not be revised downward, suspended or withdrawn entirely by such rating agency, if in its sole judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Series 2015B Bonds. A securities rating is not a recommendation to buy, sell or hold securities.

FINANCIAL ADVISOR

The City has retained First Southwest Company of Houston, Texas to serve as its financial advisor in connection with the issuance of the Series 2015B Bonds (the "Financial Advisor"). The Financial Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Financial Advisor's fees for services rendered with respect to the sale of the Series 2015B Bonds are contingent upon the issuance and delivery of the Series 2015B Bonds.

UNDERWRITING

The Series 2015B-1 Bonds are being purchased by the Underwriters at a purchase price of \$182,072,902.98, which represents (i) the par amount of the Series 2015B-1 Bonds, \$176,650,000, (ii) plus an original issue premium of \$6,510,885.05, (iii) less an Underwriters' fee of \$1,087,982.07, to be funded from bond proceeds, as compensation for the purchase and sale of the Series 2015B-1 Bonds and as reimbursement for certain expenses of the Underwriters related to such Series 2015B-1 Bonds.

The Series 2015B-2 Bonds are being purchased by the Underwriters at a purchase price equal to \$50,634,793.30, which represents (i) the par amount of the Series 2015B-2 Bonds, \$47,390,000 (ii) plus an original issue premium of \$3,244,793.30. United has agreed to pay the Underwriters a fee of \$234,595.23, to be funded from United's separate funds, as compensation for the purchase and sale of the Series 2015B-2 Bonds and as reimbursement for certain expenses of the Underwriters related to such Series 2015B-2 Bonds.

The Purchase Contract dated as of March 11, 2015 between the City and Citigroup Global Markets Inc., acting for and on behalf of itself and as representative of Barclays Capital Inc., Cabrera Capital Markets, LLC, and Siebert Brandford Shank & Co., L.L.C. (collectively, the "Underwriters"), provides that the Underwriters agree, jointly and severally, to purchase all of the Series 2015B Bonds if any are purchased, and that such purchase is subject to certain terms and conditions set forth therein, including the approval of certain legal matters by counsel. United has agreed to indemnify the City and the Underwriters against certain liabilities, including certain liabilities under federal securities laws.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates, from time to time, have performed, and may in the future perform, various investment banking services for the City, United, or UAL, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City, United, or UAL.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated as Underwriters of the Bonds) for the distribution of the Bonds at the original public offering prices. Such agreements generally provide that each relevant Underwriter will share a portion of its underwriting compensation with such other broker-dealers.

Citigroup Global Markets Inc., an underwriter of the Series 2015B Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2015B Bonds.

CONTINUING DISCLOSURE

United will enter into a Continuing Disclosure Agreement with the Trustee upon the issuance and sale of the Series 2015B Bonds to provide certain financial and operating data concerning its affairs and to provide notice of the occurrence of certain events set forth in the Continuing Disclosure Agreement on a continuing basis for owners of the Series 2015B Bonds through filings with the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board, currently located at <http://emma.msrb.org>. The Continuing Disclosure Agreement will be in substantially the form attached hereto as Appendix F—“Form of Continuing Disclosure Agreement.” United’s covenants in such agreement have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934, as amended. United has made timely filings of its Annual Report on Form 10-K and other required periodic reports and current reports with the SEC during the past five years. United has become aware, however, that there have been certain instances where it did not make event notice filings with EMMA (or its predecessors) under certain other continuing disclosure agreements that United entered into in connection with prior issuances of special facilities revenue bonds, including with respect to certain rating upgrades, the October 1, 2010 Merger, the Airlines Merger, and, in the case of a prior Old United airport financing, notice of SEC filing of certain of UAL’s Annual Reports on Form 10-K. United has made corrective filings with respect to such matters and anticipates satisfying its continuing disclosure undertakings on an ongoing basis.

TAX MATTERS

Tax Exemption

In the opinion of Bracewell & Giuliani LLP and West & Associates, LLP, Co-Bond Counsel, under existing law (i) interest on the Series 2015B Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Series 2015B Bond for any period during which such Series 2015B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a “substantial user” or a “related person” to such a “substantial user” of the facilities financed or refinanced with the proceeds of the Series 2015B Bonds, and (ii) the Series 2015B Bonds are “private activity bonds” under the Code and, as such, interest on the Series 2015B Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on individuals and corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Series 2015B Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The City has covenanted in the Trust Indenture and United has covenanted in the Second Amended and Restated Special Facilities Lease that they will comply with these requirements.

Co-Bond Counsel’s opinion will assume continuing compliance with the covenants of the Trust Indenture and Second Amended and Restated Special Facilities Lease pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Series 2015B Bonds for federal income tax purposes and, in addition, will rely on representations by the City, United, the Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the City, United, the Financial Advisor and the Underwriters, respectively, which Co-Bond Counsel has not independently verified. If the City or United fails to comply with the covenants in the Trust Indenture or the Second Amended and Restated Special Facilities Lease or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Series 2015B Bonds could become includable in gross income from the date of delivery of the Series 2015B Bonds, regardless of the date on which the event causing such inclusion occurs.

The Code also imposes an alternative minimum tax on the “alternative minimum taxable income” of an individual, if the amount of such alternative minimum tax is greater than the amount of the individual’s regular income tax. Generally, the alternative minimum tax rate for individuals is 26% of so much of such taxable excess as does not exceed \$175,000 plus 28% of so much of such taxable excess as exceeds \$175,000. The Code also imposes

a 20% alternative minimum tax on the “alternative minimum taxable income” of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation’s regular income tax. Generally, the alternative minimum taxable income of an individual or corporation will include items of tax preference under the Code, such as the amount of interest received on “private activity bonds,” such as the Bonds, issued after August 7, 1986. Accordingly, Co-Bond Counsel’s opinion will state that interest on the Series 2015B Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on individuals and corporations.

Except as stated above, Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Series 2015B Bonds.

Co-Bond Counsel’s opinion is based on existing law, which is subject to change. Such opinion is further based on Co-Bond Counsel’s knowledge of facts as of the date thereof. Co-Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Co-Bond Counsel’s opinion is not a guarantee of result and is not binding on the Service; rather, such opinion represents Co-Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinion. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Series 2015B Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer and the owners may not have a right to participate in such audit. Public awareness of any future audit of the Series 2015B Bonds could adversely affect the value and liquidity of the Series 2015B Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. Prospective purchasers of the Series 2015B Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2015B Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series 2015B Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2015B Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. The issue price of all or a portion of the Series 2015B Bonds may exceed the stated redemption price payable at maturity of such Series 2015B Bonds. Such Series 2015B Bonds (the “Premium Series 2015B Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Series 2015B Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Series 2015B Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Series 2015B Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Series 2015B Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Series 2015B Bond) is determined using the yield to maturity on the Premium Series 2015B Bond based on the initial offering price of such Series 2015B Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Series 2015B Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Series 2015B Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Series 2015B Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Series 2015B Bonds.

Tax Legislative Changes

Current law may change so as directly or indirectly to reduce or eliminate the benefit of the exclusion of interest on the Series 2015B Bonds from the gross income of any holder or beneficial owner thereof for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value, marketability and liquidity of the Series 2015B Bonds. Prospective purchasers of the Series 2015B Bonds should consult with their own tax advisors with respect to any proposed or future legislation.

OTHER LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Series 2015B Bonds are subject to the approving opinion of the Attorney General of the State of Texas and the approving opinion of Bracewell & Giuliani LLP and West & Associates, LLP (“Co-Bond Counsel”). Certain legal matters will be passed upon for the City by the City Attorney; for United by Richa Himani, its Senior Counsel – Commercial Transactions, and for the Underwriters by their counsel, O’Melveny & Myers LLP.

MISCELLANEOUS

The excerpts and descriptions herein of the Second Amended and Restated Special Facilities Lease, the Trust Indenture, the Continuing Disclosure Agreement and any other documents relating to the Series 2015B Bonds and not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of such documents, copies of which may be obtained from United and from the Underwriters during the period of the initial offering of the Series 2015B Bonds. Appendix A to this Official Statement incorporates by reference information concerning United, including certain financial information.

This Official Statement has been duly authorized by the City Council and approved by United.

CITY OF HOUSTON, TEXAS

Approved by:

UNITED AIRLINES, INC.

SCHEDULE I

SCHEDULE OF REFUNDED BONDS

City of Houston, Texas Airport System Special Facilities Revenue Bonds
(Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B

<u>Maturity Date (July 15)</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP[†] Number</u>
2017 [‡]	6.125%	\$ 15,000,000	3/26/15	100%	442348 XC7
2027	6.125	30,000,000	3/26/15	100	442348 XD5

City of Houston, Texas Airport System Special Facilities Revenue Bonds
(Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B

<u>Maturity Date (July 15)</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP[†] Number</u>
2029	5.70%	\$ 20,630,000	3/26/15	100%	442348 D70

[†] CUSIP is a registered trademark of The American Bankers Association. CUSIP numbers have been assigned to the Series 2001 Bonds by the CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers are provided solely for the convenience of investors. None of the City, United or the Underwriters are responsible for the selection or accuracy of the CUSIP numbers set forth herein.

[‡] Term bond subject to mandatory sinking fund payments.

APPENDIX A

AVAILABILITY OF CERTAIN INFORMATION RELATING TO UNITED AIRLINES, INC.

Available Information

United is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”), which may be in the form of combined reports reflecting information about each of United and UAL. These filings are available to the public over the Internet at the SEC’s website at <http://www.sec.gov>. Reports, proxy statements and other information filed by United and UAL can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. A prospective purchaser can call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and copy charges. In addition, reports, proxy statements and other information concerning United may be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Incorporation of Certain Documents by Reference

The Official Statement incorporates by reference the documents listed below that United previously filed with the SEC (excluding any information that has been “furnished” but not “filed” for purposes of the Exchange Act) and that are not delivered with this Official Statement.

Combined filings by UAL and United	Date filed
Annual Report on Form 10-K for the year ended December 31, 2014	February 20, 2015

All documents filed by United pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than current reports furnished on Form 8-K under Items 2.02 and 7.01, unless United specifically states in such current report that such information is to be considered “filed” under the Securities Exchange Act of 1934, as amended, or incorporates it by reference into a filing under the Securities Act of 1933, as amended) after the date of this Official Statement and until the earlier of (i) the time when this Official Statement is available to any person from the Municipal Securities Rulemaking Board, but in no case less than 25 days following the “end of the underwriting period” (as defined below), or (ii) 90 days from the “end of the underwriting period,” shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. The “end of the underwriting period” means such time as the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public.

United will provide without charge to each person to whom this Official Statement is delivered, on written or oral request of such person, a copy of any or all documents incorporated by reference in this Official Statement without exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such copies should be directed to the Corporate Secretary’s Office, United Airlines, Inc., 233 S. Wacker Drive, Chicago, IL 60606.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following are summaries of certain provisions of the Trust Indenture between the City of Houston, Texas and The Bank of New York Mellon Trust Company, National Association (successor Trustee to Texas Commerce Bank National Association), dated as of March 1, 1997 (the “Master Trust Indenture”), as supplemented by that certain First Supplemental Terminal Trust Indenture, dated as of December 1, 1998 (the “First Supplemental”), that certain Second Supplemental Terminal Trust Indenture, dated as of November 1, 2011 (the “Second Supplemental”), and that certain Third Supplemental Terminal Trust Indenture, dated as of March 1, 2015 (the “Third Supplemental” and, together with the Second Supplemental, the First Supplemental and the Master Trust Indenture, the “Terminal Trust Indenture”). *The summaries contained in this Appendix B do not purport to be complete or definitive and are qualified in their entirety by reference to the full provisions of the Terminal Trust Indenture.*

Terminal Trust Indenture to Remain in Effect

Except as supplemented or amended in the Third Supplemental, the Original Trust Indenture, the First Supplemental, and the Second Supplemental shall remain in full force and effect, it being the intention of the City to provide for the issuance of the Series 2015B Bonds on a parity with the Prior Special Facilities Bonds such that the Series 2015B-1 Bonds shall be considered Additional Bonds and the Series 2015B-2 Bonds shall be considered Refunding Bonds under the Terminal Trust Indenture. The City covenants and agrees that the Series 2015B Bonds are to be secured by the Pledged Revenues to the same extent the Prior Special Facilities Bonds are secured and to the same extent any other Additional Bonds or Refunding Bonds may be secured under the Terminal Trust Indenture. The Series 2015B Bonds are entitled to the benefits of and are governed by the provisions, agreements, covenants and warranties contained in the Terminal Trust Indenture including, but not limited to, those provisions, agreements, covenants and warranties relating to the Lease Agreement.

Definitions

For purposes of this Appendix B, the following terms have the following meanings:

“2015B-1 Project” shall mean those elements of the Terminal B Project financed with the proceeds of the Series 2015B-1 Bonds and relating to certain airport terminal facilities and other airport facilities more fully described and defined as the Terminal B North Concourse Development Project in the Lease Agreement, including the exhibits thereto, and certain other improvements, including improvements to the B-D Connector, which Terminal B North Concourse and certain other improvements, including improvements to the B-D Connector are collectively determined to be a “Deferred Phase” in the Lease Agreement.

“Acquisition Fund” shall mean the Acquisition Fund created under the Original Trust Indenture, and any accounts created in such fund, including the Series 1997B Acquisition Account, the Series 1998B Acquisition Account, the Series 2011 Construction Account, and the Series 2015B-1 Construction Account, each created under the Terminal Trust Indenture.

“Additional Bonds” shall mean the additional parity revenue bonds permitted to be issued by the City pursuant to the Terminal Trust Indenture.

“Airport” shall mean George Bush Intercontinental Airport/Houston.

“Airport System” shall mean all airport, heliport and aviation facilities, or interest therein, now or from time to time owned, operated, or controlled in whole or in part by the City, which currently includes the George Bush Intercontinental Airport/Houston, William P. Hobby Airport, Ellington Field and the CBD Heliport.

“Authorized Investments” shall mean any of the investment securities that are authorized under the Texas Public Funds Investment Act, as amended, and the City of Houston, Texas, Investment Policy, as amended.

“Authorized Representative” shall mean with respect to the City, the director of the City’s aviation department (or successor to that position), and with respect to United, the officer so designated in writing by United to the Trustee.

“Aviation Director” shall mean the Director of Aviation, Houston Airport System.

“B-D Connector” means the space between the new Terminal B Northeast pier being constructed as part of the Terminal B North Concourse and the D1 pier of the MLIT, consisting of gates C24 through C27 in the existing Terminal C at the Airport.

“Bonds” shall mean, collectively, the Series 1997B Bonds, the Series 1998B Bonds, the Series 2011 Bonds, the Series 2015B Bonds, and any Additional Bonds and Refunding Bonds from time to time hereafter issued under the Terminal Trust Indenture.

“Business Day” shall mean a day other than a Saturday, Sunday, or legal holiday or the equivalent (other than a moratorium) for banking institutions generally in Houston, Texas or New York, New York are authorized by law or executive order to close.

“Capitalized Interest Accounts” shall mean the Series 1997B Capitalized Interest Account, the Series 1998B Capitalized Interest Account, the Series 2011 Capitalized Interest Account, and the Series 2015B-1 Capitalized Interest Account created under the Terminal Trust Indenture.

“City” shall mean the City of Houston, Texas.

“Code” means the Internal Revenue Code of 1986, as amended, as it may be amended to apply to obligations issued on the date of issuance of the Bonds. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law.

“Costs of the 2015B-1 Project” shall mean that portion of the Costs of the Special Facilities attributable to the 2015B-1 Project.

“Costs of the Special Facilities” shall have the meaning set forth in the Lease Agreement.

“First Amended and Restated Lease Agreement” shall mean that certain First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects), dated as of December 1, 1998, by and between the City and Continental Airlines, Inc. (now known as United), which amends, supplements and restates the Original Lease Agreement in accordance with the Terminal Trust Indenture.

“Funds” shall mean the Acquisition Fund, the Interest and Redemption Fund, and the Rebate Fund created and confirmed under the Terminal Trust Indenture.

“Guaranties” shall mean, collectively, the Series 1997B Guaranty Agreement, the Series 1998B Guaranty Agreement, the Series 2011 Guaranty Agreement, and the Series 2015B Guaranty Agreement.

“Holder” or “Registered Owner” shall mean the person in whose name such Bond is registered.

“Interest and Redemption Fund” shall mean the Interest and Redemption Fund created and confirmed under the Terminal Trust Indenture, and any accounts created in such fund, including the Capitalized Interest Accounts.

“Lease Agreement” shall mean the Second Amended and Restated Lease Agreement (which amends and restates the Original Lease Agreement and the First Amended and Restated Lease Agreement) and all supplements, amendments, modifications and restatements thereof as permitted pursuant to the Terminal Trust Indenture.

“MLIT” means The Mickey Leland International Terminal, a new single common-use facility constructed by, at the cost and under the control of the City, which is a result of a redevelopment and integration of Terminal D

at the Airport and Terminal C North (with “Terminal C North” meaning Gates C14 through C23 (both inclusive) in the existing Terminal C and associated holdrooms, certain support space and certain other areas at the Airport).

“Net Rent” shall mean the Special Facilities Payments payable by United to the Trustee on behalf of the City as defined under the Lease Agreement and pledged under the Terminal Trust Indenture to the payment of the Bonds.

“Outstanding” when used with respect to the Bonds means, as of the date of determination, the aggregate principal amount of all Bonds theretofore authenticated and delivered under the Terminal Trust Indenture, except, without duplication: (1) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation; (2) Bonds for the payment or redemption of which money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such Bonds, provided that, if such Bonds are to be redeemed prior to the stated maturity thereof, notice of such redemption has been duly given pursuant to the Terminal Trust Indenture, or waived, or provision therefor satisfactory to the Trustee has been made; (3) Bonds in lieu of which another Bond has been authenticated and delivered under the Terminal Trust Indenture and (4) Bonds held or owned by the City or United.

“Original Lease Agreement” shall mean that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects), dated of as March 1, 1997, by and between the City and Continental Airlines, Inc. (now known as United).

“Paying Agent” shall mean the Trustee.

“Pledged Revenues” shall mean the aggregate of (i) the Net Rent received or receivable; (ii) any amounts on deposit in the Acquisition Fund except that amounts on deposit in any accounts therein for a particular series of Bonds shall be pledged only to such series of Bonds; (iii) any amounts on deposit in the Interest and Redemption Fund, inclusive of the Capitalized Interest Accounts therein, except that amounts in any such Capitalized Interest Accounts for a particular series of Bonds shall be pledged only to the series of Bonds such account is associated with; (iv) gross receipts (net of an amount equal to operating and maintenance expenses and allocable ground rentals payable or remaining unpaid under the Lease Agreement, and up to the amount of the Net Rent payable under the terms of the Lease Agreement) derived by the City from the exercise of any right, obligation or remedy specified or permitted by the Lease Agreement; and (v) any insurance proceeds or refunds and all condemnation payments related to the Special Facilities, that are available or payable to the City pursuant to the Lease Agreement.

“Prior Special Facilities” shall mean those “Special Facilities” as described in the Prior Special Facilities Lease and financed with Prior Special Facilities Bonds.

“Prior Special Facilities Bonds” means the Series 1997B Bonds, the Series 1998B Bonds, and the Series 2011 Bonds.

“Prior Special Facilities Lease” has the meaning set forth in the Second Amended and Restated Lease Agreement.

“Rebate Accounts” shall mean the Series 1997B Rebate Account, the Series 1998B Rebate Account, the Series 2011 Rebate Account, and the Series 2015B Rebate Account.

“Rebate Fund” shall mean the Rebate Fund created under the Master Terminal Trust Indenture, and any accounts created within such fund, including the Rebate Accounts, each created under the Terminal Trust Indenture.

“Refunding Bonds” shall mean the revenue refunding bonds permitted to be issued by the City pursuant to the Terminal Trust Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code, or to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Second Amended and Restated Lease Agreement” shall mean that certain Second Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects) dated as of November 17, 2011, by and between the City and Continental Airlines, Inc. (now known as United), which amends, supplements and restates the First Amended and Restated Lease Agreement, and as amended by the Amendment No. 1 to Second Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects), dated as of February 21, 2013 as may be amended or supplemented from time to time.

“Series 1997B Bonds” shall mean the City of Houston, Texas Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B.

“Series 1997B Guaranty Agreement” shall mean that certain Guaranty Agreement, dated as of March 1, 1997 pursuant to which United unconditionally guarantees the payment of principal, premium, if any, and interest on the Series 1997B Bonds.

“Series 1998B Bonds” shall mean the City of Houston, Texas Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B.

“Series 1998B Guaranty Agreement” shall mean that certain Guaranty Agreement, dated as of December 1, 1998, pursuant to which United unconditionally guarantees the payment of principal, premium, if any, and interest on the Series 1998B Bonds.

“Series 2011 Bonds” shall mean the City of Houston, Texas Airport System Special Facilities Revenue and Refunding Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT).

“Series 2011 Capitalized Interest Account” shall mean the Series 2011 Capitalized Interest Account, which is the account referred to as the Capitalized Interest Subaccount in the Second Amended and Restated Lease Agreement, created within the Interest and Redemption Fund pursuant to the Terminal Trust Indenture.

“Series 2011 Construction Account” shall mean the Series 2011 Construction Account, which is the account referred to as the Construction Fund in the Second Amended and Restated Lease Agreement, created within the Acquisition Fund pursuant to the Terminal Trust Indenture.

“Series 2011 Guaranty Agreement” shall mean that certain Guaranty Agreement, dated as of November 1, 2011, pursuant to which the United unconditionally guarantees the payment of principal, premium, if any, and interest on the Series 2011 Bonds.

“Series 2011 Rebate Account” shall mean the Series 2011 Rebate Account created within the Rebate Fund pursuant to the Terminal Trust Indenture.

“Series 2015B Bonds” means the Series 2015B-1 Bonds and the Series 2015B-2 Bonds.

“Series 2015B-1 Capitalized Interest Account” means the Series 2015B-1 Capitalized Interest Account, which is the account referred to as the Capitalized Interest Sub-Account in the Second Amended and Restated Lease Agreement, created within the Interest and Redemption Fund pursuant to the Terminal Trust Indenture.

“Series 2015B-1 Construction Account” means the Series 2015B-1 Construction Account, which is the account referred to as the Construction Fund in the Second Amended and Restated Lease Agreement, created within the Acquisition Fund pursuant to the Terminal Trust Indenture.

“Series 2015B-1 Bonds” means the City of Houston, Texas Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT).

“Series 2015B-2 Bonds” means the City of Houston, Texas Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT).

“Series 2015B Guaranty Agreement” shall mean that certain Guaranty Agreement, dated as of March 1, 2015, pursuant to which United unconditionally guarantees the payment of principal, premium, if any, and interest on the Series 2015B Bonds.

“Series 2015B Rebate Account” means the rebate account created within the Rebate Fund in respect to the Series 2015B Bonds pursuant to the Terminal Trust Indenture and the Third Supplemental.

“Special Facilities” shall have the meaning set forth in the Lease Agreement.

“Special Facilities Payments” shall have the meaning set forth in the Lease Agreement.

“Terminal B Project” shall mean those certain airport terminal facilities and other airport facilities more fully described and defined as such in the Lease Agreement, including the exhibits thereto.

“Trustee” shall mean The Bank of New York Mellon Trust Company, National Association (successor trustee to Chase Bank of Texas, National Association, Houston, Texas and to Texas Commerce Bank National Association) or any bank or trust company appointed as a successor trustee.

“United” means United Airlines, Inc., a Delaware corporation, formerly known as Continental Airlines, Inc., and its successors and assigns.

Confirmation of Special Funds

The following funds, established pursuant to the Master Trust Indenture, are confirmed and ratified in the Third Supplemental for all purposes: (i) Interest and Redemption Fund, (ii) Acquisition Fund, and (iii) Rebate Fund.

Application of Pledged Revenues

Any money deposited with the Trustee for the payment of the principal of, premium, if any, and interest on any Bonds and remaining unclaimed by the registered owner after the expiration of three years from the date such funds have become due and payable shall be reported and disposed of by the Trustee in accordance with the provisions of Texas law. To the extent Texas law does not apply to any funds, such funds shall be paid by the Trustee to United upon receipt of a written request therefor from United. The Trustee shall have no liability to the registered owners of the Bonds by virtue of actions taken in compliance with the foregoing.

Interest and Redemption Fund.

(a) The City shall deposit or cause to be deposited to the credit of the Interest and Redemption Fund all of the following:

(i) As collected, all Net Rent paid under the Lease Agreement;

(ii) As collected, any and all other amounts required by the Lease Agreement or the Terminal Trust Indenture to be deposited into the Interest and Redemption Fund.

(b) Moneys deposited to the credit of the Interest and Redemption Fund, including the Capitalized Interest Accounts (except those amounts in any such Capitalized Interest Accounts for a particular series of Bonds and in the Refunding Account shall be pledged only to the series of Bonds such account is associated with), shall be used solely for the purpose of paying principal of (either at maturity or prior redemption) and interest on the Bonds. The Trustee shall cancel all paid Bonds and provide the City and United with an appropriate certificate of cancellation.

(c) At such time as the moneys and Authorized Investments on deposit to the credit of the Interest and Redemption Fund, including the Capitalized Interest Accounts, are sufficient to provide for the timely payment of

all principal of, and interest on the Bonds, together with all fees of the Trustee, the Paying Agent and other costs and expenses relating to such payments, no further payments need be made to the Interest and Redemption Fund.

Security for Funds

So long as any of the Bonds remain Outstanding, all cash balances from time to time on deposit to the credit of the Interest and Redemption Fund, including the Capitalized Interest Accounts, and the Acquisition Fund, including money placed on time deposit, shall be secured by the Trustee in the manner required by law.

Investment of Funds

(a) Moneys from time to time on deposit to the credit of the Interest and Redemption Fund and the Acquisition Fund may be invested by the Trustee in Authorized Investments, as directed in writing by the City, subject to consent of United, provided that United is not in default under the Lease Agreement. All investments shall belong to the Fund or account from which such moneys were taken. The Trustee shall have the right to have sold in the open market a sufficient amount of such investments from any Fund or account to meet its obligations from such Fund or account if sufficient uninvested funds are not then on deposit therein. Neither the Trustee nor the City shall be responsible for any loss arising from investments made in accordance with the provisions described in this paragraph, for the Bonds becoming "arbitrage bonds" by reason of any investments so made, or for any loss resulting from the redemption or sale of any such investment as described in this paragraph.

(b) All Authorized Investments made with moneys deposited to the credit of the Interest and Redemption Fund, including the Capitalized Interest Account, shall mature on or before the last business day prior to the next Interest Payment Date on the Bonds to the extent there are not funds and investments already on deposit therein sufficient to provide for the payment of all amounts payable therefrom on such date.

(c) All Authorized Investments made with moneys deposited to the credit of the Acquisition Fund shall mature at the times and in the amounts estimated by United to be required to make payment for the Costs of the Special Facilities pursuant to the Lease Agreement.

(d) All interest and income derived from the deposit or investment of moneys in any Fund shall be credited to the Fund from which the deposit or investment was made.

Rebate Funds

Rebate Accounts within the Rebate Fund for the Bonds are established with the Trustee for the purpose of compliance with section 148(f) of the Code.

Events of Default and Remedies

Events of Default. The Terminal Trust Indenture provides that each of the following occurrences or events is an "Event of Default" under such Terminal Trust Indenture:

(a) The failure to make payment of the principal of or any installment of interest on any of the Bonds when the same shall become due and payable.

(b) The City shall fail, refuse or neglect to enforce the payment by United of Net Rent under the Lease Agreement, or otherwise fail, refuse or neglect to enforce any other provisions of the Lease Agreement in a manner which materially adversely affects the rights of the Holders of the Bonds including, but not limited to, their prospect or ability to be repaid in accordance with the terms and provisions of the Terminal Trust Indenture, and the continuation thereof for a period of 60 days after notice of such failure shall have been given to the City and United by the Trustee.

(c) The City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Terminal Trust Indenture on its part

to be performed, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City and United by the Trustee.

Remedies. Upon the happening and continuation of any Event of Default specified above, the Trustee may, and upon the written request of the Holders of not less than 50% of the aggregate principal amount of the Bonds then Outstanding and upon indemnification as provided in the Terminal Trust Indenture, proceed against the City and/or United for the purpose of protecting and enforcing the rights of the Holders of the Bonds under the Terminal Trust Indenture, and the Guaranties, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the Terminal Trust Indenture, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of the Holders of the Bonds under the Terminal Trust Indenture or any combination of such remedies as the Trustee shall deem most effectual to protect and enforce any of its rights or the right of the Holders of the Bonds. It is provided, however, that all such proceedings at law or in equity against the City shall be strictly limited to the security and source of payment pledged to the Bonds and shall be instituted and maintained for the equal benefit of all Holders of the Bonds. Each remedy, right or privilege provided in the Terminal Trust Indenture shall be in addition to and cumulative of any other remedy, right or privilege available at law or in equity, and the exercise of any remedy, right or privilege or the delay in or failure to exercise any remedy, right or privilege or the delay in or failure to exercise any remedy, right or privilege shall not be deemed a waiver of any other remedy, right or privilege under the Trust Indentures.

Acceleration. If an Event of Default relating to failure to make payment of the principal of or interest on the Bonds when due and payable shall occur and be continuing, then the Trustee may, by written notice delivered to the City and United, declare the principal of the Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; however, such declaration is subject to the condition that if, after the principal of and interest on the Bonds shall have been so declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Terminal Trust Indenture, there shall have been deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by State law, on over installments of interest, at the rate per annum borne by the Bonds on the date of such declaration) and such amounts as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default under the Terminal Trust Indenture other than nonpayment of the principal of Bonds which shall have become due by said declaration shall have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission and annulment to the City and United and, if notice of the acceleration of the Bonds shall have been given to the Holders, shall give notice thereof to the Holders, but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

Notwithstanding anything contained in the Terminal Trust Indenture to the contrary, the remedy of acceleration may be exercised only at such time as there are insufficient funds in the Interest and Redemption Fund, including the Capitalized Interest Accounts, and no other sources of funds are available to make payment of principal of and interest on the Bonds when they shall become due and payable and so long as such principal of and interest on the Bonds are paid as they become due, from whatever source, the remedy of acceleration may not be exercised under the Terminal Trust Indenture.

Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every case the City, the Trustee and each Holder shall be restored to their former positions and rights under the Terminal Trust Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as through no such proceeding had been taken.

Right of Holders to Direct the Proceedings. Anything in the Terminal Trust Indenture to the contrary notwithstanding, Holders of a majority in principal amount of the Bonds then Outstanding under the Terminal Trust Indenture shall have the right, subject to the provisions of the Terminal Trust Indenture, by an instrument in writing

executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Terminal Trust Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Terminal Trust Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to the Holders not parties to such direction.

Restrictions Upon Action by Individual Bondholder. No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or for any other remedy under the Terminal Trust Indenture unless (i) such Holder previously shall have given to the Trustee written notice or the Event of Default on account of which such suit, action or proceedings is to be instituted, (ii) the Holders of not less than 50% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee or to institute such action, suit or other proceeding in its or their name, (iii) there shall have been offered to the Trustee security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and (iv) the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Terminal Trust Indenture or for any other remedy thereunder. It is understood and intended that no one or more Holders secured by the Terminal Trust Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Terminal Trust Indenture or to enforce any right thereunder except in the manner provided in the Terminal Trust Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all Holders.

Trustee's Right to Act Without Possession of Bonds. All rights of action under the Terminal Trust Indenture or under any of the Bonds, enforceable by the Trustee, may be brought against third parties or otherwise, may be enforced by it without the possession of any of the Bonds or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds, subject to the provisions of the Terminal Trust Indenture.

Right of Individual Bondholder to Enforce Payment. Nothing contained in the Terminal Trust Indenture shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his Bonds, or, the obligation of the City to pay the principal of and interest on each Bond issued under the Terminal Trust Indenture to the Holder thereof at the time and place expressed in said Bond.

Supplemental Trust Indentures

Supplemental Trust Indentures Not Requiring Consent of Bondholders. The City and the Trustee may without the consent of, or notice to, any of the Holders of the Bonds enter into an indenture or indentures supplemental to the Terminal Trust Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, defect, omission or inconsistent provision in the Terminal Trust Indenture or in the Bonds or make any other provision with respect to matters or questions arising under the Terminal Trust Indenture or any supplemental trust indenture; provided, however, that such action shall not, based upon an opinion of counsel, materially adversely affect the interests of the Holders;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, power or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;
- (c) to add to the covenants and agreements of the City contained in the Terminal Trust Indenture other covenants and agreements of, or conditions or restrictions upon, the City or to surrender or eliminate any right or power reserved to or conferred upon the City in the Terminal Trust Indenture;
- (d) to subject to the lien and pledge of the Terminal Trust Indenture additional revenues, properties or collateral;

(e) to provide for the issuance, sale and delivery of Additional Bonds as provided in the Terminal Trust Indenture and, in connection therewith, to provide for (i) the deposit of the proceeds of such Additional Bonds, (ii) the disbursement of such proceeds in connection with any part of the facilities to be financed by means of such Additional Bonds, and (iii) the payment of the principal, interest and premium, if any, on such Additional Bonds;

(f) to provide for the issuance, sale and delivery of Refunding Bonds as provided in the Terminal Trust Indenture;

(g) to make any other change, unless in the judgment of the Trustee, based upon an opinion of counsel, such other change would materially adversely affect the interest of the Trustee or the Holders; and

(h) to maintain or preserve the federal tax exemption relating to interest on the Bonds or to comply with any state and/or federal securities law, including without limitations, any applicable regulation of the Securities and Exchange Commission.

When requested by the City, the Trustee shall, subject to the terms and conditions of the Terminal Trust Indenture, join the City in the execution of any of such supplemental indenture.

Supplemental Trust Indentures Requiring Consent of Bondholders

(a) The City and the Trustee may, at any time, enter into one or more supplements to the Terminal Trust Indenture amending, modifying, adding to or eliminating any of the provisions of the Terminal Trust Indenture but, if such supplement is not of the character described under the subheading “Supplemental Trust Indentures Not Requiring Consent of Bondholders” above, only with the written consent of United and the Holders of not less than 50% of the Bonds Outstanding at the time of the adoption of such amendatory Trust Indenture (not including any Bonds then held or owned by the City); provided, however, that, without the consent of all Holders, no supplemental Trust Indenture shall have the effect of permitting: (i) an extension of the maturity of any Bonds; (ii) a reduction in the principal amount of any Bonds, the rate of interest thereon, or any redemption premium payable thereon; (iii) the creation of a lien upon or pledge of any Pledged Revenues ranking superior to, or on parity with, the lien or pledge created in the Terminal Trust Indenture; (iv) a reduction of the principal amount of Bonds required for consent to amendments to the Terminal Trust Indenture; (v) the establishment of priorities among Bonds; or (vi) a reduction in the aggregate principal amount of the Bonds required for consent to any other change in the Terminal Trust Indenture, without the consent of the Holders of all of the Bonds of the series of Bonds affected then Outstanding.

(b) If at any time the City shall request the Trustee to enter into any supplemental agreement to amend the Terminal Trust Indenture, the Trustee shall cause notice of the proposed execution of such supplemental agreement to be given in writing to the Holders of all of the Bonds. Such notice shall briefly set forth the nature of the proposed supplemental agreement and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Holders.

(c) Whenever, at any time within one (1) year after the date of the first giving of such notice, the City shall deliver to the Trustee an instrument or instruments purporting to be executed by the Holders of not less than 50% in an aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental agreement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise the Trustee may execute such supplemental agreement in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consent thereto.

(d) If the Holders of not less than 50% in aggregate principal amount of the Bonds Outstanding at the time of the execution of a supplemental agreement meeting the requirements of the Terminal Trust Indenture shall have consented to and approved the execution thereof as provided in the Terminal Trust Indenture, no Holder of any Bond shall have any right to object to the execution of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution

thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution of any supplemental agreement pursuant to the provision of the Terminal Trust Indenture, the Terminal Trust Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under such Terminal Trust Indenture of the City and the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under such Terminal Trust Indenture, subject in all respects to such modifications and amendments.

(f) Any consent given by the Holder of a Bond pursuant to the provisions of the Terminal Trust Indenture regarding Holder consent to supplemental trust indentures shall be irrevocable for a period of six (6) months from the date of the giving of the notice and shall be conclusive and binding upon all future Holders of the same Bond during such period. At any time after six (6) months from the date of giving notice, such consent may be revoked by the Holder who gave such consent or by a successor in title by filing notice of such revocation with the Trustee, but such revocation shall not be effective if the Holders of 50% of the Bonds Outstanding, prior to receipt by the Trustee of the attempted revocation, consented to and approved the amendatory agreement referred to in such revocation.

(g) The fact and date of the execution of any instrument under the provisions of the Terminal Trust Indenture governing supplemental trust indentures executed with Holder consent may be proved by the certificate of any officer in any jurisdiction, who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof; or such facts may be proved by an affidavit of a witness to such execution sworn to before such officer.

Rights of Trustee. Notwithstanding the foregoing provisions of the Terminal Trust Indenture regarding the execution of supplemental trust indentures, the Trustee shall not be required to enter into any supplement to the Terminal Trust Indenture, unless it shall have received an opinion of counsel (if reasonably requested under the circumstances), addressed to the Trustee, reasonably satisfactory to it that such supplement or amendment complies with the provisions of the Terminal Trust Indenture, that all conditions precedent to the execution and delivery of such supplemental indenture have been complied with, and that the execution and delivery of such supplemental indenture will not materially adversely affect the interests of the Holders of the Bonds. Moreover, the Trustee shall not be required to execute any supplement to the Terminal Trust Indenture (except a supplement thereto providing for the issuance of Additional Bonds pursuant to the applicable provisions of the Terminal Trust Indenture entitling the Trustee to the same rights, privileges and immunities in respect of such Additional Bonds as provided in respect of the Bonds) if such supplement or amendment materially adversely affects its rights, duties or immunities under such Terminal Trust Indenture, in which case the Trustee may, in its discretion, but shall not be obligated to, enter into or consent to such supplement or amendment.

Approval by United. Notwithstanding anything contained in the foregoing provisions to the contrary, so long as no Event of Default has occurred and is continuing (other than an Event of Default not attributable to United's actions or failure to act), no supplemental indenture or agreement shall become effective unless and until United delivers to the City and the Trustee a written consent to the terms of such supplemental indenture or agreement.

Approval by City. The City shall not unreasonably withhold or delay its consent to a supplemental trust indenture or agreement meeting the requirements of the Terminal Trust Indenture.

Defeasance

With regard to the Prior Special Facilities Bonds only:

(a) If the whole amount of the principal of and interest due on or to become due and payable upon all of the Prior Special Facilities Bonds then Outstanding, if any shall be paid or sufficient funds shall be held by the Trustee or the Paying Agent for such purpose, and provision shall also be made for paying all other sums payable under the Terminal Trust Indenture by the City, together with all fees and charges of the Trustee and Paying Agent,

and if any Prior Special Facilities Bonds to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call such Prior Special Facilities Bonds for redemption shall have been given by the City to the Trustee, then and in that case the right, title and interest of the Trustee therein shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the City, shall release the Terminal Trust Indenture and shall execute such documents to evidence such release as may be reasonably required by the City, and shall turn over to United all balances remaining in all Funds created by the Terminal Trust Indenture, other than funds held for redemption or payment of Prior Special Facilities Bonds; otherwise the Terminal Trust Indenture shall be, continue and remain in full force and effect.

(b) Any Prior Special Facilities Bond shall be deemed to be paid and no longer Outstanding within the meaning of the Terminal Trust Indenture when payment of the principal of on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, pursuant to an escrow or trust agreement, a sufficient amount of cash and/or direct obligations of, or obligations the principal on and interest of which are guaranteed, by, the United States of America, in principal amounts and maturities and bearing interest at rates which are certified by an independent certified public accountant to be sufficient to provide for the full and timely payment of the principal amount and redemption premium, if any, of such Prior Special Facilities Bonds plus interest thereon to the date of maturity or redemption plus all fees and charges of the Trustee and Paying Agent in connection therewith; provided, however, that if any of such Prior Special Facilities Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving proper notice of redemption therefor.

With respect to the Series 2015B Bonds only:

The City may discharge its obligation to the Holders of any or all of the Series 2015B Bonds to pay principal, interest and redemption premium (if any) thereon in any manner now permitted by law or as may be then permitted by law, including, but not limited to, by depositing with an escrow agent or with the Paying Agent for such Series 2015B Bonds either: (i) cash in an amount equal to the principal amount and redemption premium, if any, of such Series 2015B Bonds plus interest thereon to the date of maturity or redemption, or (ii) pursuant to an escrow or trust agreement, cash and/or Investments in principal amounts and maturities and bearing interest at rates sufficient (in the opinion of an independent certified public accountant) to provide for the timely payment of the principal amount and redemption premium, if any, of such Series 2015B Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of the Series 2015B Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in the Ordinance. Upon such deposit, such Series 2015B Bonds shall no longer be regarded to be Outstanding or unpaid.

For the purpose of this section, "Investments" shall mean:

(a) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States;

(b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City authorizes the discharge by deposit of any or all of the Series 2015B Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and

(c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been defeased and that, on the date the City authorizes the discharge by deposit of any or all of the Series 2015B Bonds, are rated as to investment quality by a nationally recognized investment rating firm of not less than AAA or its equivalent.

Covenants of the City

Concerning the Lease Agreement. The City covenants and warrants, among other things, that (i) so long as any Bonds remain Outstanding, the City will not consent to or grant any modification of or amendment to the

section of the Lease Agreement governing United's obligation to pay Special Facilities Payments; (ii) that so long as any Bonds remain Outstanding, the City will not consent to or grant any modification of or amendment to any other provision of the Lease Agreement that would have the effect of reducing, altering or modifying the obligations and commitments of United contained in the sections of the Lease Agreement governing United's obligation to pay Special Facilities Payments, or would minimize, reduce or lessen the rights of the City in the event of a default in the payment of Net Rent by United thereunder, or would materially and adversely affect the security provided in the Terminal Trust Indenture for the payment of the Bonds; and (iii) that so long as any Bonds remain Outstanding, the City will perform and discharge its duties and obligations under the Lease Agreement and will use its best efforts to require United to perform and discharge each and all of its duties and obligations thereunder.

Collection of Net Rent. The City shall use diligence to cause the Net Rent payable by United under the Lease Agreement to be paid by United to Trustee on behalf of the City in the amounts and at the times necessary to enable the City to make all deposits to the Interest and Redemption Fund required in the Terminal Trust Indenture and in the Lease Agreement.

Completion and Acquisition of Special Facilities. The City covenants and agrees to use its best efforts to cause the 2015B-1 Project to be acquired by and conveyed to the City and to cause United to apply the proceeds of the Bonds (other than Refunding Bonds) for such purpose.

Diligence in Certain Events of Default. In the Event of a Default by United under the Lease Agreement (and whether or not it elects to terminate the Lease Agreement), the City covenants and agrees to use its best efforts to keep the Special Facilities leased, or subleased on, on a net rent lease basis and to impose and collect from each such lessee or sublessee net rentals for the use of the Special Facilities in such amounts and under such terms and conditions as shall be sufficient to pay and retire the Bonds and all interest thereon when and as due and payable and to maintain the amounts required to be on deposit in the Interest and Redemption Fund and to provide for the proper maintenance and operation and insurance of the Special Facilities without expense to the City.

Payment of Bonds. Subject to the provisions of the Terminal Trust Indenture regarding the source of payment for the Bonds, the City agrees promptly to cause to be paid as same become due and payable the principal of and interest on the Bonds.

Transfers and Assignments.

(a) So long as any Bonds remain Outstanding, the City shall not and shall cause the Lease not to sell, dispose of, or encumber any portion of the Special Facilities, except as may be permitted under the Lease Agreement, the Guaranties and the Terminal Trust Indenture; provided, however, that this prohibition shall not prevent the City from disposing or permitting the disposal of any portion of the Special Facilities that has been declared surplus or is no longer needed or useful for the proper operation of the Special Facilities.

(b) So long as any Bonds remain Outstanding, the City covenants that it will not consent to any assignment by United of its rights under the Lease Agreement without first obtaining a written agreement from United that United shall remain primarily liable for Net Rent due thereunder subject to certain provisions set forth in the Lease Agreement regarding limited exceptions to United's obligation to maintain its corporate existence.

Books, Audits, Inspections. So long as any Bonds remain Outstanding, the Trustee shall keep proper books and records and accounts showing complete and correct entries of all transactions relating to Net Rent, the Special Facilities and the Lease Agreement.

Pledged Revenues, Encumbrance of Pledged Revenues. The Pledged Revenues are not in any manner pledged to the payment of any debt or obligation of the City other than the Bonds. Except through the issuance of Additional Bonds and Refunding Bonds, the City covenants that it will not in any manner pledge or further encumber the Pledged Revenues.

Additional Bonds and Refunding Bonds

Additional Bonds. For the purpose of paying any Costs of the 2015B-1 Project and any other Special Facilities not fully funded with proceeds of the Series 2015B-1 Bonds or for paying other Costs of the Special Facilities, as provided in Lease Agreement, the City reserves the right to issue one or more series of Additional Bonds payable from, and secured by a first lien on and pledge of, the Pledged Revenues, on a parity with the Bonds and any Refunding Bonds, or other Additional Bonds from time to time issued; provided, however, that no such Additional Bonds shall be issued unless all of the following requirements are satisfied:

(i) The City and Trustee shall execute a supplemental agreement to the Terminal Trust Indenture providing for the issuance of such Additional Bonds.

(ii) The Aviation Director (or any successor to that function) shall execute a certificate stating in effect that no event of default under the Lease Agreement by United then exists and that the City's right to issue Additional Bonds and United's obligation to pay increased Net Rent thereunder has not been altered, rescinded, amended or changed by United or the City.

(iii) The issuance of any Additional Bonds shall be approved by United in the manner required by the Lease Agreement, as evidenced by a written instrument executed by United acknowledging that the Net Rent under the Lease Agreement will be increased in an amount sufficient to pay all principal, interest and redemption premiums, if any, on the Additional Bonds as the same mature and become due or are required to be mandatorily redeemed, and all fees of the Trustee, the Paying Agent and other costs and expenses relating to the payment thereof.

Refunding Bonds. In addition to any Additional Bonds, the City shall have the right in accordance with any applicable law to issue Refunding Bonds in any manner authorized by law to refund all or any part of any Outstanding Bonds provided that no Refunding Bonds shall be issued which will have a lien on Pledged Revenues prior and superior to any Bonds which will remain Outstanding after the refunding and provided further that, in the event less than all Bonds then Outstanding are refunded, such Refunding Bonds shall not be issued unless the requirements listed above for the issuance of Additional Bonds are satisfied.

Payment or Action on Other than Business Days

Unless otherwise provided in the Terminal Trust Indenture, if the specified date for the making of any payment or the taking of any action as provided in the Terminal Trust Indenture is not a Business Day, such payment may be made or action taken, as the case may be, on the next succeeding Business Day with the same force and effect as if such payment were made or action taken on the nominal date therefor, and, with respect to any payment so made, no interest shall accrue for the period from the nominal date of payment to the date such payment is made in accordance with this paragraph.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

The following are summaries of certain provisions of the Second Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects) (the “Lease”) between the City of Houston, Texas (the “City”) and Continental Airlines, Inc., now known as United Airlines, Inc. (the “Lessee”), dated as of November 17, 2011, as amended by Amendment No. 1 to Second Amended and Restated Special Facilities Lease Agreement, dated as of February 21, 2013, which amended and restated that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects) dated as of March 1, 1997 between the City and the Lessee, as amended and restated by a First Amended and Restated Special Facilities Lease Agreement (Continental Airports, Inc. Terminal Improvement Projects) dated as of December 1, 1998. As indicated herein, the Series 2015B Bonds qualify as “Additional Terminal Improvement Bonds” under the Lease, and the Series 2015B-2 Bonds further qualify as “Refunding Terminal Improvement Bonds” under the Lease. Accordingly, all references in this Appendix C to “Terminal Improvement Bonds” shall include the Series 2015B Bonds. *The summaries contained in this Appendix C do not purport to be complete or definitive and are qualified in their entirety by reference to the full provisions of the Lease.*

Definitions

The following terms have the following meanings:

“Additional Terminal Improvement Bonds” means all additional Terminal Improvement Bonds which may be issued by the City payable from the same sources as the Series 2011 Bonds for the purposes and in the general manner described under the heading “Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project Components—Issuance of Additional Terminal Improvement Bonds and Additional Obligations” herein. Additional Terminal Improvement Bonds will be entitled to the benefits of the Guaranty.

“Affiliate” means any air carrier operating at the Airport that conducts all or a portion of its air carrier operations at the Airport during the term of the Lease under the Lessee’s name or a derivative thereof but only with respect to such operations conducted under the Lessee’s name or a derivative thereof. The Lessee will, subject to the terms below in this paragraph, be responsible for the operations at the Airport of such Affiliate, including payment of all landing fees and other scheduled rates and charges owed in respect of such Affiliate(s) at the Airport. The Lessee will use its Best Efforts to provide thirty (30) days’ advance written notice to the Director indicating when an Affiliate is starting or discontinuing service to the Airport. Within thirty (30) days of the City’s written request to the Lessee to do so, the Lessee will cause all such Affiliates (whether now or hereafter in operation at the Airport) to execute the applicable Airport use agreement to be provided by the City or the Director covering such Affiliate’s use of the Airport and which agreement would set forth such Affiliate’s agreement in respect of such Affiliate’s operations at the Airport to maintain insurance (as to types and amounts) and to provide indemnification to the City and to comply with applicable Airport rules and regulations, and which agreement may contain such other terms and conditions as may be specified by the City in connection with the use of the Airport by such Affiliate, all on terms and conditions that are reasonably consistent with those terms and conditions generally applicable to airlines having agreements with the City pertaining to use of the Airport. The City agrees that if the Lessee provides at least thirty (30) days’ advance written notice to the Director indicating the contemplated commencement of service by any Affiliate that does not operate at the Airport as of the date of the Lease and if the Lessee complies with its obligation set forth in the preceding sentence to cause such Affiliate to execute such applicable Airport use agreement (the City will provide a form to the Lessee in compliance with the terms of this paragraph), then notwithstanding anything to the contrary in the Lease or in any other agreement entered into between the City and the Lessee prior to the date of the Lease, the Lessee will only be responsible for the payment of landing fees and other scheduled rates and charges owed in respect of the operations of such Affiliate(s) at the Airport, and not for any other liabilities of such Affiliate, including without limitation, any tort liability of such Affiliate.

“Airfield Area” means the runways, taxiways, taxilanes, and apron areas (other than the Apron Areas and other leased apron areas and common-use cargo aprons), navigational aids, hazard designation and warning devices, airfield security roads and fencing, blast fencing, lighting, clear zones and safety areas for landing, taking off and

taxiing of aircraft, aviation easements, land utilized in connection therewith or acquired for such purpose, and facilities, the acquisition, construction or installation cost of which is wholly or partially paid by the City.

“Airport” means George Bush Intercontinental Airport/Houston, Houston, Texas (IAH), as it now exists or may be modified or expanded from time to time in the future.

“Airport System” means all airport, heliport and aviation facilities, or any interest therein, now or from time to time hereafter owned, operated or controlled in whole or in part by the City, together with all properties, facilities and services thereof, and all additions, extensions, replacements and improvements thereto, and all services provided or to be provided by the City in connection therewith, but expressly excluding special facilities. The Airport System currently includes the present airports of the City, known as “George Bush Intercontinental Airport/Houston,” “William P. Hobby Airport” and “Ellington Airport.”

“Airport System Revenue Bonds” means the bonds, notes (including commercial paper notes) and other obligations of the City secured by Airport System revenues generally (but expressly excluding revenues derived from special facilities), including the City’s Airport System Senior Lien Revenue obligations, Airport System Subordinate Lien Revenue obligations and Airport System Inferior Lien Revenue obligations.

“APM” means the automated people mover system, including stations, walkways, guideways and maintenance and control facilities, which connects Terminals A, B, C, and D/E.

“Apron” or “Apron Areas” means the apron area for the various terminals at the Airport, including the Terminal B Apron Area, which includes the Terminal B South Concourse Apron and the Terminal B North Concourse Apron.

“Best Efforts” when used in the Lease in connection with a party’s taking of an action or attempting to cause a specific result to occur means that the party obligated to use its Best Efforts in such regard will use all commercially reasonable efforts under the then applicable circumstances, as considered in good faith by the party so obligated, to take such action or cause such result to occur, it being agreed, however, that without limiting the generality of the foregoing, when describing an obligation of the City, “Best Efforts” will not include the obligation to invoke the City’s police powers or any other power or authority derived solely from the City’s status as a municipal corporation.

“Central FIS” means the Airport’s existing Federal Inspection Services facility located between Terminals D and E.

“City” means the City of Houston, Texas, or such other agency, board, authority, or private entity which may succeed to the jurisdiction of the City over the Airport.

“City Amortization” means the level annual charge required to recover the net cost of a City Capital Improvement over the Useful Life of such City Capital Improvement at the City’s Cost of Capital, as may be reduced by applicable PFCs.

“City Capital Improvements” means any improvement or asset, or series of related improvements or assets, acquired or constructed by City at the Airport, including without limitation any security facilities or equipment, which has a net cost of \$150,000 or more (adjusted annually for changes in the Consumer Price Index from July 1, 1998 to a maximum of \$300,000) and a Useful Life of more than one year (but excluding facilities acquired or constructed with the proceeds of special facility revenue bonds which are secured solely by the net rent payable under the special facility lease for such facility and which debt service is in fact retired in such manner, unless such facilities are subsequently acquired by the City). For the purposes of the Lease, the net cost of each City Capital Improvement will be the total cost (including, without limitation, actual construction costs, acquisition costs, equipment costs, architectural and engineering fees, program management fees, testing and inspection fees, construction management fees, permit fees and other direct or allocable fees; interest during construction, and allocable out of pocket financing costs) less any grants-in-aid or similar amounts used in financing such City Capital Improvement.

“City Charges” means those charges authorized as described under the heading “Special Facilities Payments; Other Rent and Charges—City Charges” herein.

“City Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining, repairing, and administering the Airport; including, without necessarily limiting the same, salaries and wages, fringe benefits, contractual services, utilities, professional services, police protection services, fire protection services, administrative expenses, the cost of materials and supplies used for current operations, equipment, insurance premiums, the reasonable charges of any paying agents and any other depository bank pertaining to the Airport, as well as overhead expenses of (a) HAS (which will be fairly allocated among the City’s airport facilities in accordance with generally accepted accounting practices) and (b) other City departments whose services are directly related or reasonably allocable to the administration of the Airport (which will be determined in accordance with a City-wide administrative cost allocation plan then in effect); provided, however, City Operation and Maintenance Expenses will not include any allowance for depreciation, payments in lieu of taxes, City Capital Improvements, any charges for the accumulation of reserves for capital replacements or charges resulting from the negligence or breach of existing agreements by the City, its employees or contractors.

“City Project Components” means those components of the Terminal B Project being constructed and financed by the City, other than with the Terminal Improvement Bonds, which consist of the Terminal B South Concourse Apron, the Terminal B North Concourse Apron, the Terminal B Heating/Cooling Utilities, the Terminal B Infrastructure, all as more fully described in exhibits to the Lease, together with any modifications, additions or reductions thereto approved by the Director subject to the limitations imposed by the Trust Indenture.

“City’s Cost of Capital” means (a) for City Capital Improvements financed with Airport System Revenue Bonds, the effective interest rate on the Airport System Revenue Bonds used to finance the particular City Capital Improvement, (b) for City Capital Improvements financed with PFC Revenue Bonds, the effective interest rate on the PFC Revenue Bonds used to finance the particular City Capital Improvement and (c) for City Capital Improvements financed with other Airport funds, the current Revenue Bond Index (of 22-year+, “A” rated bonds) published daily in the Wall Street Journal (or successor publication thereto), for the end of the latest month preceding the calculation of the rates and charges, but no later than June 30 of the City’s fiscal year in which the City Capital Improvement is placed in service.

“City’s Rent Proposal” has the meaning set forth in subsection (c)(i) under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” herein.

“Construction Period” means the period from the Effective Date through the date of Substantial Completion of each of the Lessee Project Components and the City Project Components, as applicable. In the event Segments of Lessee Project Components or City Project Components, as applicable, have different dates of Substantial Completion, there will be different Construction Periods for each Segment, with each such Construction Period ending on the date of Substantial Completion of the applicable Segment.

“Costs of Lessee Project Components” or “Costs of the Special Facilities” means all financing costs and other costs of the construction and acquisition of Lessee Project Components or other Special Facilities, as the case may be, and the issuance of Terminal Improvement Bonds for such purpose, including without limitation the following:

- (i) all amounts paid to design, construct, acquire, fabricate, equip and install Lessee Project Components or other Special Facilities, including without limitation, all costs to be paid by the Lessee for utility extensions and connections incurred by the Lessee and all amounts paid under all contracts for goods, services and facilities related thereto;
- (ii) all amounts necessary to provide for work performed, material purchased or expenditures incurred, pertaining to or in connection with Lessee Project Components or any other Special Facilities approved by the City including, without limitation, the charges of any architects or engineers for plans, specifications, drawings, supervision and inspection for Lessee Project Components or Special Facilities;

(iii) all expenses incurred for the review of plans, specifications and contracts for Lessee Project Components or other Special Facilities and for the inspection in connection with the construction and acquisition thereof;

(iv) the cost of any and all permits, licenses, fees, performance and payment bonds, appraisals and insurance policies procured in connection with the acquisition and construction of Lessee Project Components or other Special Facilities;

(v) legal, accounting and bond advisory, underwriting and consultant fees and expenses, including any fees and expenses of any bond insurer and provider of any reserve fund surety, letter of credit, bond rating agencies and all costs and expenses incident to the authorization, issuance, delivery and sale of the Terminal Improvement Bonds, including without limitation the preparation, execution, delivery and recording of the Lease, the Trust Indenture, any preliminary and the final offering documents pertaining to the Terminal Improvement Bonds, and any printing fees for such documents, any purchase agreements pursuant to which the Terminal Improvement Bonds will be sold, all credit agreements and other documents providing security for the Terminal Improvement Bonds or the obligations owing to the City under the Lease and all other agreements and documents involved and contemplated by the Lease, the costs and fees, including legal fees, incident to the qualification of the Terminal Improvement Bonds for offer and sale under securities laws and the preparation of any memorandum as to the eligibility of the Terminal Improvement Bonds for offer and sale and for investment under state laws if required or if applicable;

(vi) interest accruing on the Terminal Improvement Bonds during the period of construction of Lessee Project Components or other Special Facilities financed with the proceeds thereof;

(vii) any Ground Rentals and utility charges payable as described under the heading “Special Facilities Payments; Other Rent and Charges—Operation and Maintenance and City Charges Relating to Lessee Project Components and Other Special Facilities” herein relating to the Terminal B Project during the period of construction of Lessee Project Components or other Special Facilities financed with the proceeds of the Terminal Improvement Bonds; and

(viii) such other and additional fees, costs, expenses and expenditures of whatever nature incidental or pertaining to the design, acquisition, construction, fabrication, equipping and installation of Lessee Project Components or other Special Facilities, including funding of the Reserve Account, if any (as defined in the Trust Indenture), and all other costs and expenses that may properly be capitalized as costs of Lessee Project Components or other Special Facilities.

“Deferred Phase” means any Phase of Lessee Project Components not included in the Initial Phase, together with the Existing Terminal B Improvements appertaining thereto, once such portion of the Existing Terminal B Improvements is designated part of a Deferred Phase, which Deferred Phase the Lessee may or may not construct, as determined by the Lessee in its sole discretion.

“Deferred Phase Substantial Completion Date” means, with respect to a Deferred Phase, the date on which the City and the Lessee reasonably expect that such Deferred Phase will be Substantially Completed.

“Deferred Phase Designation Supplement” means a document containing the information described under the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Lessee’s Terminal B Project To Be Accomplished in Phases” herein, or any amendment or supplement thereto, and which is executed by the Lessee and the Director.

“Director” means the Director of the Houston Airport System or his designee.

“Easements” means all of the easement or easements described in an exhibit to the Lease.

“Effective Date” means the earlier of: (a) the date the Series 2011 Bonds were issued and delivered pursuant to the Lease and a Trust Indenture authorizing such bonds; or (b) the date the Lessee funds a trust or escrow account (without affecting the Lessee’s ability to cause such bonds to be issued at a later time) with amounts reasonably expected by the Lessee to be sufficient to complete construction of the Initial Phase.

“Event of Default” means those events so defined under the heading “Events of Default and Remedies—Events of Default” herein.

“Exclusive Use Space” means the areas in Terminal B shown on an exhibit to the Lease as being leased to the Lessee for its exclusive use and any future space leased to the Lessee for its exclusive use prior to the designation of that space as part of a Phase; provided, however, that any portion of the Exclusive Use Space designated as part of a Phase and closed to the public for the purposes of being demolished or substantially renovated, revamped or reconstructed as part of such Phase shall no longer be considered as part of the Exclusive Use Space once so designated and closed.

“Existing Terminal B Improvements” means those facilities and improvements described in an exhibit to the Lease that are existing on the Effective Date; provided, however, once a portion of the Existing Terminal B Improvements is designated a part of a Deferred Phase, such portion will no longer be considered a part of the Existing Terminal B Improvements.

“Expiration Date” has the meaning set forth under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” herein.

“Extension Option” has the meaning set forth under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” herein.

“Extension Term” has the meaning set forth under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” herein.

“Fiscal Year” means the City’s fiscal year, currently July 1 to June 30.

“Favorable Opinion of Bond Counsel” means an opinion of nationally recognized bond counsel selected by the City that the action proposed to be taken, in and of itself, will not adversely affect the exclusion of interest on the Terminal Improvement Bonds from gross income of the holders thereof for federal income tax purposes.

“Full Lease Term” means, with respect to any Deferred Phase, the period following its Primary Lease Term as described under the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Deferred Phases: Primary Lease Term and Full Lease Term” herein.

“Ground Handling Services” means any of the following: on and off loading of passengers, baggage, mail or cargo; into-plane fueling; in-flight catering; servicing aircraft lavatories; providing ground power, potable water and preconditioned air; cleaning the interior or exterior of aircraft; emergency maintenance of aircraft engines and systems; and any other similar ground services; provided, however, that the reference to “in-flight catering” in the Lease will not affect or limit the rights of the Lessee or any successor entity thereto to provide those services for which a separate contract exists between such entity and the City.

“Ground Lease Properties” means the footprints for the Terminal B South Concourse, the Terminal B North Concourse, the Terminal B ATO, the Terminal B Baggage System Enhancement, Terminal B Baggage Claim Expansion, and the Second FIS/Interim Terminal B ATO as are required to construct Lessee Project Components thereon or therein, and will include those portions of Terminal C leased pursuant to the Use and Lease Agreement as are reasonably necessary to make the Special Facilities located therein leaseable, all as more fully described in an exhibit to the Lease. Ground Lease Properties will also initially include the Letter Agreement Premises, subject also to certain provisions of the Transition Lease Terms.

“Ground Rentals” means the rentals to be paid directly to the City as described under the heading “Special Facilities Payments; Other Rent and Charges—Ground Rentals” herein as consideration for the Ground Lease Properties.

“Ground Rental Rate” means (a) with respect to the Initial Phase, the ground rental rate per square foot for the footprint of the South Concourse, as defined in the Terminal B Lease, that is payable by the Lessee and in effect, in accordance with the Terminal E Lease, on the date of Substantial Completion of the Initial Phase, and (b) with respect to any Deferred Phase, the ground rental rate per square foot that is in effect for the Initial Phase on the date of Substantial Completion of such Deferred Phase. The Ground Rental Rate will be subject to escalation as described under the heading “Special Facilities Payments; Other Rent and Charges—Ground Rentals” herein.

“Guaranteed Minimum Traffic Level” means the lesser of 3.2 million, increasing to 3.36 million for the Fiscal Year immediately following the later of (x) the fifth anniversary of Substantial Completion of the Second FIS or (y) December 31, 2018, and all Fiscal Years thereafter or (ii) the total number of all arriving international passengers processed through both the Central FIS and the Second FIS during any Fiscal Year.

“Guaranteed Minimum Traffic Level Shortfall” means the Guaranteed Minimum Traffic Level less the total number of international arriving passengers processed through the Central FIS for the applicable Fiscal Year, multiplied by the Central FIS charge as calculated in the City’s annual Fiscal Year rates and charges and Fiscal Year reconciliation and as if the Guaranteed Minimum Traffic level were processed through the Central FIS.

“Guaranty” means the guaranty agreement from the Lessee, UGH or United (or any combination thereof) to the Trustee, together with any supplements thereto, guaranteeing the Prior Special Facilities Bonds, the Series 2011 Bonds and any Additional Terminal Improvement Bonds.

“HAS” or “Houston Airport System” or successor name means the department of the City responsible for the operation of the Airport and the Airport System, formerly known as the Department of Aviation.

“Initial Phase” means the first Phase of Lessee Project Components to be financed with the Series 2011 Bonds as described under the heading “Design, Construction and Acquisition of the Terminal B Project Special Facilities—Lessee Project Components” herein. The Initial Phase will have a lease term of 30 years commencing on the Effective Date, subject to extension as provided in subsection (b) under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” herein.

“Inside Concession” means any concession operating inside Terminal B including food/beverage, news/gifts, other retail, duty-free merchandise, telephones, advertising, and other miscellaneous concessions, but will not include “outside concessions,” such as parking, rental cars, and ground transportation.

“Interest and Redemption Fund” means the fund so defined in the Trust Indenture for the collection of Special Facilities Payments and payment of the Terminal Improvement Bonds.

“International Facilities Agreement” means the lease or facilities agreement from time to time in effect with respect to the Lessee’s occupancy of Terminal D at the Airport.

“Landing Fees” means the landing fees payable by the Lessee as described under the heading “Special Facilities Payments; Other Rent and Charges—Landing Fees” herein.

“Lessee Project Components” means the Terminal B South Concourse, the Terminal B North Concourse, the Terminal B ATO Facility, the Terminal B Baggage System Enhancement, the Second FIS/Interim Terminal B ATO, and the Terminal B Baggage Claim Expansion, all as more fully described in exhibits to the Lease, together with any modifications, additions or reductions thereto approved by the Director; the square footage provided in the applicable exhibits are approximations and may vary from the final square footage of the ultimately completed Lessee Project Components.

“Lessee’s Terminal B Project” means the Lessee’s leasehold estate in the Ground Lease Properties and Lessee Project Components and the rights granted in the Lease to the Lessee in the City Project Components and the Easements.

“Letter Agreement” means the letter agreement dated August 21, 2000 between HAS and the Lessee pursuant to which the Lessee has leased the Letter Agreement Premises.

“Letter Agreement Premises” means those certain 269,686 square feet located on the airfield between Terminal B and Terminal C north of the airport hotel and south of the connector taxilane.

“Outstanding” has the meaning assigned in the Trust Indenture.

“Parking Garage” means the existing structure known as of the date of the Lease as the Terminal A/B Parking Garage.

“PFC” or “Passenger Facilities Charge” means those fees imposed on paying passengers departing the Airport pursuant to the authority granted the City by 49 U.S.C. 40117, as from time to time amended, subject to the conditions and limitations set forth in the City of Houston Ordinance No. 2008-358 as from time to time amended.

“PFC Revenue Bonds” means airport system revenue bonds issued by the City secured in whole or in part by the pledge of revenues derived from the collection of PFCs, but will not include Airport System Revenue Bonds to which all or any portion of PFC revenues have been pledged.

“Phase” means a designated portion of Lessee Project Components. Phases will include the Initial Phase and one or more Deferred Phases.

“Primary Lease Term” means, with respect to any Deferred Phase, the period described under the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Deferred Phases: Primary Lease Term and Full Lease Term” herein.

“Prior Special Facilities” means those “special facilities” as described in the Prior Special Facilities Leases and financed with Prior Special Facilities Bonds other than “special facilities” located in Terminal D.

“Prior Special Facilities Leases” means that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects) dated as of March 1, 1997, as Amended and Restated as of December 1, 1998, between the City, as lessor, and the Lessee.

“Prior Special Facilities Bonds” means the Series 1997B Bonds and the Series 1998B Bonds.

“Program Definition Manual” means the Program Definition Manual for the Terminal B Project jointly developed by the City and the Lessee dated August 8, 2008, as it may be amended from time to time with the joint concurrence of the City and the Lessee. Such Program Definition Manual will take into account Leadership in Energy and Environmental Design (“LEED”) or other comparable standards to the extent applicable to facilities such as the Special Facilities.

“Refunding Terminal Improvement Bonds” means all refunding Terminal Improvement Bonds which may be issued by the City for the purposes described under the heading “Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project Components—Refunding Terminal Improvement Bonds” herein, and which will be payable from the same sources as the Terminal Improvement Bonds.

“Regional Aircraft” means aircraft with 50 or fewer passenger seats.

“Renewal and Replacement Fund” means the fund of such name that the City is obligated to maintain pursuant to its ordinances authorizing its Airport System Revenue Bonds.

“Rental Negotiation Period” has the meaning set forth in subsection (c)(ii) under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” herein.

“Second FIS/Interim Terminal B ATO” means those buildings, improvements, fixtures, equipment and related facilities more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual.

“Segment” means any discrete, independently operable segment of the Lessee Project Components or City Project Components as may be agreed to by the Lessee and the Director for which a date of Substantial Completion may be established.

“Series 1997B Bonds” means the City’s Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B.

“Series 1998B Bonds” means the City’s Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B.

“Series 2011 Bonds” means the City’s Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT).

“Special Facilities Payments” means the rentals payable to the Trustee on behalf of the City as described in subsections (a)(i) and (a)(ii) under the heading “Special Facilities Payments; Other Rent and Charges—Special Facilities Payments While Terminal Improvement Bonds Outstanding” herein for the purpose of being applied to the payment of the Terminal Improvement Bonds and making required deposits to the Interest and Redemption Fund.

“Substantial Completion” or “Substantially Completed” means (i) with respect to Lessee Project Components, the date on which Lessee Project Components included within any Phase will be sufficiently completed to enable use and occupancy for their intended purpose, as evidenced by a certificate executed by an authorized the Lessee representative, a licensed architect or another party approved by the Director and a Certificate of Occupancy issued by the City, (ii) with respect to the City Project Components, the date on which the City Project Components will be sufficiently completed to enable use and occupancy for their intended purpose, as evidenced by a certificate executed by the Director and a Certificate of Occupancy issued by the City and (iii) with respect to the Terminal B Project, or any Phase thereof, the date on which both Lessee Project Components and the City Project Components (or in the case of a Phase Lessee Project Components and City Project Components within such Phase) are so certified to be sufficiently completed to enable use and occupancy for their intended purpose. Substantial Completion under the Lease need not have the same meaning ascribed to it in construction contracts for elements of the Terminal B Project.

“Systems” means the systems, facilities and improvements located on and serving the Airport, including but not limited to: (a) the access roads and other roadways serving the terminal complex; (b) the inter-terminal passenger transportation system; (c) the heating, ventilation, and air conditioning (HVAC) plant and related distribution systems; (d) the terminal building mechanical areas and systems; and (e) the incinerators / compactors.

“Systems Costs” means the total of annual City Operation and Maintenance Expenses and annual City Amortization charges associated with each of the Systems.

“TEFRA” means the Tax Equity and Fiscal Responsibility Act of 1982, as the same has been and may be amended or supplemented from time to time.

“Terminal B” means those premises and improvements located at the portion of the Airport generally regarded as Terminal B, consistent with the Airport’s rate-making methodologies.

“Terminal B Airline Area” has the meaning assigned to it in The Transition Lease Terms.

“Terminal B Apron Area” means Apron Area, including the Terminal B fueling facilities, serving the improvements generally known as Terminal B, which includes Terminal B North Concourse Apron and Terminal B South Concourse Apron, as more fully provided in the Program Definition Manual.

“Terminal B ATO” means those buildings, improvements, fixtures, equipment and related facilities as more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual.

“Terminal B Baggage Claim Expansion” means the building, improvements, fixtures, equipment and related facilities as more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual, which Terminal B Baggage Claim Expansion the Lessee will have the right (but not the obligation) to construct as a part of a Phase.

“Terminal B Baggage System Enhancement” means those tenant improvements, fixtures, equipment and related facilities to accommodate the increased baggage handling and conveyance systems to serve the Terminal B North and South Concourses, as described in an exhibit to the Lease and more fully provided in the Program Definition Manual.

“Terminal B Capital Improvements” means those City Capital Improvements described in an exhibit to the Lease and any future City Capital Improvements made to the Existing Terminal B Improvements prior to the designation of that portion of the Existing Terminal B Improvements as part of a Phase.

“Terminal B Heating/Cooling” means the heating/cooling utilities more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual.

“Terminal B Infrastructure” means the improvements, fixtures, equipment, roadways and related facilities more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual.

“Terminal B North Concourse” means those buildings, improvements, fixtures, equipment and related facilities as more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual.

“Terminal B North Concourse Apron” means that portion of the Terminal B Apron Area consisting of the improvements, fixtures, equipment and related facilities more fully described in an exhibit to the Lease and more fully provided in the Program Definition Manual.

“Terminal B Project” means collectively Lessee Project Components and the City Project Components.

“Terminal B Rental Rate” has the meaning set forth in subsection (a) under the heading “Special Facilities Payments; Other Rent and Charges—City Charges” herein.

“Terminal B South Concourse” means those buildings, improvements, fixtures, equipment and related facilities as more fully described in an exhibit to the Lease and as more fully provided in the Program Definition Manual.

“Terminal B South Concourse Apron” means that portion of the Terminal B Apron Area consisting of the improvements, fixtures, equipment and related facilities more fully described in an exhibit to the Lease and more fully provided in the Program Definition Manual.

“Terminal C” means those premises and improvements located at the portion of the Airport generally regarded as Terminal C, consistent with the Airport’s rate-making methodologies.

“Terminal C Special Facilities Expiration Date” means December 31, 2027.

“Terminal D” means those premises and improvements located at the portion of the Airport generally regarded as Terminal D, consistent with the Airport’s rate-making methodologies.

“Terminal E Lease” means the Terminal B Lease and Special Facilities Lease Agreement, entered into by and between the City and the Lessee, as of August 1, 2001.

“Terminal Improvement Bonds” means collectively the Series 2011 Bonds and any Additional Terminal Improvement Bonds and Refunding Terminal Improvement Bonds from time to time hereafter issued. Terminal Improvement Bonds also include the Prior Special Facilities Bonds.

“Test Period” has the meaning set forth in subsection (a) under the heading “Use of Special Facilities—City’s Right to Review Space Utilization in Terminal B North Concourse and Take Back Space; Sublease of Certain Special Facilities to City” herein.

“Transition Lease Terms” means those terms and provisions contained in an exhibit to the Lease which will apply to the Lessee’s lease, use and occupancy, prior to their designation as part of a Phase as provided in the Lease, of the (i) Existing Terminal B Improvements and (ii) Letter Agreement Premises.

“Use and Lease Agreement” means the Use and Lease Agreement effective as of January 1, 1998, between the City and the Lessee with respect to the Lessee’s use of the Airport and lease of space in Terminals B and C at the Airport, which (i) as to Terminal B, will be superseded by the Lease and (ii) as to Terminal C, is scheduled to expire as of December 31, 2027 (after giving effect to the ten (10)-year extension relating to Terminal C entered into by the City and the Lessee contemporaneously with the Lease, to be effective on the date of removal of six (6) of the jet bridges located in the south “banjos” in the Existing Terminal B Improvements, in connection with construction of the initial Phase (which date will be the date designated, in writing, by the Lessee to the City)). It is the intention of the parties that the term Use and Lease Agreement include any other successor use and lease agreement or other successor agreement, howsoever denominated, between the Lessee and the City, pursuant to which the Lessee is granted the right to operate its commercial air transportation business on the Airport in consideration for its payment of landing fees and other amounts and its agreement to abide by certain rules and regulations regarding its operations on the Airport, and if no such agreement exists between the Lessee and the City, subject to the provisions set forth under the heading “Miscellaneous—Most Favored Nation” herein, any such agreement between the City and any other carrier engaged in the air passenger transportation business at the Airport, and if none exists with any other carrier, then it means the ordinance or ordinances of the City regulating such matters and imposing such landing fees and other rates and charges.

“Useful Life” means the estimated period of time that a City Capital Improvement is to be recovered through the City Amortization process. In general, Useful Lives will be assigned to City Capital Improvements by the Director based on generally accepted airport accounting practices. For purposes of calculating rates and fees under the Lease, improvements to the City Project Components financed by the City through means other than

Terminal Improvement Bonds will be assigned Useful Lives of twenty-five (25) years, except for APM vehicles, which will be fifteen (15) years.

Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space

Lease. Subject to the terms and conditions of the Lease, the City leases, lets and demises unto the Lessee, and the Lessee leases and rents from the City, the Special Facilities, together with the Ground Lease Properties, and the rights granted in the Lease with respect to the City Project Components and the Easements.

(a) Subject to the terms and conditions of the Lease, the City further leases, lets and demises unto the Lessee, and the Lessee leases and rents from the City, those premises in the Existing Terminal B Improvements but subject to certain additional terms set forth in the Transition Lease Terms.

(b) On the Effective Date of the Lease, the Use and Lease Agreement will cease, terminate and be of no further force or effect with respect to the Existing Terminal B Improvements.

(c) Prior Special Facilities are subject to the terms and requirements of the Lease to the same extent as the items set forth in subsection (i) of the definition of Special Facilities.

Term of Lease; Options to Extend.

(a) The term of the Lease will commence on the Effective Date and will continue, unless sooner terminated in accordance with the Lease, for 30 (thirty) years from the Effective Date (the “Expiration Date”), subject to the following exceptions:

(i) With respect to any Deferred Phase (including related Existing Terminal B improvements), the term of the Lease as to such Deferred Phase only will terminate on December 31, 2017 (i.e., the last day of the Primary Lease Term for such Deferred Phase) unless the term of the Lease with respect to such Deferred Phase is extended to Full Lease Term in accordance with the provisions described under the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Deferred Phases: Primary Lease Term and Full Lease Term” herein.

(ii) With respect to any Deferred Phase that is extended to a Full Lease Term in accordance with the provisions described under the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Deferred Phases: Primary Lease Term and Full Lease Term” herein, if, at the time of such extension, the Expiration Date of the Lease is a date that is prior to the twenty-fifth (25th) anniversary of the Deferred Phase Substantial Completion Date for such Deferred Phase, then the term of the Lease as to such Deferred Phase, subject to the issuance of a Favorable Opinion of Bond Counsel, will be automatically extended from the Expiration Date to such 25th anniversary of the Deferred Phase Substantial Completion Date.

(iii) Notwithstanding anything to the contrary under this subheading “—Term of Lease; Options to Extend,” the term of the Lease as to the Prior Special Facilities located at Terminal C will expire on the Terminal C Special Facilities Expiration Date; provided, however, that the term of the Lease as to such Prior Special Facilities may be extended, subject to applicable federal tax laws and state laws and the issuance of a Favorable Opinion of Bond Counsel, under the terms of subsection (b) below as if such Prior Special Facilities were a Phase for which a Full Lease Term exists.

(iv) Further, notwithstanding anything contained in the Lease to the contrary, in no event will the term of the Lease, as extended in accordance with the terms hereof, with respect to the Initial Phase or any Deferred Phase, extend beyond forty (40) years from the Effective Date.

(b) Subject to the conditions set forth below, the Lessee will have the option (“Extension Option”) to extend the term of the Lease as to all Phases consisting of entirely real property (including improvements to the real property), including the Initial Phase, for which a Full Lease Term exists for successive additional periods of no greater than five (5) years each (“Extension Terms”) (not to exceed in the aggregate the number of Extension Terms required to ensure that all Phases end concurrently with the conclusion of the Full Lease Term of the final Deferred Phase under the Lease) after the Expiration Date, upon giving written notice of such election and the period of such extension to the Director no later than one (1) year prior to the Expiration Date or extended Expiration Date, as applicable. For additional terms governing the operations of the parties in connection with Extension Terms, see the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Failure to Convert Primary Lease Term to Full Lease Term” below. The Lessee’s right to exercise each such Extension Option is subject to the following conditions with respect to the period of such Extension Term:

(i) For Lessee Project Components, the Lessee will continue to pay applicable City Charges, but in lieu of the rentals payable as described under the heading “Special Facility Payments; Other Rent and Charges—Special Facilities Payments While Terminal Improvement Bonds Outstanding” below, the Lessee will pay an additional rental at the then-current market rate (which, to the greatest extent permitted by federal tax laws applicable to the Terminal Improvement Bonds, will be calculated on a basis consistent with the method used for calculation of charges to other carriers for comparable space at the Airport), for all usable space including public space and concession space (due consideration being given to the payments that the City will continue to receive from the Lessee as described in subsection (d) under the heading “Use of Special Facilities—Rights to Concessions” below); and

(ii) Other than as provided, in subsection (b)(i) above, the terms and conditions applicable during the option period will be the same as provided in the Lease.

(c) The rent for each Extension Term will be determined as follows:

(i) The City will, within sixty (60) days after receipt of the Lessee's notice exercising an Extension Option, deliver to the Lessee the City's calculation of the monthly rent based on the parameters set out in subsection (b)(i) above (the "City's Rent Proposal"). Within thirty (30) days after receipt of the City's Rent Proposal, the Lessee will give the City written notice that either (x) it concurs with the City's Rent Proposal, in which event the City's Rent Proposal will constitute the monthly rent for the applicable Extension Term or (y) it disagrees with the City's Rent Proposal. Failure of the Lessee to respond within such thirty (30) day period will be deemed an acceptance of the City's Rent Proposal.

(ii) If the Lessee disagrees with the City's Rent Proposal then the City and the Lessee will for period of thirty (30) days (the "Rental Negotiation Period") attempt to agree upon a figure which will constitute the rent based on the parameters set out in subsection (b)(i) above. If the parties agree on such figure, the Director and the Lessee will execute a written memorandum to such effect. If the parties have not executed such a memorandum within such Rental Negotiation Period, the Lessee, in addition to all other rights and remedies available at law or in equity, may withdraw its election to exercise such Extension Option within thirty (30) days after the expiration of the Rental Negotiation Period.

Easements and Ground Leases for Lessee Project Components.

(a) Subject to the terms and conditions contained in the Lease, the City grants and conveys to the Lessee the Ground Lease Properties for a term corresponding to the term of the Lessee's leasehold estate in Lessee Project Components to be constructed and located on, in or appurtenant to such Ground Lease Properties, including any extensions or renewals thereof; provided, however, that Ground Lease Properties included within Deferred Phases will have Primary Lease Terms only unless extended to Full Lease Terms as described under the heading "Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Deferred Phases: Primary Lease Term and Full Lease Term" below. The Ground Lease Properties will be used solely for the purpose of constructing, equipping, acquiring, operating and maintaining Lessee Project Components and related authorized purposes.

(b) Subject to the terms and conditions of the Lease, the City grants and conveys to the Lessee the Easements for a term corresponding to the term of the Lessee's leasehold estate in Lessee Project Components to be located in or appurtenant to such Easements, including any extensions or renewals thereof, provided, however, that Easements included within Deferred Phases will have Primary Lease Terms only unless extended as described under the heading "Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases—Deferred Phases: Primary Lease Term and Full Lease Term" below. The Easements will be used solely for the purpose of constructing, equipping, acquiring, operating and maintaining Lessee Project Components and related authorized purposes.

(c) Subject to the terms of the Lease, the Lessee will have the right of reasonable ingress to and egress from the Terminal B Project over the portions of the Airport necessary for conducting its authorized operations in accordance with the terms of the Lease, including the operation of buses between terminals, subject to reasonable regulations promulgated by the Director.

(d) In the event the City and the Lessee determine it is necessary or desirable to amend, correct, further define or delineate, delete from or add to any descriptions of the Ground Lease Properties, the Easements and/or the Deferred Phases, they may do so by a supplement or addendum hereto duly executed by the Director and an authorized officer of the Lessee, subject to the limitations imposed by the Trust Indenture.

Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Leases

Lessee's Terminal B Project To Be Accomplished in Phases. It is the intention of the Lessee and the City that the Lessee will be permitted to accomplish Lessee's Terminal B Project in Phases, consisting of the Initial Phase and one or more Deferred Phases (which in the aggregate are intended to include all elements of the Ground Lease Properties, Easements and Lessee Project Components) all in substantial accordance with the Program Definition Manual. All elements of Lessee's Terminal B Project that are not included within the initial Phase (including related Existing Terminal B Improvements) will initially be eligible for designation as part of a Deferred Phase. Notwithstanding anything contained in the Lease to the contrary, the Lessee will have the right (but not the obligation), in its sole discretion, to designate and/or construct the Terminal B Baggage Claim Expansion as part of a Phase.

The Lessee may designate one or more Deferred Phases by executing a Deferred Phase Designation Supplement, in which the Lessee designates:

- (a) those portions of the Ground Lease Properties to be included within such Deferred Phase;
- (b) those Easements which appertain to such the Lessee Ground Lease Properties included within such Deferred Phase;
- (c) those Lessee Project Components expected to be included within such Deferred Phase;
- (d) the estimated date on which the City will be requested to issue Additional Terminal Improvement Bonds for the Costs of Lessee Project Components for such Deferred Phase;
- (e) the estimated dates for commencement and substantial completion of such Lessee Project Components (as described under the heading "Design, Construction and Acquisition of the Terminal B Project Special Facilities—Lessee Project Components" for the Initial Phase);
- (f) those City Project Components required to support Lessee Project Components in the Deferred Phase together with the dates upon which such City Project Components should be substantially completed for that purpose;
- (g) the impact of projects to be constructed on City Concessions in the Existing Terminal B Improvements and any elections the Lessee makes regarding those concessions as described under the heading "Use of Special Facilities—Rights to Concessions" below and the estimated effective dates; and
- (h) any special provisions or accommodations that need to be made in order to facilitate the financing of such Deferred Phases.

The Director will approve such Deferred Phase only if he determines that if no further Phases are undertaken, Lessee Project Components within the Deferred Phase proposed by the Lessee would be commercially beneficial to the Lessee, the City and potential third party lessees without any further improvements as contemplated in the remaining Phases. The City may rely on information contained in such Deferred Phase Designation Supplements for purposes of planning the design, financing and construction of complementary City Project Components. The Lessee and the Director may amend or supplement Deferred Phase Designation Supplements as they mutually deem appropriate and both parties will cooperate and use Best Efforts to perform construction in accordance with the schedules set forth in the Program Definition Manual, which schedules may be amended from time to time to accurately reflect the timing of all Deferred Phases and related City Project Components.

Deferred Phases: Primary Lease Term and Full Lease Term. Each Deferred Phase will have a primary lease term ("Primary Lease Term") not to exceed December 31, 2017, unless extended by an amendment to the Lease approved by City Council. Such agreement to extend will consider the progress toward the issuance of Terminal Improvement Bonds for such Deferred Phase or interim financing obtained by the Lessee pending the issuance of such Terminal Improvement Bonds and shall require a Favorable Opinion of Bond Counsel. On or before the expiration of the

Primary Lease Term, if the Lessee will have either (a) caused the issuance of the Terminal Improvement Bonds to fund the Cost of Lessee Project Components proposed to be constructed as a part of such Deferred Phase or (b) provided written notice to the City that the Lessee will proceed with such Deferred Phase whether or not the Lessee has caused the issuance of the Terminal Improvement Bonds for such Deferred Phase, then the Primary Lease Term for such Deferred Phase will automatically convert to a full term equal to the full term of the Lease, including any applicable extension as described in subsection (a) under the heading “Lease and Term; Grant of Easements and Ground Leases; Exclusive and Preferential Use Space—Term of Lease; Options to Extend” above (“Full Lease Term”) without the requirement of any additional writing or documentation of any kind.

Failure to Convert Primary Lease Term to Full Lease Term. In the event the Lessee fails to convert any Deferred Phase from a Primary Lease Term to a Full Lease Term, the City’s grant and conveyance in the Lease to the Lessee of the Ground Lease Properties and Easements included within such Deferred Phase, together with Existing Terminal B Improvements located thereon and all appurtenant rights to City Project Components related to such Deferred Phase, will automatically terminate. In such event, notwithstanding anything in the Lease to the contrary, (i) the Lease will continue in full force and effect (and without any default under the Lease by the City or the Lessee occasioned as a result of any such failure respecting such Deferred Phase), and the Lessee and the City will continue to comply with the terms of the Lease as it pertains to all other Phases that have been converted from a Primary Lease Term to a Full Lease Term, and (ii) at the expiration of the Primary Lease Term for such Deferred Phase that was not converted from a Primary Lease Term to a Full Lease Term, but subject to the provisions in the following paragraph, the Lessee will have no further interests in the designated Ground Lease Properties or Easements or Existing Terminal B Improvements or appurtenant City Project Components related to such Deferred Phase and the City will be free to grant or convey the same to others.

The City and the Lessee acknowledge that the Lessee intends to occupy and use the Terminal B Project and any Phases thereof as part of a comprehensive operation with passenger departure lounges and with ticket counters, offices, and other support facilities that it would occupy and use at the Airport. The City and the Lessee further acknowledge that the value of the leasehold interest in the Phases leased by the Lessee under the Lease will be enhanced if the Lessee also acquires under the Lease the right to continue to occupy and use such facilities in Terminal B at the Airport (and any associated Terminal B Apron Area) as are necessary for the Lessee to continue to conduct its operations at (i) such Phase after the Lessee’s rights to lease any Deferred Phase under the Lease are terminated as a result of the failure of the Primary Lease Term with respect to such Deferred Phase to be converted to a Full Lease Term and (ii) any Deferred Phase the term of which is extended to a Full Lease Term and the term of the Lease as to such Deferred Phase is extended to a date that is later than the Expiration Date. Accordingly, the City agrees that, from and after the termination of the Lease as to any portion of any Phase or other portion of Terminal B and until the earlier of (i) the date on which the Lessee and the City will have entered into a subsequent lease or other agreement providing for the Lessee’s occupancy and use of such facilities in Terminal B (and any associated Terminal B Apron Area) (the term of any such lease or other agreement will be such as to provide the Lessee with the right to use and occupy such facilities until the end of the term of the Lease as to the associated Phase or Deferred Phase, as applicable), or (ii) the date on which the Lease otherwise terminates in its entirety, the Lessee will be entitled to occupy or use as Ground Lease Properties under the Lease such facilities in Terminal B (including, without limitation, ticket counters, operational areas, and offices, but excluding gates, holdrooms and passenger departure lounges) and the associated Terminal B Apron Area as the Director, in consultation with the Lessee, reasonably determines are necessary for the Lessee to utilize fully the Special Facilities within any Phase (including any Deferred Phase) the term of which has been converted in accordance with the terms and provisions of the Lease to a Full Lease Term.

The Lessee understands, acknowledges, and agrees that its right under the Lease does not apply to any particular facilities and that the City reserves the right and discretion as described below to fulfill its obligations under the Lease by designating the specific facilities for the Lessee’s use and occupancy. The terms on which the Lessee will be entitled to such occupancy and use of the facilities inside Terminal B will be those agreed upon by the Lessee and the City at the time, provided that, in the absence of such agreement, the terms (including any applicable Ground Rentals and City Charges) will be comparable to, in all material respects, and consistent with those which the City will have offered to any passenger airline for such occupancy and use of comparable facilities at the time, including, without limitation, terms that will not impose unreasonable costs upon the Lessee to refit any such other facilities to make them comparable to facilities occupied and used by the Lessee prior to the termination of the Deferred Phase; provided, the Lessee shall pay additional rent at the then-current market rate. The terms on

which the Lessee will be entitled to such use of the facilities in the Terminal B Apron Area will be those agreed upon by the Lessee and the City at the time, provided that, in the absence of such agreement, the terms will be comparable to, in all material respects, and consistent with those which the City will have offered to any similarly situated passenger airline at the Airport for such use of the Terminal B Apron Area at the time.

Sublease of Deferred Phase to City. Additionally, the Lessee agrees that if any Deferred Phase is converted to a Full Lease Term and the term of the Lease as to such Deferred Phase is extended to a date that is later than the term of the Lease as to any other Phase (and the Lease terminates as to such other Phase), then the Lessee and the City will work cooperatively to allow the City to sublease from the Lessee any portions of the Deferred Phase that are reasonably determined by the City to be necessary for the City to be able to lease such other Phase or any portion thereof to other tenants. The Director and the Lessee will conduct good faith negotiations to select the location of the space to be subleased. If after sixty (60) days, no agreement has been reached, the Director will, to the extent reasonably practicable, select the space to be subleased in a manner designed to minimize the impact on the Lessee associated with the sublease (i.e., considering both operational matters and costs that the Lessee would incur in connection therewith).

In order to accomplish the sublease of space as hereinabove provided, the Lessee agrees that it will sublease to the City such space (or an appropriate undivided interest or right of use therein) for the remaining term of the Lease for a rental equal to the sum of (i) an amount equal to the allocable unamortized share of the Terminal Improvement Bonds based on mortgage style straight-line amortization plus (ii) the allocable share of maintenance and operating expenses and (iii) the allocable share of Ground Rent less (iv) the allocable portion of the Lessee's net concession revenues (i.e., less the portion payable to the City as described in subsection (d) under the heading "Use of Special Facilities—Rights to Concessions" below). The City will use its Best Efforts to continually require on the Lessee's behalf that any occupant receiving such occupancy rights from the City be obligated to provide insurance and indemnification with respect to such Special Facilities for the benefit of the City and the Lessee to the same extent that the Lessee is obligated to do so in the Lease and provided further that the Lessee will not be required to indemnify the City for acts of subtenants or their passengers in and about such Special Facilities. The foregoing sublease provisions will not relieve the Lessee from any responsibility with respect to its obligations as lessee under the Lease, including particularly its obligation to pay the full amount of Net Rent under the Lease and all of its other obligations with respect to the Terminal Improvement Bonds.

Special Transition Lease Terms for Existing Terminal B improvements. The City and the Lessee recognize that many of the Ground Lease Properties and Easements have Existing Terminal B Improvements on them, which were leased to the Lessee pursuant to the Use and Lease Agreement, which has been superseded by the Lease as to the Existing Terminal B Improvements. For the avoidance of doubt, the Lease will supersede the Use and Lease Agreement only as to those premises and improvements, including the Existing Terminal B Improvements, that are located in Terminal B, but not as to the premises and improvements leased pursuant to the Use and Lease Agreement that are located in Terminal C at the Airport, and the Use and Lease Agreement will continue to apply as to those premises and improvements located within Terminal C to the extent provided by the terms of the Use and Lease Agreement. In order to accomplish the total redevelopment of Terminal B as contemplated in the Lease, the parties desire that there be an orderly, phased process for the Existing Terminal B improvements to continue to be leased to the Lessee upon the terms of the Lease and the Transition Lease Terms pending their demolition, conversion or modification as provided in the Lease. Whenever the Lessee designates Ground Lease Properties and Easements (including all Existing Terminal B Improvements thereon) as part of a Deferred Phase, it will also acknowledge and agree that at a date or dates agreed upon by the Lessee and the Director such properties (and their corresponding Existing Terminal B Improvements) will cease to be subject to the Transition Lease Terms (such as, by way of example, but not limitation, payment of rent and other charges, City responsibility for operation and maintenance of public space and City control of concessions) and instead be governed by the provisions of the Lease without regard to the Transition Lease Terms.

Prior Special Facilities and Prior Special Facilities Bonds. The Lessee and the City recognize that, pursuant to Prior Special Facilities Leases and Prior Special Facilities Bonds, certain obligations exist with respect to certain Prior Special Facilities located within the Existing Terminal B Improvements, which will be demolished and/or reconstructed pursuant to the Agreement, and also in Terminal C and Terminal D. The Prior Special Facilities Bonds issued to finance such Prior Special Facilities are secured by the Lessee's obligation to make payments, which has been restated and incorporated in the Lessee's obligation to make "Special Facilities Payments" as provided under

the heading “Special Facility Payments; Other Rent and Charges” below, and also by an undertaking of the City to relet the Prior Special Facilities in the event of a default by the Lessee as is provided in the Trust Indenture. To accommodate the proposed redevelopment of Terminal B, the parties desire that any Prior Special Facilities located in Existing Terminal B Improvements or on any Ground Lease Properties or Easements will become part of the Cost of Lessee Project Components constructed on such Ground Lease Property or Easement.

Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project Components

Issuance of Additional Terminal Improvement Bonds and Additional Obligations. The City, at the direction of the Lessee, shall diligently use its Best Efforts to issue, sell and deliver Additional Terminal Improvement Bonds in amounts sufficient to pay (i) any part of the Costs of Lessee Project Components for Deferred Phase of the Terminal B Project or otherwise not fully funded or provided for out of the proceeds of the Series 2011 Bonds, or (ii) the Costs of the Special Facilities for any additional Special Facilities approved as described under the heading “Design, Construction and Acquisition of the Terminal B Project Special Facilities—Design, Construction and Acquisition of Additional Special Facilities” herein. The City agrees to use its Best Efforts to issue any Additional Terminal Improvement Bonds required under clause (i) above, and the Director shall cooperate in a reasonable manner with the Lessee to request the City to issue Additional Terminal Improvement Bonds under clause (ii) above; however, no representation is made or assurance given or implied by the City that it will be able to sell, issue and deliver Additional Terminal Improvement Bonds on terms and conditions satisfactory to the Lessee or that it will agree to issue Additional Terminal Improvement Bonds for any other purpose than as set forth above. Moreover, the issuance of Additional Terminal Improvement Bonds is made subject to the same conditions enumerated under the Lease concerning the issuance of Series 2011 Bonds and the additional condition that, if deemed necessary by the City, there shall have been executed a supplement to the Lease to provide for the manner of construction, acquisition and payment for any additional Special Facilities to be financed with such Additional Terminal Improvement Bonds and to provide for any other matters reasonably deemed necessary by the City in connection with such financing. All Additional Terminal Improvement Bonds shall be secured and payable as provided in the Trust Indenture. Upon the issuance of any Additional Terminal Improvement Bonds, the Special Facilities Payments payable under the Lease shall automatically be increased in the amounts required to provide for the full and timely payment of all principal, interest, redemption premiums, Trustee charges and other related costs and expenses on all Terminal Improvement Bonds then outstanding, including the Additional Terminal Improvement Bonds to be issued. However, the City shall not authorize the issuance of Additional Terminal Improvement Bonds until the terms thereof and of the supplement to the Trust Indenture relating thereto have been approved in writing by the Lessee, which written approval shall be conclusively binding upon the Lessee.

Application of Proceeds; Insufficiencies.

(a) Subject to the other terms and provisions of the Lease and the terms and provisions of the Trust Indenture, the City agrees to apply the proceeds of the Series 2011 Bonds and any Additional Terminal Improvement Bonds to pay, but only to the extent of such proceeds, the costs of the Special Facilities financed therewith. After all Costs of Lessee Project Components have been funded or provided for, any remaining surplus proceeds of the Terminal Improvement Bonds may be used to pay for any costs of such other Special Facilities related to Lessee Project Components of the Terminal B Project as may be (subject to appropriate TEFRA approval and economic life limitations under applicable federal tax law) made subject to the Lease by the City and the Lessee upon such terms as they may mutually determine, or deposited into the Interest and Redemption Fund as provided in the Trust Indenture as provided in subsection (b) below.

(b) Subject to federal tax law limitations, proceeds of such Terminal Improvement Bonds and deposits, if any, shall be applied first to make any deposits required by the Trust Indenture authorizing the issuance of such Terminal Improvement Bonds, second to pay all costs of the Special Facilities incurred on behalf of the City, including the cost of issuance of such Terminal Improvement Bonds, and last to pay any costs of the Special Facilities. Any proceeds of the Terminal Improvement Bonds remaining after paying all costs of the Special Facilities shall be deposited into the Interest and Redemption Fund as provided under the Trust Indenture; provided, however, any such deposit into the Interest and Redemption Fund shall require a Favorable Opinion of Bond Counsel.

(c) In the event proceeds of such Terminal Improvement Bonds and deposits, if any, are insufficient to pay all Costs of Lessee Project Components for any Phase that has been commenced and in respect of which such Phase has had the Primary Lease Term extended for the Full Lease Term applicable thereto, the Lessee shall be obligated to deposit into the applicable fund under the Trust Indenture or otherwise pay, from its own resources, such amounts as shall be required to cover such insufficiency. From time to time, the Lessee may request the City to undertake to issue Additional Terminal Improvement Bonds to finance Lessee Project Components for any Phase that has been commenced and in respect of which such Phase has had the Primary Lease Term extended for the Full Lease Term applicable thereto. The Director shall use Best Efforts to cooperate with the Lessee to request the City to provide such financing, and if consummated, then the Lease shall be supplemented to provide for payment of the Costs of Lessee Project Components and any other matters deemed appropriate by the City and the Lessee. The Lease imposes no obligation of any kind upon the City to issue or undertake to issue any Additional Terminal Improvement Bonds to finance Lessee Project Components for any Phase that has been commenced and in respect of which such Phase has had the Primary Lease Term extended for the Full Lease Term applicable thereto except for the Best Efforts obligations described under the subheading “—Issuance of Additional Terminal Improvement Bonds and Additional Obligations” above.

Refunding Terminal Improvement Bonds. The Lessee reserves the right to request the City from time to time to issue Refunding Terminal Improvement Bonds in any manner permitted by law for the purpose of refunding any of the Terminal Improvement Bonds from time to time outstanding. Although no representation is made or assurance given or implied by the City that it will agree to issue such Refunding Terminal Improvement Bonds or that it will be able to sell, issue and deliver such Refunding Terminal Improvement Bonds on terms and conditions satisfactory to the Lessee, the City agrees to use its Best Efforts to issue Refunding Terminal Improvement Bonds at the Lessee’s request provided they have a similar maturity schedule, similar redemption features and the same or enhanced security, all as more fully described under the heading “Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project Components” herein. All Refunding Terminal Improvement Bonds, if any, shall be secured and payable as provided in the Trust Indenture, and the Special Facilities Payments payable under the Lease shall automatically be adjusted to provide for the full and timely payment of all principal, interest, redemption premiums, Trustee charges and other related costs and expenses on all Terminal Improvement Bonds to be outstanding following the issuance of the Refunding Terminal Improvement Bonds. Notwithstanding the foregoing, the City shall not authorize the sale of any Refunding Terminal improvement Bonds or authorize any supplement to the Trust Indenture for such purpose until the terms of such Refunding Terminal Improvement Bonds and the supplement to the Trust Indenture are approved in writing by the Lessee, and it is provided further that the City’s receipt of such approval shall be conclusively binding upon the Lessee.

Optional Redemption of Terminal Improvement Bonds. The City agrees that at the written request of the Lessee, the City will exercise any reserved right of optional redemption for any of the Terminal Improvement Bonds, provided that the Lessee makes such request in sufficient time as specifically set forth in the Trust Indenture to permit the City to give any notice required by the Trust Indenture and provided further that the Lessee gives the City adequate assurances (i) that it will pay all additional Special Facilities Payments required to provide for the payment of the applicable redemption price for such Terminal Improvement Bonds, together with any related costs and expenses in connection with such redemption, or (ii) that Refunding Terminal Improvement Bonds will be issued to finance all such costs and expenses or (iii) any combination thereof

Terms of Terminal Improvement Bonds. Each series of Terminal Improvement Bonds other than the Prior Special Facilities Bonds will mature not later than 25 years from the estimated Substantial Completion of the Special Facilities being financed or refinanced. Principal payments for each series may be deferred until the tenth (10th) year prior to final scheduled maturity and will be scheduled to amortize so as to provide approximately level debt service (principal and interest) during such period. Terminal Improvement Bonds shall be subject to optional redemption within ten (10) years of issuance and at par within twelve (12) years.

Conditions for Installments of Terminal Improvement Bonds. Prior to the issuance of any installment of Terminal Improvement Bonds for a Phase of the Terminal B Project, the City and its financial advisor must be reasonably satisfied that the installment to be issued is reasonably sized to finance the complete cost of Lessee Project Components in that Phase. Unless such financing is for the final Phase, the Lessee shall acknowledge in writing the risk that market conditions may change with respect to the issuance of any remaining Terminal Improvement Bonds to fund remaining Phases.

Design, Construction and Acquisition of the Terminal B Project Special Facilities

Lessee Project Components. Lessee Project Components or any other Special Facilities will be designed, procured, constructed and installed in accordance with the following provisions.

(a) The Lessee will contract for and manage the selected Lessee Project Components design team and will be responsible for providing all other services required for Lessee Project Components. The Lessee will award construction contracts for Lessee Project Components on the basis of negotiation and/or competitive bidding and will take such reasonable, legally permissible measures (such as liquidated damage clauses and early completion bonuses in construction contracts and certain “design to cost” clauses in design contracts) as it deems necessary to manage Lessee Project Components to reduce the potential of cost overruns and schedule delays. Reasonable measures will be taken to proceed towards and achieve Substantial Completion of Lessee Project Components in Phases as described under the heading “Special Provisions Regarding Terminal B Phasing and Transition and Prior Special Facilities Lease” above in a reasonably expeditious manner. The Lessee will ensure that the firms providing professional services for Lessee Project Components provide adequate resources and technical expertise to perform the design and program management and construction management efforts successfully and in accordance with available funding resources. The Lessee agrees to use its Best Efforts to cause this construction of Lessee Project Components to be substantially completed in accordance with the schedules set forth in the Program Definition Manual, which schedules may be updated from time to time to accurately reflect the timing of any applicable Phases.

The Lessee will deliver to the Trustee and the Director on each September 1 until Substantial Completion of all Lessee Project Components, a report certified by an officer of the Lessee as to the status, in the opinion of the Lessee, of construction and completion of the Initial Phase and each Deferred Phase which has had its Primary Lease Term converted into a Full Lease Term, including whether they are on schedule and within budget and a description of any material variations.

(b) All plans and specifications for the design, construction and installation of any discrete element of Lessee Project Components or any other Special Facilities, including any alteration or addition thereto, will be submitted to and receive the written approval of the Director prior to the commencement of any such discrete element of construction, alteration or installation. The City acknowledges that time is of the essence in reviewing such plans and specifications and will use its Best Efforts to review and respond to all submissions of plans and specifications within fifteen (15) days of receipt of design documents; provided that the City will continue its review to the extent practical, as determined by the City, while awaiting additional information it may have requested. The City’s review and response will be conducted to avoid material, adverse impacts to the most recently published construction schedule submitted to and approved by the City. The City cannot review and respond in such a timely manner unless complete and thorough submissions are made to the City for review. Timely review and response by the City requires reasonable responses by the Lessee to requests of the City for additional information necessary to complete the City’s review.

(c) All such construction, alteration or installation of Lessee Project Components or any other Special Facilities may be made only after obtaining any required building or construction licenses and permits, which the City agrees to use Best Efforts to expedite or to assist in obtaining, and, in addition to usual City inspection, will be subject to inspection by the Director to see that the approved plans and specifications are being substantially followed; provided, however, that the City will use reasonable efforts to eliminate or avoid any interference or interruption with the construction of Lessee Project Components. The Lessee agrees to begin construction within nine (9) months from the Effective Date and reasonably expects to incur, within six (6) months after the Effective Date, an obligation to a third party to expend at least five percent (5%) of the net proceeds of the Series 2011 Bonds (other than any proceeds used for the refunding of all or a portion of the Prior Special Facilities Bonds).

(d) All such construction, alteration and installation will be designed and carried out in accordance with HAS’ s Tenant Improvement Manual, which is incorporated in the Lease by reference and a copy of which has been provided to the Lessee, except to the extent inconsistent herewith, or as otherwise agreed by the Director and the Lessee. All such construction, alteration or installation will be carried out and completed substantially in accordance with the most recently published construction schedule submitted to and approved by the Director. Upon

completion of construction, the Director will be provided with as-built drawings of improvements all on CADD diskette.

City Project Components.

(a) Lessee Project Components are being undertaken by the Lessee in reliance upon the City's commitment to design and construct the City Project Components as provided in the Program Definition Manual. City will commence construction of the City Project Components within nine (9) months of the Effective Date; provided, however, the City may elect to delay its delivery of any City Project Components that according to the Program Definition Manual appertain to Lessee Project Components in Deferred Phases of the Terminal B Project, the delivery of which is delayed or cancelled by the Lessee.

(b) The City agrees to use its Best Efforts to cause the City Project Components to be designed and constructed in accordance with the Program Definition Manual and to let contracts for and pursue construction diligently to Substantial Completion of the City Project Components so that the construction of the City Project Components will be substantially completed by the time needed to support Lessee Project Components (it being recognized that such substantial construction completion dates may be delayed if there are corresponding delays in the substantial completion dates of Lessee Project Components to which the delayed City Project Component(s) appertains). The City will use its Best Efforts to cause the City Project Components to be placed under contract and substantially completed in accordance with the schedules set forth in the Program Definition Manual, which schedules may be updated from time to time, to accurately reflect the timing of any applicable Phases.

Title to Lessee Project Components. In consideration for the City's issuance of Terminal Improvement Bonds to finance the Costs of Lessee Project Components as provided in the Lease, the City will acquire title to Lessee Project Components at the time of construction, acquisition or installation and from time to time during construction, acquisition and installation, subject to the terms and provisions of the Lease and the leasehold estate created in the Lease and such title will automatically vest in the City immediately upon such construction, acquisition or installation without further notice or action. In this regard, there will be executed and delivered to the City the Deed and Bill of Sale for Lessee Project Components, after completion thereof and such further documentation, including without limitation a cost breakdown and estimated economic life of each the Lessee Project Component, as will be reasonably requested by the City to confirm and further evidence the City's acquisition of title to Lessee Project Components in accordance with the terms of the Lease.

Design, Construction and Acquisition of Additional Special Facilities.

(a) From time to time after providing for Lessee Project Components, the Lessee may request the City to undertake to issue Additional Terminal Improvement Bonds to finance additional Special Facilities. The Director will use Best Efforts to cooperate with the Lessee to request the City to provide such financing, and if consummated, then the Lease will be supplemented to provide for the design, construction and acquisition of such Special Facilities, for payment of the Costs of the Special Facilities related to such additional Special Facilities and any other matters deemed appropriate by the City and the Lessee.

(b) The Lease imposes no obligation of any kind upon the City to issue or undertake to issue any Additional Terminal Improvement Bonds to finance additional Special Facilities except for the Best Efforts obligations described under the heading "Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project Components—Issuance of Additional Terminal Improvement Bonds and Additional Obligations" above. If the City elects not to issue Additional Terminal Improvement Bonds for such purpose, the Lessee may (but will not be obligated to) construct such improvements at its sole cost.

Personal Property Not Constituting Special Facilities.

(a) The Lessee's equipment, trade fixtures and personal property not financed with Terminal Improvement Bonds and not constituting a replacement, repair or substitution for Special Facilities as described under the heading "Lessee's Obligations and Conditions to the Lessee's Use of Special Facilities and City's Obligations—Compliance with Tax Law" below may be located in Terminal B or in Lessee Project Components or

on the Easements or Ground Lease Properties without becoming Special Facilities and, unless the provisions of subsection (b) below apply, so long as no Event of Default by the Lessee has occurred and is continuing under the Lease, may be removed by the Lessee, provided that such removal will not damage or impair the Special Facilities or that the Lessee at its expense restores the Special Facilities to the same or better condition than existed prior to such removal. Any and all such equipment, trade fixtures and personal property not removed by the Lessee prior to the expiration of the Lease, or if the Lease ends by early termination, within sixty (60) days after receipt by the Lessee of a written notice issued by the Director to remove such property, will thereupon become a part of the land upon which it is located and title thereto will thereupon vest in the City, and the City reserves the right to remove such property not so removed by the Lessee, and if such removal is accomplished within the 30-day period after the expiration of the Lease or the 60-day period referred to above (after the early termination of the Agreement), such removal by the City will be at the Lessee's expense.

Program Development Manual Governance. The City and the Lessee agree that any changes made to the Program Definition Manual after execution of the Lease will be mutually agreed upon and approved in writing by the Lessee and the Director. All approved changes will be attached to the Program Definition Manual in the form of addenda. Further, City and the Lessee agree to participate in regular Program Definition Manual review meetings on a schedule mutually agreed upon by both parties. Notwithstanding anything contained in the Lease to the contrary, the Director will approve any changes to the Program Definition Manual requested by the Lessee if such changes, in the Director's and the Lessee's reasonable judgment, do not increase the cost of construction to the City of the City Project Components.

Special Facilities Payments; Other Rent and Charges

Special Facilities Payments While Terminal Improvement Bonds Outstanding.

(a) The Lessee will pay to the City, by depositing directly with the Trustee for the account of the Interest and Redemption Fund, for so long as any Terminal Improvement Bonds remain Outstanding within the meaning of the Trust Indenture, the following rental payments at the following times:

(i) on or before each interest and/or principal payment date on the Terminal Improvement Bonds:

(A) all interest payable on all Terminal Improvement Bonds on such date; plus

(B) all principal (if any) payable on all Terminal Improvement Bonds on such date, whether payable at maturity or earlier redemption (regardless of whether such redemption is optional, extraordinary or mandatory); plus

(C) all redemption premiums (if any) payable on all Terminal Improvement Bonds on such date.

(ii) immediately upon receipt of written notice from the Trustee for the Terminal Improvement Bonds advising it that such amounts are due and payable: all unpaid principal, accrued interest and redemption premiums on all Terminal Improvement Bonds which are declared due and payable under any extraordinary redemption or acceleration provision in the Trust Indenture.

(iii) In addition to the above described Special Facilities Payments, there will be paid as additional rent (x) directly to the Trustee, all Trustee charges and any other related costs and expenses in connection with the payment of principal, interest or redemption premiums on the Terminal Improvement Bonds in accordance with the Trust Indenture, (y) directly to the Trustee at such times and in such amounts, together with amounts available therefor under the Trust Indenture, so as to ensure compliance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and (z) directly to any bond insurer or other credit enhancer or provider of a reserve fund surety, all fees, charges, reimbursements, expenses and interest charges due in connection therewith.

(b) The Special Facilities Payments payable under subsection (a) above will be reduced by the total of any amounts then on deposit in the Interest and Redemption Fund in excess of the amount then needed for the purpose of paying previously matured interest, principal, matured or redeemed Terminal Improvement Bonds, and redemption premiums, if any, whether such excess amounts become available by reason of (i) amounts deposited in the Interest and Redemption Fund from the proceeds of the Terminal Improvement Bonds for the purpose of providing capitalized interest or otherwise, (ii) previous overpayments of Special Facilities Payments, (iii) surplus funds from proceeds of the Terminal Improvement Bonds deposited to the credit of such Interest and Redemption Fund at the end of the construction and acquisition of all of Lessee Project Components as described under the heading “Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project—Components—Application of Proceeds; Insufficiencies” above, (iv) interest earnings from the investment or deposit of any amounts from time to time credited to the Interest and Redemption Fund as provided in the Trust Indenture, or (v) any other circumstance which results in funds being properly deposited in the Interest and Redemption Fund or in any other fund or account held by the Trustee under the Trust Indenture that are available for such purpose. The reductions in the Special Facilities Payments contemplated by this subsection (b) will be made by applying such excess amounts as a credit(s) against the next Special Facilities Payments payment(s) due after such excess amounts have actually become available in the Interest and Redemption Fund, until such excess amounts are exhausted. The Trust Indenture will require the Trustee to calculate such reductions and furnish them to the Lessee and the City in a timely manner prior to the date on which the applicable Special Facilities Payment is payable. In the event the Trustee fails to furnish the amount of any such reduction, it will not in any way affect or reduce the obligation to pay as Special Facilities Payments the full amount provided in subsection (a) above. After all Special Facilities Payments have been paid, no Terminal Improvement Bonds remain Outstanding within the meaning of the Trust Indenture and no amounts remain due and owing under the Trust Indenture, then, any amounts remaining in the Interest and Redemption Fund which are paid over to the City by the Trustee will be deemed overpayments of Special Facilities Payments and paid over by the City to the Lessee within 30 days of their receipt by the City.

Obligation to Pay Special Facilities Payments Unconditional. The Terminal Improvement Bonds will be sold to the purchasers thereof in reliance upon the commitment to make the payments of Special Facilities Payments provided in subsection (a) under the subheading “—Special Facilities Payments While Terminal Improvement Bonds Outstanding” above and elsewhere as provided in the Lease, subject only to the reductions provided under subsection (b) under such subheading. Accordingly, subject to the above-referenced limitations, the obligation to make the payments of Special Facilities Payments thus required will be absolute and unconditional and so long as the Terminal Improvement Bonds remain Outstanding within the meaning of the Trust Indenture, (i) there will be no suspension or discontinuance of any payments of Special Facilities Payments provided in the Lease or any offset against obligations to pay such amounts or recoupment of any amounts so paid, and (ii) there will be no termination of the Lease or other effort to seek to avoid or to reduce the payment of Special Facilities Payments for any reason, including without limiting the generality of the foregoing, termination of the Use Agreement, failure to complete Lessee Project Components, voluntary or involuntary bankruptcy of the City, any Event of Default under the Lease, failure to complete the construction or acquisition of any other Special Facilities, failure of the City to pay or cause to be paid any Costs of the Special Facilities (but without limiting the City’s obligations described under the heading “Issuance of Terminal Improvement Bonds; Payment of Costs of Lessee Project Components—Application of Proceeds; Insufficiencies” above) or any acts or circumstances that may constitute failure of consideration, destruction or damage to or condemnation of such facilities, or frustration of purpose, any change in the tax or other laws of the United States of America or the State of Texas, or any political subdivision of either thereof or any failure of the City to perform or observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Lease. It is provided, however, that nothing contained in this section will be construed to release the City from the performance of any of the agreements on its part in the Lease contained, and in the event the City should fail to perform such agreement, the Lessee may, without limitation of any other rights that the Lessee may then have, institute such actions against the City as it may deem necessary to compel the performance thereon, to seek damages or other relief or to restrain or enjoin forbidden acts provided that such institution of such actions will not result in a reduction of the payment of Special Facilities Payments under the Lease.

Pledge of Special Facilities Payments. It is expressly understood and agreed that the Special Facilities Payments payable under the Lease will be pledged to the payment of the Terminal Improvement Bonds and amounts due under the Trust Indenture in accordance with the Trust Indenture, and that, so long as any Terminal Improvement Bonds remain Outstanding, such Special Facilities Payments will be paid in the amounts and manner specified in the Lease.

In the Trust Indenture the City will covenant not to permit any modification of or amendment to the provisions of the Lease described under the subheading “—Special Facilities Payments While Terminal Improvement Bonds Outstanding” above or to any other provision that would have the effect of reducing, altering or modifying the obligations to pay Special Facilities Payments contained in the Lease or would materially minimize, reduce or lessen the rights of the City after an Event of Default in the payment of Special Facilities Payments or would materially and adversely affect the security provided for the payment of the Terminal Improvement Bonds, and no such modification or amendment hereto will be permitted while the Terminal Improvement Bonds remain Outstanding.

Operation and Maintenance and City Charges Relating to Lessee Project Components and Other Special Facilities. The Special Facilities Payments, which are pledged to the payment of the Terminal Improvement Bonds under the Trust Indenture, are intended to be a net return to the City. Accordingly, in addition to the payment of all Special Facilities Payments under the Lease, except as expressly provided in the Lease, the Lessee will pay all of the following additional amounts with respect to the Terminal B Project: (i) all operation and maintenance costs and expenses applicable to Lessee Project Components and other Special Facilities, including, without limitation, utility costs, any insurance premiums applicable thereto, any and all ad valorem or other property taxes lawfully levied or assessed against Lessee Project Components and other Special Facilities or the Lessee’s leasehold estate therein, any and all lawful excise and other types of taxes imposed on or in respect of such properties, the necessary expenses of upkeep thereof of every kind and character, including the repair or ordinary restoration thereof, and every other item of expense imposed on the Lessee pursuant to the Lease to the extent that payment of operation and maintenance costs are required and (ii) all water, sewage, drainage, electricity, gas and other utility charges which may be charged to the Lessee for the use thereof.

Ground Rentals.

(a) The Lessee will pay to the City as Ground Rentals for each of the Ground Lease Properties located at Terminal B, subject to the special provisions set forth below, rental rates per square foot at the Ground Rental Rate, commencing on the date of Substantial Completion of each component applicable to each such Ground Lease Properties, payable monthly in advance. The Ground Rental Rate with respect to (i) the Initial Phase will escalate on the next date of escalation, after the date of Substantial Completion of the Initial Phase, as provided in the Terminal E Lease, and, thereafter, will escalate by fifteen percent (15%) every fifth (5th) year from the last date of escalation, and (ii) any Deferred Phase will escalate as and with the Ground Rental Rate for the Initial Phase, such that the Ground Rental Rate for the Initial Phase and any Deferred Phase is the same. All charges for Ground Lease Properties located outside of Terminal B are or will be included in rates and charges under the applicable use and lease agreement and the International Facilities Agreement, as applicable.

(b) Notwithstanding the foregoing, the Ground Rental Rate will be reduced pro rata, based on square footage, for any Ground Lease Property that includes any part of the existing Terminal B parking structure where HAS currently operates parking above the Terminal B ATO.

(c) Notwithstanding the foregoing or anything contained in the Lease to the contrary, the Lessee will have no obligation to pay Ground Rentals for the portion of a Ground Lease Property that comprises an area in the foot print of another Ground Lease Property for which the Lessee is paying Ground Rentals (By way of illustration and not limitation, if the Terminal B Baggage System Enhancement is to be constructed entirely over the Second FIS/Interim Terminal B ATO, the Lessee will be obligated to pay Ground Rental only for the footprint of the Second FIS/interim Terminal B ATO).

City Charges. The following provisions will apply with respect to the various elements of City Charges payable with respect to the Terminal B Project based upon normal Airport-wide cost allocation methodology consistently applied on a Fiscal Year basis:

(a) *City Charges Allocable to Terminal B.* Following Substantial Completion of each Phase or Segment thereof of the Terminal B Project, the Lessee will pay the City monthly amounts sufficient to reimburse the City for (“Terminal B Rental Rate”):

(i) Direct and indirect City Operation and Maintenance Expenses allocable to such Phase or Segment of the Terminal B Project (other than the Terminal B Apron Area); provided that the only direct

City Operation and Maintenance Expenses allocable to any Lessee Project Components will be those City Operation and Maintenance Expenses, if any, as are incurred by the City for the benefit of such Lessee Project Components, such as, without limitation, any security personnel assigned thereto.

(ii) City Amortization of the unamortized net costs of each direct and indirect City Capital Improvement allocable to such Phase or Segment as of June 30, 1998 over the remaining Useful Life of the City Capital Improvement at the weighted City's Cost of Capital for all City Capital Improvements at the Airport as of that date.

(iii) City Amortization of the net cost of each direct and indirect City Capital Improvement placed in service on or after July 1, 1998, which is allocable to such Phase or Segment of the Terminal B Project (other than the Terminal B Apron Area).

(iv) Interest on the cost of land allocable to such Phase or Segment of the Terminal B Project computed at City's historical average City's Cost of Capital.

(v) Annual Systems Costs allocable to such Phase or Segment of the Terminal B Project.

(vi) Annual replenishment of the Renewal and Replacement Fund allocable to such Phase or Segment of the Terminal B Project (other than the Terminal B Apron Area), if necessary, as required by the City's Airport System Revenue Bond ordinances.

(vii) The reallocation of the direct and indirect cost of the space utilized within the terminal complex by HAS and designated as "HAS Admin" space on all applicable space exhibits, which description as "HAS Admin" space may be modified from time to time at the Director's sole discretion to reflect the actual use of such space. Said reallocation will be based upon each individual cost center's direct expenses as a percentage of the Airport's total direct expenses.

(b) Notwithstanding anything in this section to the contrary, the Lessee will pay to the City under the Lease as to the Existing Terminal B Improvements only monthly City Amortization of the net costs of each Terminal B Capital Improvement until the date the costs of such Terminal B Capital Improvements have been fully amortized, calculated with reference to the Terminal B Airline Area and the Exclusive Use Space without giving effect to the provisos in the definitions of Terminal B Airline Area and Exclusive Use Space regardless of whether such improvements have been taken out of service or whether, under applicable accounting principles, the costs thereof would be accelerated.

(c) *Terminal B Apron Area Charges.* Following Substantial Completion of each Phase or Segment thereof of the Terminal B Project, the Lessee will pay the City monthly amounts sufficient to reimburse the City for:

(i) Direct and indirect City Operation and Maintenance Expenses allocable to the Terminal B Apron Area allocable to such Phase or Segment.

(ii) City Amortization of the unamortized net cost of each City Capital Improvement allocable to the Terminal B Apron Area allocable to such Phase or Segment as of June 30, 1998 over the remaining Useful Life of the City Capital Improvement at the weighted City's Cost of Capital for all City Capital Improvements at the Airport as of that date.

(iii) City Amortization of the net cost of each City Capital Improvement placed in service allocable to the Terminal B Apron Area allocable to such Phase or Segment on or after July 1, 1998.

(iv) Interest on the cost of land allocable to the Terminal B Apron Area allocable to such Phase or Segment computed at the historical average of the City's Cost of Capital.

(v) Annual Systems Costs allocable to the Terminal B Apron Area allocable to such Phase or Segment.

(vi) Annual replenishment of the Renewal and Replacement Fund allocable to the Terminal B Apron Area allocable to such Phase or Segment, if necessary, as required by City's Airport System Revenue Bond ordinance.

(vii) The reallocation of the direct and indirect cost of the space utilized within the terminal complex by HAS and designated as "HAS Admin" space on all applicable space exhibits, which description as "HAS Admin" space may be modified from time to time at the Director's sole discretion to reflect the actual use of such space. Said reallocation will be based upon each individual cost center's direct expenses as a percentage of the Airport's total direct expenses.

The annual Terminal B Apron Area Charges will then be calculated by dividing all of the foregoing costs allocable to the Terminal B Apron Area by the total square footage of pavement designated as the Terminal B Apron Area and multiplied by the total square footage of such pavement for which the Lessee has preferential use rights.

The total annual costs of the APM will be calculated by adding together the following amounts:

1. The annual direct and allocated indirect Operation and Maintenance Expenses associated with and allocable to the APM.

2. The City Amortization of the net cost of each City Capital Improvement associated with the APM; provided, however, that all current capital costs associated with the current (B-C-ITC) APM and the costs of the extension of the APM to Terminal A and the APM maintenance facility (with the exception of capital costs allocable to the construction of the maintenance facility) will be paid from PFC resources, as approved through PFC application(s), and only capital costs associated with the APM incurred subsequent to the completion of the APM extension to Terminal A, if any, will be recoverable from future APM charges.

3. The annual indirect amortization charges allocable to the APM.

4. The reallocation of the direct and indirect cost of the space utilized within the terminal complex by HAS and designated as "HAS Admin" space on all applicable space exhibits, which description as "HAS Admin" space may be modified from time to time at the Director's sole discretion to reflect the actual use of such space. Said reallocation will be based upon each individual cost center's direct expenses as a percentage of the Airport's total direct expenses.

The total annual costs of the APM will then be divided by the total number of annual enplaned passengers using terminals served by the APM to derive the annual APM Charge Rate per enplaned passenger.

(d) *Second HS Diversion Charges.* Upon Substantial Completion of the Second FIS, if the number of arriving international passengers processed through the Central FIS in any full Fiscal Year is less than the Guaranteed Minimum Traffic Level, the Lessee will be subject to a diversion charge intended to reimburse the City for certain lost service charges at the Central FIS as a result of passenger diversions from the Central FIS to the Second FIS, and which diversion charge will be equal to the Guaranteed Minimum Traffic Level Shortfall. Said diversion charge will be calculated as part of the City's annual Fiscal Year rates and charges reconciliation. For partial years, such charge will be computed on a pro-rata basis. If the reconciled cost per passenger for the Central FIS is less than the estimated diversion charges paid during the applicable Fiscal Year by the Lessee, then the Lessee will be entitled to reimbursement to the extent of any overpayment of the diversion charges. The City agrees that it will work with the Lessee to revise the methodology for computing rates and charges to be paid for any Fiscal Year by all airlines for use of the Central FIS pursuant to the International Facilities Agreement so as to give appropriate credit for any such diversion charge reasonably expected to be paid by the Lessee under the Lease in such Fiscal Year.

(e) *Other Charges.* Following the Construction Period as to any Phase, the City reserves the right to assess, and the Lessee agrees to pay, reasonable charges for, as to that Phase, the use of City-provided facilities that

benefit such Phase, including but not limited to: employee parking facilities; flight information display systems; public address systems; and issuance of security identification badges.

Landing Fees. The Lessee agrees to pay the City monthly Landing Fees on the Lessee's total aircraft landed weight (without duplication of payment of Landing Fees by the Lessee to the City as required by other agreements between the City and the Lessee), which will be calculated according to a formula set forth in the Lease.

Payment Provisions.

(a) *Security Deposit.* In the event the Lessee, at any time during the term of the Lease, fails to make any of the payments required as described under the heading "Special Facilities Payments; Other Rent and Charges" when due (beyond all applicable notice and opportunity to cure periods), the City reserves the continuing right to require a security deposit in an amount equal to six times the Lessee's average monthly amount of rentals and fees payable under the Lease (but not including any Special Facilities Payments and, in the case of landing fees payable by the Lessee to the City for use of the Airport, prorated as determined by the Director in his or her reasonable discretion), during the immediately preceding six-month period. Such security deposit will be provided to the City by the Lessee, as a letter of credit or in such other form specified by the Director, within thirty (30) days of written demand therefor by the City and will be held by the City until the Lessee has made timely payment of all rentals and fees payable under the Lease for a period of twelve (12) consecutive months at which time such security deposit will be returned to the Lessee.

(b) *Payment Provisions.* The provisions under this subheading "—Payment Provisions" are not intended to apply to Special Facilities Payments.

(i) Terminal B Rentals, Charges and Fees. All City Charges and other rentals, charges, fees and payments payable by the Lessee for Terminal B and the Terminal B Apron Area will be due and payable on the first day of each month. Provided the City has delivered to the Lessee a schedule of monthly payments, such amounts will be payable monthly in advance without invoice from the City. If no such schedule has been provided, such amounts will be due and payable within thirty (30) days of the date of the invoice therefor.

(ii) APM Charges. APM Charges for each month will be due and payable without invoice from the City on or before the tenth (10th) day following the last day of the preceding month and will be transmitted to the City together with the Lessee's monthly statistical report for the month.

(iii) Landing Fees. Landing fees for each month will be due and payable without invoice from the City on or before the tenth (10th) day following the last day of the preceding month and will be transmitted to the City together with the Lessee's monthly statistical report for the month.

(iv) Concession Fees. Concession fees described in subsection (d) the heading "Use of Special Facilities—Rights to Concessions" herein will be due and payable without invoice from the City promptly but not to exceed ten (10) days after the Lessee's receipt of payments from the applicable inside concessionaire or third party manager, as further described in subsection (d) the heading "Use of Special Facilities—Rights to Concessions" herein.

(v) Other Fees. All other rentals, fees, and charges required under the Lease will be due and payable within thirty (30) days of the date of the invoice therefor.

(vi) Right of the City to Verify the Lessee's Payment. The acceptance of any payment made by the Lessee will not preclude the City from verifying the accuracy of the Lessee's report and computations or from recovering any additional payment actually due from the Lessee or preclude the Lessee from later demonstrating that the Lessee's report or any invoice from the City was inaccurate and that a lesser amount was properly owed (and to recover any such overpayment).

(vii) Interest on Overdue Amounts. Any payment not received within five business days of the due date may accrue interest at the rate of one and one-half percent (1.5%) per month from the due date until the date when full payment is made.

(viii) Form of Payment. Payments will be made to the order of “Houston Airport System” and will be sent to the Director’s office or such other place as may be designated by the Director from time to time. The City and the Lessee will cooperate in the development of a procedure for the electronic transfer of funds as the preferred method of payment.

Mid-Year Rate Adjustments. In the event that, at any time during a Fiscal Year, the total costs of the City allocable to Terminal B, or the Terminal B Apron Area, or the Airfield Area, or the APM, or the aggregate total landed weight of all airlines, is projected by the City to vary ten percent (10%) or more from the estimates used in setting City Charges or Landing Fees, such rates and charges may be adjusted either up or down for the balance of such Fiscal Year, provided that such adjustment is deemed necessary by the City. An upward adjustment will only be used to ensure that adequate revenues will be available from such fees to recover the estimated total costs of the airline-supported cost centers. For each such adjustment, the City will provide the Lessee with a written explanation of the basis for the rate adjustment(s) and will provide thirty (30) days advance written notice before putting such adjustment(s) into effect. Unless extraordinary circumstances warrant additional adjustments, the City will seek to limit such rate adjustments to no more than once each Fiscal Year.

Year-End Adjustment to Actual and Settlement. Within sixty (60) days after the release of the audited financial statements of the Airport System in the City’s Combined Annual Financial Report, the City will furnish the Lessee with an accounting of the costs and expenses actually incurred, revenues and other credits actually realized (reconciled to the audited financial statements of the Airport System), and actual enplaned passengers and landed weights during such Fiscal Year with respect to each of the components of the calculation of the Terminal B Rental Rates, Terminal B Apron Area Charges, APM charges and the Landing Fee rate and will recalculate the rates, fees, and charges required for the Fiscal Year based on those actual costs and revenues. The City will offer to convene a meeting of the airlines to discuss the calculation of the year-end settlement.

In the event that the Lessee’s rentals, fees, and charges billed and paid during the Fiscal Year were more than the amount of the Lessee’s rentals, fees, and charges required (as recalculated based on actual costs and revenues), such excess amount will be paid in lump sum or issued as a credit to the Lessee within sixty (60) days of the calculation of such final settlement.

In the event that the Lessee’s rentals, fees, and charges billed and paid during the Fiscal Year were less than the amount of the Lessee’s rentals, fees, and charges required (as recalculated based on actual costs and revenues), such deficiency will be billed to the Lessee and payable by the Lessee within sixty (60) days of the date of invoice. However, in the event that the amount of the Lessee’s deficiency exceeds \$350,000, the Lessee may pay the deficiency to the City in equal monthly installments without interest over the remaining months of the current Fiscal Year (but not less than four (4) months).

Security Fees. The Lessee will pay the City monthly amounts sufficient to reimburse the City for the Lessee’s appropriate share of the City’s direct and indirect costs of providing (1) law enforcement personnel to support the security programs at the Airport as required by 49 CFR §1542.215 and §1544.217, as amended, and (2) any other security measures at the Airport required by 49 CFR Parts 1540, 1542 and 1544. Any fines or penalties assessed against the City because of the Lessee’s noncompliance with the aforementioned requirements will promptly be reimbursed to the City by the Lessee within thirty (30) days of receipt of written notice from the Director setting forth the amount of such fine or penalty; provided, however, that (1) the Lessee is given written notice of the proposed fines or penalties reasonably promptly after the City receives notice of them, (2) the Lessee has the opportunity to participate through use of its own legal counsel in the defense against the assessment of such fines or penalties and (3) such payment will not be construed as waiving the Lessee’s right to contest such fine or penalty.

Other Fees and Charges: Utilities. Following commencement of construction of a Phase on a portion of the Ground Lease Properties and with respect to such portion of the Ground Lease Properties and with respect to the Lessee Project Components and the Lessee-installed equipment, machinery and facilities thereon, the Lessee agrees to pay all water, sewage, drainage, electricity, gas and other utility charges which may be charged to the Lessee for the use

thereof, if such charges are separately assessed or metered as appropriate to the Lessee. Utility bills for metered utilities furnished by the City will be paid monthly or less frequently depending on billing schedule established by the City. For those areas not separately metered, both exclusive and common, charges for utility services (other than illumination which is to be provided by the City and included in the base rental rate) will be assessed by the City on a proportionate basis related to area leased or number of fixtures served. Meters will be installed where it is economically and mechanically feasible.

No Other Fees. The City agrees that it will not impose any rental, fee or charge, direct or indirect, on the Lessee for the exercise and enjoyment of the rights and privileges granted in the Lease except those rentals, fees and charges provided for in the Lease, and such other rentals, fees and charges as are mutually agreed upon by the City and the Lessee; provided, however, there is excepted from this provision any and all fees and charges imposed or required by any rule, regulation or law of any governmental authority other than the City. This provision is not intended to prevent the City from making agreements concerning rentals, fees and charges with individuals or firms providing goods or services on the Airport who are tenants of the City.

Use of Special Facilities

Use of Airport. As long as it does so in accordance with the terms and provisions of the Lease, the Lessee, in common with all other scheduled airlines using the Airport, may utilize the Airport (other than the exclusive space of other tenants) and its facilities, for the purpose of conducting the Lessee's business of a scheduled air carrier certificated or otherwise authorized by the United States Government to engage in the business of commercial air transportation of persons, property, cargo, and mail (hereinafter sometimes referred to as "air transportation business"). The privileges granted in this paragraph, which will apply to any Affiliate of the Lessee, will include the following:

(a) The use of landing field areas, aprons, roadways, runways, taxiways, runway and taxiway lights, beacons, facilities, equipment, improvements, services and other conveniences for flying, landing, taxiing and takeoffs of aircraft.

(b) The landing, taking-off, flying, taxiing, towing, loading and unloading of aircraft and other equipment used by the Lessee in its operation of its air transportation business.

(c) The repairing, maintaining, conditioning, servicing, testing, including engine "runups" (subject to certain limitations as provided in the Lease), loading, unloading, parking and storing of aircraft or other equipment of the Lessee in areas on the Airport designated by the City for such purposes.

(d) The training of personnel in the employ of or to be employed by the Lessee including employees of the Lessee's contract service providers.

(e) The installation, maintenance and operation, at the Lessee's expense, by the Lessee alone, or in conjunction with any other airline or airlines who are lessees at the Airport or through a nominee, of radio, telephone, and data communications equipment and meteorological and aerial navigation equipment and facilities in or on the Terminal B Project leased exclusively to the Lessee for use by the Lessee in the conduct of its air transportation business; provided, however, that any exterior installations or modifications affecting City equipment will be subject to the prior written approval of the Director.

(f) The selling, exchanging or disposing of gasoline, oil, grease, lubricants, fuels, or propellants for use by the Lessee in connection with the conduct of its air transportation business (in compliance with existing laws and any applicable agreement therefor).

(g) The purchasing or otherwise obtaining of services or personal property of any nature including aircraft, engines, accessories, gasoline, oil, greases, lubricants, fuels, propellants, food, beverages, and other equipment or supplies necessary to the Lessee in the conduct of its air transportation business and in the exercise of its rights and privileges in the Lease granted and in the discharge of the obligations in the Lease imposed upon the Lessee.

(h) The installing, maintaining, and operation, without cost to the City, by the Lessee alone or in conjunction with any other airline lessee or lessees at the Airport, of communication systems between suitable locations in the terminal area, subject to the approval of the Director as to location of the installation of said system.

(i) The transporting, directly or through a nominee of the Lessee's choice, of the Lessee's employees, passengers, cargo, property (including baggage) and mail to, from and at the Airport.

(j) Subject to the prior written approval of the Director, the installing and maintaining, at the Lessee's expense, in the Terminal B Project or under its control, of advertising or identifying signs representing its business. Such signs will be uniform in size, type and location as approved by the Director and will be consistent with published Houston Airport System signage criteria.

(k) The conduct of any other operation or activity that is necessary for or related to the Lessee's air transportation business, subject to certain limitations as provided in the Lease.

(l) The Lessee may contract for, or receive from other airlines serving the Airport or other companies, Ground Handling Services for the Lessee's aircraft, provided that the Lessee provides advance written notice to the Director (or his designated representative) of such arrangements and uses reasonable efforts to ensure that such other airline or other company will have entered into an operating permit or agreement or other similar contract with the City prior to commencing Ground Handling Services with the Lessee.

(m) The Lessee may provide Ground Handling Services to aircraft of other airlines using the Airport provided that the Lessee provides advance written notice to the Director (or her or his designated representative) of such arrangements and uses its Best Efforts to ensure that such other airline has entered into an operating permit or agreement or similar contract with the City prior to conducting its operations at the Airport. The Lessee's insurance, as required in the Lease, will provide insurance coverage for such Ground Handling Services.

Rights to Concessions.

(a) On the first day of the third month following the Effective Date, City Council approves the assignment to the Lessee of the Inside Concession agreements set forth in an exhibit to the Lease, but only to the extent such agreements cover the current concession locations and services in the Existing Terminal B Improvements. The form of assignment to be used for the assignment of the Inside Concession agreements will be in a form to be mutually agreed upon by the City and the Lessee. The City represents and warrants that City, to the best of its knowledge, is not and, as of the date of the assignment of Inside Concession agreements to the Lessee, will not be in default under the terms or provisions of any Inside Concession agreement being assigned to the Lessee. Further, the City agrees that the assignment will exclude any obligations of the City that cannot be fulfilled by the Lessee including but not limited to provision of HVAC, plumbing, utilities etc.

(b) The Lessee may, without the City's consent or approval, extend the concession agreements or enter into new agreements for the Inside Concessions in the Existing Terminal B Improvements for any period of time and upon any terms; however, the expiration dates of such agreements will not extend beyond December 31, 2022, unless the area in which such concessions are located has been included by the Lessee in the Initial Phase or in a Deferred Phase by execution of a Deferred Phase Designation Supplement.

(c) Beginning on the first day of the third month following the Effective Date and ending on December 31, 2017, City will relinquish all managerial control and all obligations regarding the Inside Concessions and the Lessee will assume such managerial control and obligations consistent with the respective concession contracts. City will continue to derive the financial benefit from all the Inside Concession locations in the Existing Terminal B Improvements which have not become part of a Phase, consistent with the terms set forth in the concession agreements regarding payment to the City of such fees ("Fees"). Within a reasonable period of time, not to exceed ten (10) days, after the Lessee receives Fees from a concessionaire, it will transfer such Fees to an account designated by the Director after deducting its or its third-party management company's management fee, which management fee, will be \$300,000.00 per twelve (12) month period, deducted equally on a monthly basis, until December 31, 2017. Notwithstanding the foregoing, after consultation with the Director, the Lessee will have the

right at any time, but upon no less than sixty (60) days' prior written notice to the Director, to assign back to the City, with no rights or obligations remaining in the Lessee, and the City will assume, if the Lessee exercises such right, all Inside Concession agreements for which the Lessee has assumed managerial control and obligations under this subsection (c). Upon the Lessee assigning the Inside Concession agreements to the City as provided in the immediately preceding sentence, the City will operate all concessions and provide such other services (with reasonable due consideration to requests made by the Lessee) for scheduled airline passenger operations at the Airport as it deems necessary or appropriate.

(i) Recordkeeping. For so long as the Lessee has managerial control of the concessions facilities located in the Existing Terminal B Improvements, as provided in this subsection (c), the Lessee agrees to provide a report of all Gross Sales, as defined below, to the Director on a monthly basis within ten (10) days after the Lessee receives such reports from the concessionaire. Additionally, the Lessee will provide reports on an annual basis as required under subsection (c)(ii) below. In addition, for any new concessions agreements executed by the Lessee after the turnover date of concessions managerial control to the Lessee, the Lessee will require in any concession/sublease agreements with concessionaires that the concessionaire/sublease install a point of sale system in such concessionaire's concession location, which is capable of providing comprehensive records, in a format reasonably acceptable to the Director, of daily, monthly and annual sales for any concession locations under the Lessee's management, pursuant to the terms of the Lease. It is understood by the City, however, that the point of sale systems installed by concessionaires/sublessees in the concession locations may not be uniform.

(ii) Reports. For so long as the Lessee has managerial control of the concessions facilities located in the Existing Terminal B Improvements, as provided in this subsection (c), within ninety (90) days following the conclusion of each twelve (12) month period, (or portion of a twelve (12) month period, as may be necessary), beginning with the twelve (12) month period after the transition date in which management of the concessions is turned over to the Lessee, the Lessee will submit to the Director a statement of Gross Sales for each concessions location in the Existing Terminal B Improvements that have not become part of a Deferred Phase; a calculation of the amount due City under this subsection (c) based upon such Gross Sales; and a schedule showing the total actual payments to City for any reason during the subject year (or portion of year).

If through the foregoing, it is established that additional fees or charges are due to City under this subsection (c), the Lessee will pay such additional fees or charges to City not later than thirty (30) days after completion of such statement and receipt of written notice from the Director. If it is established that the Lessee has overpaid City, then such overpayment will be credited to the fees and charges next thereafter due from the Lessee. If any overpayment is due for the last year of the Term of the Lease, City will refund such overpayment to the Lessee within thirty (30) days following receipt by the Director of the certified statements and summaries.

(iii) Retention of Records. The Lessee will keep in Houston, Texas, for a period of three (3) years after each year during which the Lessee has managerial control of the concessions facilities located in the Existing Terminal B Improvements, pursuant to this subsection (c), the records relating to the Gross Sales reported by each concessionaire for such year. Such records of account will be accessible, during usual business hours, upon no less than five (5) business days' notice to the Lessee, for the purpose of verifying any management fees.

(iv) Employee Discounts. The Lessee will have the right to require the concessionaires to provide a discount to the Lessee's employees or those of its contractors, subcontractors or joint venture partners, or any of the City's tenants at the Airport, and to volume purchasers. Said discounts will not exceed ten percent (10%) except to employees of the Lessee which will not exceed thirty percent (30%).

(v) "Gross Sales," for the purposes of the requirements set forth only in subsections (c)(i), (ii), and (iii) above, means the aggregate dollar amount of all sales, including a concessionaire's receipts from all sales made at or from the concession locations, regardless of where the order is received or delivered, and any other revenues of any type arising out of or in connection with any Inside Concession operations in Terminal B, whether performed by the Lessee, its managed concessionaires, its

subcontractors, joint venture partners, subsidiaries, associated companies, or any other entity corporate or otherwise, for cash or credit or otherwise, of every kind, name and nature, regardless of where or whether collected, as if the same had been sold for cash. The following may be excluded or deducted, as the case may be, from the computation of Gross Sales:

(A) Any and all retail sales taxes, and any related direct taxes upon the consumer and collected by the concessionaries on such sales (including the mixed beverage taxes paid to the State of Texas and levied as a percentage of the amounts charged for such mixed beverages; provided the concessionaire lists said mixed beverage taxes on reports of Gross Sales submitted);

(B) The value of any merchandise, supplies or equipment exchanged or transferred from or to other locations of business of the concessionaire and/or its subcontractors or joint venture partners where such exchanges or transfers are not made for the purpose of avoiding a sale which would be made at or from the concessions facility;

(C) Receipts in the form of refunds from or the value of merchandise, supplies, or equipment returned to shippers, suppliers, or manufacturers;

(D) Receipts with respect to any sale where the subject of such sale, or some part thereof; is thereafter returned by the purchaser to and accepted by a concessionaire to the extent of any refund actually granted or adjustment actually made, either in the form of cash or credit;

(E) Receipts from the sale or trade-in value of the furnishings, fixtures or equipment approved for removal from the Airport by the Director and removable fixtures used in the concession locations and owned by a concessionaire and/or its subcontractors or joint venture partners;

(F) Receipts from the sales at cost of uniforms or clothing to a concessionaire's employees where such uniforms or clothing are to be required to be worn by such employees;

(G) Amount of discounts set forth in subsection (c)(iv) above only; and

(H) Any discounts, rebates, promotional allowances, however denominated, to a concessionaire pertaining to merchandise, supplies or equipment from manufacturers, suppliers or shippers.

(I) Gratuities or service charges given or paid to a concessionaire's employees by customers that are distributed as tips.

(J) The value of shift meals given to a concessionaire's employees.

(K) Fees, charges and other payments paid to a concessionaire by its subcontractors under the subcontract.

(L) Receipts from the sale of newspapers from honor boxes at the Airport.

(d) It is agreed that on the date of Substantial Completion of a Phase that the Lessee will derive the financial benefit of all Inside Concessions located in the Substantially Completed Phase. On the date of Substantial Completion of each Phase, the City's interest in the Fees as to those Inside Concession locations and services in the Existing Terminal B Improvements which were replaced or removed by the Substantially Completed Phase will cease and the Lessee agrees to pay to the City pursuant to the provisions described in subsection (b)(iv) under the heading "Special Facilities Payments; Other Rent and Charges—Payment Provisions," monthly, commencing on the date of first sale, ten percent (10%) of all "net inside concession minimum annual guaranteed rent or percentage rent paid to the Lessee" (as hereinafter defined) not to exceed \$1 million per Fiscal Year in the aggregate over all Phases; provided however, that the \$1 million cap will be removed after thirty (30) years from the initial sale. The Lessee

will award concession privileges directly and manage Inside Concession operations subject to the City's then-current policies, including those with respect to street pricing, badging, and hours of operation. "Net inside concession minimum annual guaranteed rent or percentage rent paid to the Lessee" means all amounts actually paid to the Lessee by any such inside concessionaire or by any third party retained by the Lessee to manage the Terminal B concession program (which consists of the Initial Phase and may include a Deferred Phase(s) as set forth below) in respect of such Inside Concessions. However, in calculating the amounts actually paid to the Lessee, the Lessee will be entitled to exclude any portion of such payments made to the Lessee as reimbursement for any operational expenses paid by the Lessee to third parties related to such concessions, such as taxes, common area maintenance, marketing and utilities, and any applicable concessions management fees paid by the Lessee to any third party concession manager in respect of such Inside Concessions.

(e) If the Primary Lease Term expires as to a Deferred Phase prior to it being converted to a Full Lease Term, (i) the Director may elect, at his option, after consulting with the Lessee, to require the Lessee to assign to the City, with no rights or obligations remaining in the Lessee, all or some of the Inside Concession agreements as to locations that are within such Deferred Phase, or (ii) the Lessee may elect, at its option, after consulting with the City, to assign back to the City, with no rights or obligations remaining in the Lessee, and the City will assume, if the Lessee exercises such option, all or some of the Inside Concession agreements.

(f) From the first day of the third (3) month following the Effective Date through the Expiration Date (as may be extended), the Lessee agrees to use Best Efforts to reasonably maintain or increase the level of Inside Concession revenue as to any locations that are then being operated.

(g) Except as expressly provided above, the City will retain all concession rights in the Terminal B Project. Further, if and to the extent the Lessee so requests, the City will have the right to provide technology services to the Lessee and its tenants in the Terminal B Project.

City's Right to Review Space Utilization in Terminal B North Concourse and Take Back Space; Sublease of Certain Special Facilities to City.

(a) Beginning at the end of the sixtieth (60th) month following Substantial Completion of the Terminal B North Concourse and continuing until the end of the term of the Lease, the City may evaluate the Lessee's utilization of the gates in Terminal B North Concourse in terms of average number of daily flights per gate for the immediately preceding 12-month period (referred to hereafter as the "Test Period"). If during the Test Period, the Lessee's average gate utilization in the Terminal B North Concourse is less than four flights per day (determined as provided below), then the Director may, at her or his option and in order to accommodate the needs of other airline users of the Airport, require the Lessee to relinquish (as herein below provided) (1) a proportionate number of gates in Terminal B North Concourse such that, on a pro-forma basis, excluding such relinquished gates, the remaining gates would have demonstrated an average utilization of at least 4 flights per day during the Test Period and (2) a substantially identical proportionate amount of hold room space and (3) an amount of operations, ticket counter, ATO, baggage make-up, and baggage claim space and circulation space proportionate to all gates in Terminal B North Concourse.

(b) Gate utilization will be determined by taking the total number of scheduled flights at the Terminal B North Concourse during the Test Period by the Lessee, its Affiliates and its other authorized users and dividing such total by the product of total number of available gates in Terminal B North Concourse times 365 or 366 days as determined by the actual number of days in the applicable calendar year, subject to the limitation that the Lessee will not be credited with gate utilization in Terminal B North Concourse that exceeds its gate utilization in Terminal C by more than one hundred percent (100%), based on the same methodology except that Regional Aircraft will count as one-half flight in calculating utilization in Terminal C.

(c) In the event the Director requires the Lessee to relinquish such space and gates, the Director and the Lessee will confer to determine which gates and space will be relinquished. The Lessee will be required to relinquish contiguous gates, holdrooms and other exclusive leased space. The Director and the Lessee will conduct good faith negotiations in accordance with the foregoing to select the location of the space and gates to be relinquished. If after sixty days of good faith negotiations no agreement has been reached, the Director will select

the gates and space to be relinquished. The Lessee will continue to have the nonexclusive right to use the holdrooms and gates it relinquishes as a result of this provision at rates established by the Director for such use.

(d) In order to accomplish the relinquishment of gates and support space in Terminal B North Concourse as hereinabove provided, the Lessee agrees that it will sublease to the City such Special Facilities as may be located in or as may be necessary to support such relinquished gates and space (or an appropriate undivided interest or right of use therein) for the remaining term of the Lease (subject to the Lessee's right to reinstate its lease of such relinquished gates and space as provided below) for a rental equal to the sum of (i) an amount equal to the allocable unamortized share of the cost of components based on mortgage style straight-line amortization plus (ii) the allocable share of maintenance and operating expenses, plus (iii) the allocable share of Ground Rent less (iv) the allocable portion of the Lessee's net concession revenues (i.e., less the portion payable to the City as described in subsection (d) under the heading "Use of Special Facilities—Rights to Concessions"). The foregoing sublease provisions will not relieve the Lessee from any responsibility with respect to its obligations as the Lessee under the Lease, including particularly its obligation to pay the full amount of Net Rent under the Lease and all of its other obligations with respect to the Terminal Improvement Bonds; provided, however, that such sublease to the City will provide that the City will use its best efforts to continually require on the Lessee's behalf that any occupant receiving such occupancy rights from the City be obligated to provide insurance and indemnification with respect to such Special Facilities for the benefit of the City and the Lessee to the same extent that the Lessee is obligated to do so in the Lease and provided further that the Lessee will not be required to indemnify the City for acts of subtenants or their passengers in and about such Special Facilities.

(e) The Lessee will have the right (upon ninety (90) days' notice) to take back any relinquished gates and associated support space if (i) it can show that it would meet the minimum utilization standard including those gates and (ii) any carrier or other third party subleasing such space from the City can be relocated to functionally equivalent space at the Airport as determined by the Director in her or his reasonable discretion. In the event the Lessee exercises such right, the City will use all reasonable efforts (x) to relocate any such air carrier or third party so the space is available to the Lessee and (y) to cause such space to be restored to its condition prior to its sublease (subject to reasonable wear and tear) and commence such restoration within the ninety (90) days.

Release of Certain Lessee Rights in Other Terminals.

(a) As of the Effective Date, the Lessee relinquishes its preferential gate rights on gates 1, 2 and 3 in Terminal D and its restricted priority gate rights to three narrow body aircraft gates in Terminal D (applicable to three of gates 4 through 12, including gates 4A and 6A). In consideration of the foregoing, the City covenants and agrees that:

(i) All Lessee operations at Terminal D will be accommodated without disruption through the use of the gates or hard stands at Terminal D, unless the Lessee otherwise agrees, in writing;

(ii) There will be no disruption to or interference with Lessee operations at Terminal C during or after any proposed construction at or affecting Terminal D, unless the Lessee otherwise agrees, in writing; and

(iii) The gate use charge for aircraft arriving at a hard stand at Terminal D will be at least 20% lower than the gate use charge that an airline is charged for aircraft arriving at a bridged gate at the Terminal D building.

Except as specifically set forth in subsection (a) above, the City and the Lessee agree that upon the Lessee's relinquishment of its preferential gate rights at gates 1, 2 and 3 at Terminal D, the Lessee's rights to available gates at Terminal D will be governed by the International Facilities Agreement and the City agrees to not allocate the gates at Terminal D in a discriminatory manner as to the Lessee relative to other airlines operating at Terminal D.

(b) In consideration for the City's agreement to add gates in Terminal A South prior to Terminal A North (to which the City agrees), the Lessee agrees to relocate its turboprop fleet from the pad area at Terminal A

North to other areas at the Airport when given ninety (90) days' notice that such space is needed for additional gates at Terminal A North.

Right to Lease to United States Government. During time of war or national emergency, the City will have the right to lease the Airport landing area or any part thereof to the United States Government for use by the Armed Forces and, if any such lease is executed, the provisions of the Lease insofar as they are inconsistent with the provisions of the lease to the Government will be suspended; however, such suspension will not extend the term of the Lease or relieve the Lessee of its obligation to pay Special Facilities Payments. If, as a result of any such lease, the rights or duties of the Lessee under the Lease are materially affected, then the Lessee will receive an equitable rental adjustment (except that its obligation to pay Special Facilities Payments will not be affected in any way).

Lessee's Obligations and Conditions to the Lessee's Use of Special Facilities and City's Obligations

Maintenance of Special Facilities and Terminal B Apron Areas at the Lessee's Expense. Subject to the other terms of the Lease, the Lessee will throughout the term of the Lease assume the entire responsibility, cost and expense for the operation and all repair and maintenance whatsoever of the Special Facilities (unless reserved by HAS as its responsibility), whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Additionally, without limiting the generality of the foregoing, the Lessee will:

(a) Maintain at all times the Special Facilities in a good state of repair and preservation, excepting ordinary wear and tear and obsolescence in spite of repair.

(b) Replace or substitute any furnishings, fixtures and equipment constituting a part of the Special Facilities which are reasonably considered by the Director to have become inadequate, worn out or unsuitable with furnishings, fixtures and equipment having a value at least as great as the original value of the furnishings, fixtures and equipment replaced or substituted; provided, however, that unencumbered title (free of all liens) to all replacement or substitute furnishings, fixtures and equipment, unless removable by the Lessee in accordance with the provisions described under the heading "Design, Construction and Acquisition of the Terminal B Project Special Facilities—Personal Property Not Constituting Special Facilities," automatically will vest in the City as provided in the Lease.

(c) Keep at all times, in a clean and orderly condition and appearance, the Special Facilities which are open to or visible by the general public.

(d) The Lessee will perform or cause to be performed such cleaning of the Terminal B South and North Apron Areas as will be necessary to keep them in a clean, neat and orderly condition free of foreign objects and will periodically on an as-needed basis remove grease, oil and fuel spills caused by the Lessee with ramp scrubbing equipment and repair any foreign object damage. The Lessee will also perform striping of aircraft gating positions (excluding vehicle service roads), as necessary.

(e) The Lessee will maintain air handlers on the parking decks above Terminal B.

(f) The Lessee will maintain life safety systems, conduct inspections and ensure that its monitoring systems are compatible with the City's monitoring systems. The City will have the right to conduct full audits and inspections of the Lessee's maintenance of the life safety systems.

Maintenance of Project Components and APM

(a) *Lessee Project Components.* For Lessee Project Components, the City will have no maintenance obligations.

(b) *Terminal B Apron Area.* The City will provide structural maintenance for the Terminal B Apron Area.

(c) *City Project Components.* The City agrees to operate, maintain, keep in good repair and make any necessary replacements of the City Project Components in accordance with the practices of a reasonably prudent airport operator.

(d) *Automated People Mover System.* The City will operate and maintain the APM and use its Best Efforts to cause the APM to be operated so as to provide the same or substantially similar levels of service (based on frequency and capacity) to all Terminals.

(e) *Insurance.* Following Substantial Completion of the City Project Components for each Phase, such City Project Components will be insured by the City under a policy of fire and extended coverage insurance to the extent of not less than eighty percent (80%) of the insurable value of such property if such coverage is available. Insurance proceeds received on account of the damage to or destruction of such property will be applied by the City to the repair, construction or replacement of such damaged or destroyed property. Premiums paid by the City for such insurance will constitute City Operation and Maintenance Expenses.

Operation and Staffing of Central FIS and Second FIS. The City and the Lessee mutually agree that it is the best interests of the Airport, the City and the Lessee to assure that, following opening of the Second FIS, there continues to be adequate staffing by responsible federal agencies of both the Central FIS and the Second FIS so as to preclude any degradation of arriving international passenger processing times. The City and the Lessee agree to cooperate to secure federal resources to achieve the foregoing objective.

Taxes, Charges, Utilities, Liens.

(a) The Lessee will pay all taxes that may be levied, assessed or charged upon the Special Facilities or the Lessee's leasehold estate therein by the State of Texas or any of its political subdivisions or municipal corporations, and will obtain and pay for all licenses and permits required by law. However, the Lessee will have the right to contest, in good faith, the validity or application of any such tax, license or permit and will not be considered in default under the Lease as long as such contest is in progress and diligently prosecuted. The City agrees to cooperate with the Lessee in all reasonable ways in connection with any such contest other than a contest of any tax, permit or license of the City.

(b) The Lessee will separately meter and pay for all water, drainage, heat, electricity, chilled water, sewer and other utilities to the extent that such utilities are furnished to the Special Facilities; provided however, certain utilities such as central plant will be allocated to Terminal B through City Charges.

(c) The Lessee will neither cause or permit any laborers, mechanics, builders, carpenters, materialmen, contractors, or other liens or encumbrances (including judgment and tax liens) against the Special Facilities or any City property by virtue of the construction, repair or replacement of the Special Facilities; provided, however, that the Lessee may at its own expense in good faith contest the validity of any alleged or asserted lien and may permit any contested lien to remain unsatisfied and undischarged during the period of such contest and any appeal therefrom unless by such action any part of the Special Facilities may be subject to a material risk of loss or forfeiture, in any of which events such lien will be promptly satisfied or bonded around in accordance with Texas law.

Compliance with Airport Rules and Regulations and Law, Nondiscrimination.

(a) Rules and Regulations. From time to time the Director may adopt and enforce rules and regulations with respect to the occupancy and use of the Airport, its services and facilities, by persons, vehicles, aircraft and equipment that in his opinion will reasonably ensure the safe, efficient, and economically practicable operation thereof and provide for the safety and convenience of those using the Airport, and to protect the Airport and its facilities and the public from damage or injury resulting from operations at, into and from the Airport. The Lessee agrees to observe and obey any and all rules and regulations as are currently in place and as may be reasonably established from time to time, and to require its officers, agents, employees, contractors, and suppliers, to observe and obey the same. The City reserves the right to deny access to the Airport or its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules and regulations. Such rules and

regulations of the City will not be inconsistent with the terms of the Lease or with valid rules, regulations, orders and procedures of the Federal Aviation Administration or any other government agency duly authorized to make or enforce rules and regulations for the operation of the Airport and the operation of aircraft using the Airport. The Lessee at all times will be furnished at the notice address provided in the Lease and to the Lessee's on Airport manager or a link to such City rules or regulations and any amendments to applicable Airport rules and regulations when proposed by the Director or other airport staff before the effective date thereof, and the City will cause HAS to make reasonable efforts to furnish an advance copy to provide the Lessee an opportunity to comment on such proposed changes such that City can meaningfully consider such comments, and the Lessee reserves the right to contest any such rules and regulations which it believes to be unreasonable.

(b) Compliance with Law.

(i) General. The Lessee will not use the Airport or any part thereof, or knowingly permit the same to be used by any of its employees, officers, agents, subtenants, contractors, invitees, or licensees for any illegal purposes and will, at all times during the term of the Lease, comply with all applicable regulations, ordinances, and laws of the City, the State of Texas, or the Federal Government, and of any governmental bodies which may have jurisdiction over the Airport. Nothing in this subsection (b) will modify the provisions of subsection (a) above or limit the Lessee's rights thereunder.

(ii) Compliance with Statutes, Ordinances and Regulations. At all times during the term of the Lease, the Lessee will, in connection with its activities and operations at the Airport:

(A) Comply with and conform to all applicable present and future statutes and ordinances, and regulations promulgated thereunder, of all Federal, State, and other government bodies of competent jurisdiction that apply to or affect, either directly or indirectly, the Lessee or the Lessee's operations and activities under the Lease. The Lessee will comply with all applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101), as the same may be amended from time to time, and federal regulations promulgated thereunder that may be made applicable as a result of construction activities conducted by the Lessee.

(B) As respects the City, be and remain an independent contractor with respect to all installations, construction, and services performed by or on behalf of the Lessee under the Lease.

(c) Nondiscrimination. In the use and occupation of the Airport, the Lessee will not unlawfully discriminate against any person or class of persons by reason of race, color, religion, sex, national origin or ancestry, age, or physical or mental handicap. The Lease also requires the Lessee to comply with various specific federal, state and local laws and requirements prohibiting discrimination, and the Lease imposes certain obligations on the Lessee regarding affirmative action.

Compliance with Tax Law. With respect to the Special Facilities, the Lessee covenants and agrees as follows:

(a) The Lessee will comply or cause to be complied with all tax covenants with respect to the Special Facilities and the Terminal Improvement Bonds contained in the Trust Indenture;

(b) The Lessee will continuously repair, preserve, replace or substitute, as needed, all Special Facilities, at its expense, to the extent necessary to maintain and/or extend the reasonably expected economic life of the Special Facilities to satisfy the tax covenant contained in the Trust Indenture. All property for which replacements or substitutions are made by the Lessee as provided in the Lease will become the Lessee's property (and such replacement or substituted property will become the City's property);

(c) The Lessee elects not to claim depreciation or an investment credit for federal income tax purposes with respect to any portion of the Special Facilities; the Lessee will take all actions necessary to make this election binding on all its successors in interest under the Lease; and this election will be irrevocable.

Environmental Matters. The Lease requires the Lessee to comply with all federal, state and local statutes, ordinances, regulations, rules, policies, codes or guidelines that govern Hazardous Materials. The Lease also imposes certain restrictions and obligations on the Lessee (including obligations to indemnify the City from certain losses) regarding the presence, use, generation, release, omission, discharge, storage, disposal or transportation of any Hazardous Materials. The Lessee will not be responsible for any Hazardous Materials that exist on the Airport, the presence of which was not caused by the Lessee. For purposes of this section, "Hazardous Materials" will be interpreted in the broadest sense to include any and all substances, materials, wastes, pollutants, oils, or governmental regulated substances or contaminants as defined or designated as hazardous, toxic, radioactive, dangerous, or any other similar term in or under any of the Environmental Laws, including but not limited to, asbestos and asbestos containing materials, petroleum products including crude oil or any fraction thereof, gasoline, aviation fuel, jet fuel, diesel fuel, lubricating oils and solvents, urea formaldehyde, flammable explosives, PCBs, radioactive materials or waste, or any other substance that, because of its quantity, concentration, physical, chemical, or infectious characteristics may cause or threaten a present or potential hazard to human health or the environment when improperly generated, used, stored, handled, treated, discharged, distributed, disposed or released. Hazardous Materials will also mean any and all hazardous materials, hazardous wastes, toxic substances, or regulated substances under any environmental laws.

City's Right To Maintain or Repair Special Facilities. In the event the Lessee fails (i) to commence within thirty (30) days after written notice from the Director to do any maintenance or repair work to the Special Facilities required to be done under the provisions of the Lease, other than preventive maintenance; (ii) to commence such maintenance or repair work within a period of ninety (90) days if such notice specifies that the work to be accomplished by the Lessee involves preventive maintenance only; or (iii) to diligently continue to completion any such maintenance or repair work as required under the Lease; then, the Director or the City may, at its option, and in addition to any other remedies which may be available to it, enter the Special Facilities, without such entry causing or constituting a cancellation of the Lease or an interference with the possession of the Special Facilities, and repair, maintain, replace, rebuild or paint all or any part of the Special Facilities and do all things reasonably necessary to accomplish the work required, and the reasonable cost and expense thereof will be payable to the City by the Lessee on written demand; provided, however, if in the reasonable opinion of the Director or the City, the Lessee's failure to perform any such repair or maintenance endangers the safety of the public, the employees or other tenants at the Airport, and the Director or the City so states same in its notice to the Lessee, the Director or the City may perform such maintenance at any time after the giving of such notice, and the Lessee agrees to pay to the City the reasonable cost and expense of such performance on demand. In the event of the performance by the City of any maintenance or repair work on the Special Facilities, the City will use all reasonable efforts to minimize any interference with or interruption of the Lessee's business operations.

Termination Procedures. Upon the expiration or termination of the Lease pursuant to any terms of the Lease, the Lessee will surrender the Special Facilities to the City in a good state of repair and preservation, excepting (i) ordinary wear and tear and obsolescence in spite of repair, unless otherwise permitted as described under the heading "Liability, Insurance and Condemnation" below, (ii) the effects of condemnation and (iii) any casualty damage which the Lessee is not required to repair or restore under the Lease.

City's Obligations. The City will throughout the term of the Lease assume the entire responsibility for the operation and all repair and maintenance of certain items listed in an exhibit to the Lease, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. The City will perform its maintenance, repair and replacement obligations in a timely and good and workmanlike manner. In the event City fails within thirty (30) days after receipt of written notice from the Lessee to perform any obligation required under this section be performed by the City, the Lessee may enter the facilities involved, and do all things reasonably necessary to perform such obligation. The Lessee will have the right to receive a credit under rates and charges for the reasonable cost and expense of performing such obligation and the City agrees to credit to the Lessee under rates and charges within sixty (60) days; provided, however, if the City's failure to perform any such obligation endangers the safety of the public, the employees or property of the Lessee and the Lessee so states in its written notice to the City, the Lessee may perform such obligation of the City at any time after the giving of such notice and receive a credit under rates and charges in a similar manner detailed above.

Liability, Insurance and Condemnation

Release and Indemnification of City and Trustee. Under the Lease, the Lessee generally releases the City and its agents from liability for damage to the Lessee's property or for consequential damages suffered by the Lessee in connection with the performance of the Lease. The Lessee also agrees to indemnify and defend the City from certain losses arising in connection with the performance of the Lease, provided that the Lessee's liability will not exceed \$1,000,000 per occurrence. Following the substantial completion of the Terminal B Project, the Lessee further agrees to indemnify the Trustee for certain losses arising in connection with the Trustee's acceptance and administration of the trust imposed by the Trust Indenture.

General Insurance Requirements. With no intent to limit the Lessee's liability or the indemnification provisions in the Lease, the Lessee will provide and maintain certain insurance in full force and effect at all times during the term of the Lease and all extensions thereto, as set forth under the subheading "—Risks and Minimum Limits of Coverage" below. If any of the insurance is written as "claims made" coverage, then the Lessee agrees to keep such claims made insurance in full force and effect by purchasing policy period extensions for at least three (3) years after the expiration or termination of the Lease. The Lease also contains certain provisions governing the required form and provisions of insurance policies maintained by the Lessee.

Risks and Minimum Limits of Coverage. The Lessee is obligated to maintain insurance as follows: statutorily required worker's compensation insurance; employer's liability insurance in an amount not less than \$1,000,000 for bodily injury by accident for each accident and not less than \$1,000,000 for bodily injury by disease for each employee, and with not less than a \$1,000,000 policy limit for bodily injury by disease; aircraft liability (covering owned, hired, and non-owned aircraft, including passenger liability) and aviation general liability (including broad form coverage, contractual liability, bodily and personal injury, and products and completed operations) with a combined single limit of \$200,000,000; all-risk insurance in an amount equal to the replacement value of each Phase of the Special Facilities; automobile liability insurance in an amount not less than \$5,000,000 combined single limit per occurrence, and environmental impairment/pollution insurance (including coverage for receiving, dispensing, transporting, removal and handling of aviation fuels or any other pollutants, as well as any other operations involving pollutants) in an amount not less than \$1,000,000 combined single limit per occurrence, provided that such environmental impairment/pollution insurance coverage is required contingent upon the Lessee's election to purchase such coverage.

In connection with the design, construction, procurement and installation of the Special Facilities, the Lessee will contractually require its principal construction contractors and architects/engineers contracting with the Lessee (as the case may be) to carry the following additional coverages and limits of liability, unless the Lessee carries policies of insurance covering such risk (provided, however, if reasonable under the circumstances, the Lessee may, with the concurrence of the Director, require lower limits of liability): professional liability insurance (in the case of architects and engineers) in an amount not less than \$2,000,000 per occurrence and in the aggregate; and builders' risk insurance (in the case of contractors) in an amount equal to the replacement value of each Phase of the Special Facilities, up to an aggregate amount not less than the amount of expended Bond proceeds.

Disposition of Insurance Proceeds. In the event all of the Special Facilities or any part thereof is damaged or destroyed by an insured casualty and any Terminal Improvement Bonds remain Outstanding, then, notwithstanding any provision to the contrary in the Lease or elsewhere, the following provisions will be applicable to the expenditure of any insurance proceeds relating to such Special Facilities:

(a) If either (A) the insurance proceeds (less the cost of removing the debris resulting from such casualty) together with any moneys in the Interest and Redemption Fund are sufficient to pay all of the interest, principal and other obligations accrued and to accrue on said Terminal Improvement Bonds until they are fully and finally paid and all other amounts due under the Trust Indenture and the Lessee requests that the Special Facilities not be repaired or rebuilt, or (B) the insurance proceeds (less the cost of removing the debris resulting from such casualty) together with any moneys available in the Interest and Redemption Fund are insufficient for such purpose and the Lessee agrees to pay the deficiency and requests that the Special Facilities not be repaired or rebuilt, then in either case the Lessee may, if the casualty loss is substantial and if the Terminal Improvement Bonds are redeemed or defeased in whole, together with any unpaid but accrued interest, elect to terminate the Lease and be released from all unaccrued obligations under the Lease; provided that the insurance proceeds (less the cost of removing the

debris resulting from such casualty) and the deficiency payments, if any, paid by the Lessee will be deposited into the Interest and Redemption Fund for the Terminal Improvement Bonds and the moneys therein will be applied to pay the obligations with respect to the Outstanding Terminal Improvement Bonds and other amounts due under the Trust Indenture. If the said proceeds and funds are in excess of the amount then necessary to pay the obligations with respect to the Outstanding Terminal Improvement Bonds and other amounts due under the Trust Indenture, any such excess after payment or provision for the payment of the Terminal Improvement Bonds within the meaning of the Trust Indenture and other amounts due under the Trust Indenture has been made will be divided between the City and the Lessee as their respective interests appear at the time of such damage or destruction; or

(b) If all Terminal Improvement Bonds are not repaid as provided in clause (a) above, the Lessee agrees to cause such insurance proceeds to be deposited in the Construction Fund under the Trust Indenture (to be disbursed as provided therein) and to promptly repair and rebuild the Special Facilities with the insurance proceeds, and if such proceeds are insufficient for such purposes, the Lessee will pay the deficiency. If such proceeds are in excess of the amount necessary for such purposes, any such excess will be transferred by the Trustee to the Interest and Redemption Fund as a credit to the next due payments of Special Facilities Payments, with such credit to continue until the amount thereof is exhausted and if the Special Facilities Payments are paid in full, thereafter, any excess proceeds paid to the Lessee. The repair or restoration of the Special Facilities will either be in accordance with the original plans and specifications, together with alterations or modifications made or agreed upon prior to the casualty, or in accordance with new or modified plans and specifications, the alternative to be determined by the mutual agreement of the City and the Lessee. Before any reconstruction or repair under this paragraph, the Lessee will submit plans and specifications to the Director for approval and such reconstruction or repair will be substantially in accordance therewith subject to such changes as may be reasonably requested by the Lessee and approved by the City.

Condemnation. In the event that the Special Facilities or any part thereof will be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority or conveyed under threat thereof for any public or quasi-public use or purpose and at such time Terminal Improvement Bonds remain Outstanding within the meaning of the Trust Indenture or any other amounts remain due under the Trust Indenture, then, notwithstanding any provision to the contrary in the Lease or elsewhere, the condemnation proceeds will be applied as follows:

(a) if all or a substantial part of the Special Facilities is taken and either (A) the condemnation proceeds attributable to the Special Facilities, together with any moneys in the Interest and Redemption Fund, are sufficient to pay all of the interest, principal and other obligations accrued and to accrue on the Terminal Improvement Bonds until they are fully and finally paid and all other amounts due under the Trust Indenture and the Lessee requests that the Special Facilities not be rebuilt elsewhere, or (B) the condemnation proceeds attributable to the Special Facilities, together with any moneys available in the Interest and Redemption Fund, are insufficient to pay all of the interest, principal and other obligations accrued and to accrue on the Terminal Improvement Bonds until they are fully and finally paid and all other amounts due under the Trust Indenture and the Lessee agrees to pay the deficiency and requests that the Special Facilities not be rebuilt elsewhere or terminal facilities suitable for such purpose are not available elsewhere, the City will terminate the Lease and release the Lessee from all unaccrued obligations under the Lease, provided that the condemnation proceeds attributable to the Special Facilities and deficiency, if any, paid by the Lessee will be deposited into the Interest and Redemption Fund for the Terminal Improvement Bonds and moneys therein will be applied to pay the obligations with respect to the Outstanding Terminal Improvement Bonds and all other amounts due under the Trust Indenture. If the said proceeds and funds are in excess of the amount then necessary to pay the obligations with respect to the Outstanding Terminal Improvement Bonds and all other amounts due under the Trust Indenture, any such excess after payment or provision for the payment of the Terminal Improvement Bonds and all other amounts due under the Trust Indenture within the meaning of the Trust Indenture has been made will be divided between the City and the Lessee as their respective interests appear at the time of the taking.

(b) If all or a substantial part of the Special Facilities is taken and the Lessee requests that the Special Facilities be rebuilt elsewhere, the Special Facilities will be rebuilt elsewhere and paid for with the condemnation proceeds attributable to the Special Facilities, and if such proceeds are insufficient for such purposes the Lessee will pay the deficiency. If such proceeds attributable to the Special Facilities are in excess of the amount necessary for such purpose, any such excess will be paid to the City and deposited by it into the Interest and Redemption Fund for

said Terminal Improvement Bonds as a credit to the next due payments of Special Facilities Payments, with such credit to continue until the amount thereof is exhausted and, thereafter, any excess proceeds paid to the Lessee.

(c) In the event that title to or use of less than a substantial part of the Special Facilities is taken by the power of eminent domain (that is, if the primary use of the Special Facilities is not substantially impaired by deletion of the part taken) the Lessee will determine whether any rebuilding is necessary. Any condemnation proceeds attributable to the Special Facilities that are not used for the purposes of rebuilding will be assigned to the City and deposited into the Interest and Redemption Fund and applied to redeem as many Terminal Improvement Bonds as may be redeemed at the next available redemption date.

Reconstruction or Repair. The rebuilding of the Special Facilities as described under the subheadings “—Disposition of Insurance Proceeds” or “—Condemnation” above will be either in accordance with the original plans and specifications, together with alterations or modifications made or agreed upon prior to the casualty or taking, or in accordance with new or modified plans and specifications, the alternative to be determined by the mutual agreement of the Lessee and the Director.

Events of Default and Remedies

Events of Default. The following will be Events of Default as to the Lessee under the Lease:

(a) Failure to pay any Special Facilities Payments required to be paid as described under the heading “Special Facilities Payments; Other Rent and Charges” above on its due date; provided, however, that any delayed payment of a Special Facilities Payment that does not constitute an event of default under the Trust Indenture will not constitute an Event of Default under the Lease.

(b) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subsection (a) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Lessee by the City, except default in the timely payment of money (other than as referred to in subsection (a) above), for a period of fifteen (15) days after written notice is given (except (i) if any insurance required to be maintained by the Lessee is to be canceled or not renewed, such notice and the period for remedy by the Lessee will be limited to the period ending on the date on which such cancellation or nonrenewal is scheduled to occur and (ii) where fulfillment of another obligation requires activity over a period of time, and the Lessee will commence to perform whatever may be required for fulfillment within thirty (30) days after the receipt of notice and will diligently continue such performance without interruption, except for causes beyond its control).

(c) Any material lien will be filed against the Special Facilities or Ground Lease Properties or the Lessee’s interest therein or any part thereof in violation of the Lease by a party other than the City and will remain unreleased (or not bonded around) for a period of sixty (60) days from the date of such filing unless within said period the Lessee is contesting in good faith the validity of such lien in accordance with the provisions described in subsection (c) under the heading “Lessee’s Obligations and Conditions to the Lessee’s Use of Special Facilities and City’s Obligations—Taxes, Charges, Utilities, Liens” above.

(d) Whenever an involuntary petition will be filed against the Lessee under any bankruptcy or insolvency law or under the reorganization provisions of any law of like import or a receiver of the Lessee for all or substantially all of the property of the Lessee will be appointed without acquiescence and such petition or appointment is not discharged or stayed within ninety (90) days after its filing.

(e) The dissolution or liquidation of the Lessee or the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee within ninety (90) days to lift or obtain a stay of any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Special Facilities, or a general assignment by the Lessee for the benefit of its creditors, or the entry by the Lessee into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceeding for its reorganization or liquidation instituted under the provisions of the federal bankruptcy laws, or under any similar laws which may hereafter be enacted. The term “dissolution or liquidation of

the Lessee,” as used in this subsection, will not be construed to include the cessation of the corporate existence of the Lessee resulting either from a merger or consolidation of the Lessee into or with another corporation or a dissolution or liquidation of the Lessee following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions as described under the heading “Miscellaneous—Lessee to Maintain its Corporate Existence” below.

(f) Whenever the Lessee will fail to provide adequate assurance (i) that the Lessee will promptly cure all defaults under the Lease, if any; (ii) that the Lessee will compensate, or provide adequate assurance that the Lessee will promptly compensate, the City for any actual pecuniary loss to the City resulting from any Event of Default under the Lease; and (iii) of future performance by the Lessee of the terms and conditions of the Lease, each within thirty (30) days after (1) the granting of an Order for Relief with respect to the Lessee pursuant to Title XI of the United States Code; (2) the initiation of a proceeding under any bankruptcy or insolvency law or the reorganization provisions of any law of like import; or (3) the granting of the relief sought in an involuntary proceeding against the Lessee under any bankruptcy or insolvency law. As used in the Lease, adequate assurance of future performance of the Lease will include, but will not be limited to, adequate assurance (1) of the source of Special Facilities Payments and other consideration due under the Lease and (2) that the assumption or assignment of the Lease will not breach any provision, such as a use, management, or ownership provision, in the Lease, any other material lease, any financing agreement, or master agreement relating to the Special Facilities, including Lessee Project Components.

Remedies on Default. Whenever any Event of Default referred to under the subheading “—Events of Default” above will have happened and continue to exist, then, the City may take any one or more of the following remedial steps against the Lessee:

(a) The City may, and upon a payment default described in subsection (a) under the subheading “—Events of Default” above will, re-enter and take possession of the Special Facilities and the Ground Lease Properties without terminating the Lease and use its Best Efforts to (i) complete construction and equipping of the Special Facilities (and apply proceeds of previously issued Terminal Improvement Bonds for such purpose) and (ii) either (x) operate the Special Facilities and impose rates and charges on airline tenants, as appropriate, for their availability, operation and maintenance or (y) sublease the Special Facilities and Ground Lease Properties on a net rent lease basis, provided further that in either event the City will use its Best Efforts to impose and collect rates and charges or rental rates sufficient to provide for City Charges and Ground Rentals to the same extent as the Lessee is obligated to do so and to provide additional amounts equal to the Special Facilities Payments described under the heading “Special Facilities Payments; Other Rent and Charges—Special Facilities Payments While Terminal Improvement Bonds Outstanding,” all for the account of the Lessee, holding the Lessee liable for the difference between the rents and other amounts payable by the Lessee under the Lease and the charges received from airline tenants and/or the rents and other amounts received from any sublessee with respect to the Special Facilities. All gross proceeds derived by the City from any charges and/or rents (net of City Charges and any Ground Rent attributable to the period after such reletting commences, and up to the amount of all Special Facilities Payments payable under the Lease) will be remitted to the Trustee for deposit in the Interest and Redemption Fund to support repayment of the Terminal Improvement Bonds.

(b) The City may terminate the Lease, exclude the Lessee from possession of the Special Facilities and the Ground Lease Properties and use its Best Efforts to (i) complete construction and equipping of the Special Facilities (and apply proceeds of previously issued Terminal Improvement Bonds for such purpose) and (ii) either (x) operate the Special Facilities and impose rates and charges on airline tenants for their availability, operation and maintenance; or (y) lease the same on a net rent lease basis, provided further that in either event the City will use its Best Efforts to impose and collect rates and charges or rental rates sufficient to provide for City Charges and Ground Rentals to the same extent as the Lessee is obligated to do so and to pay the Special Facilities Payments described under the heading “Special Facilities Payments; Other Rent and Charges—Special Facilities Payments While Terminal Improvement Bonds Outstanding,” all for the account of the Lessee, holding the Lessee liable for all rents and other amounts due under the Lease and not received by the City from charges or rents with respect to the Special Facilities. All gross proceeds derived by the City from any charges and/or rents (net of City Charges and any allocable Ground Rentals attributable to the period after such reletting commences, and up to the amount of all Special Facilities Payments payable under the Lease) will be remitted to the Trustee for deposit in the Interest and Redemption Fund to support repayment of the Terminal Improvement Bonds.

(c) The City may take whatever other action at law or in equity as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under the Lease. The City will use its Best Efforts to cause the Special Facilities to be either operated or leased on a net rent lease basis for the account of the Lessee as provided in clauses (a) and (b) above after an Event of Default by the Lessee, whether or not the City retakes possession of the Special Facilities or terminates the Lease.

(d) In connection with any reletting of the Special Facilities and Ground Lease Properties, the City agrees to use its Best Efforts to relet such Special Facilities and Ground Lease Properties. It is recognized that such tenant(s) will also be required to pay the City Ground Rentals and City Charges in connection with the use and occupancy of such Special Facilities and Ground Lease Properties. In connection with a reletting of the Special Facilities and Ground Lease Properties, the City agrees not to charge such tenant(s) Ground Rentals, City Charges or other charges in excess of those charged (or that would be charged) to the Lessee for the areas included in such Special Facilities and Ground Lease Properties.

(e) In connection with any reletting by the City during the original term of the Lease, the Lessee will be subrogated to the right of the Trustee to receive payments under the Lease to support repayment of the Terminal Improvement Bonds to the extent that the Lessee has made payments on the Terminal Improvement Bonds under the Guaranty.

Additional Remedy. In addition to the other remedies provided in the Lease, the City may, in the case of an Event of Default described in subsection (b) under the subheading “—Events of Default” above, enter the Special Facilities and Ground Lease Properties (without such entering causing or constituting a termination of the Lease or an interference with the possession of the Special Facilities and Ground Lease Properties by the Lessee) and do all things reasonably necessary to cure such Event of Default, charging to the Lessee the reasonable cost and expense thereof and the Lessee agrees to pay to the City upon demand such charge in addition to all other amounts payable by the Lessee under the Lease.

No Remedy Exclusive. No remedy in the Lease conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy will be cumulative and will be in addition to every other remedy given under the Lease or hereafter existing under law or in equity (to the extent not inconsistent with the terms of the Lease). No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it under this heading “Events of Default and Remedies,” it will not be necessary to give any notice, unless such notice is expressly required under the Lease or is required by law.

Assignments, Subletting and Termination by Lessee

Assignments and Subletting by the Lessee.

(a) The Lease may not be assigned or otherwise transferred in whole or in part by the Lessee (except as described under the heading “Miscellaneous—Lessee to Maintain Its Corporate Existence” below) without the prior written consent of the Director; provided, however, that, unless permitted as described under the subheading “—Terminal of Agreement by the Lessee” below or the heading “Miscellaneous—Lessee to Maintain Its Corporate Existence” below, the City will not consent to any assignment by the Lessee of its rights under the Lease without first obtaining a written agreement from the Lessee that the Lessee will remain primarily liable for Special Facilities Payments under the Lease. Notwithstanding anything contained in the Lease to the contrary, an assignment or transfer of the Lease that is not permitted under the provisions described under the heading “Miscellaneous—Lessee to Maintain Its Corporate Existence” herein shall require a Favorable Opinion of Bond Counsel. The Lessee may, upon giving notice to the Director, sublet to concessionaires authorized under the provisions described under the heading “Use of Special Facilities—Rights to Concessions” herein, and may sublet to or provide Ground Handling Services to Affiliates of the Lessee. The Lessee may also sublet the Special Facilities or any part thereof to any other party and may provide Ground Handling Services to any other party, subject to the condition that in either instance the Lessee first obtains the written consent of the Director to such subletting or providing of Ground Handling Services and all the terms thereof, unless such subletting or providing of Ground Handling Services is expressly

authorized in the Lease. In determining whether to grant such consent, the Director will consider all relevant factors and analyses (e.g. financial and otherwise), including without limitation appropriately balanced utilization of terminal facilities at the Airport, taking into account the relative capabilities of such terminal facilities.

(b) If the Lessee sublets all or any part of the Special Facilities or if all or any part of the Special Facilities are occupied (pursuant to a written consent from the Director) by anyone other than the Lessee (including any Affiliate of the Lessee), the City may, if an Event of Default will have occurred under the Lease and be continuing, collect rent or Special Facilities Payments from such sublessee or occupant and the City will apply the amount collected to the extent possible to satisfy the obligations of the Lessee under the Lease, but no such collection will be deemed a waiver by the City of the covenants contained in the Lease or an acceptance by the City of any such sublessee, claimant or occupant as a successor lessee, nor a release of the Lessee by the City from the further performance by the Lessee of the covenants imposed upon the Lessee in the Lease.

(c) Notwithstanding anything contained in the Lease to the contrary, so long as any Terminal Improvement Bonds remain outstanding, no such sublease or assignment will be authorized if in any way it releases the Lessee from its primary obligations under the Lease, including its obligation to pay Special Facilities Payments.

Termination of Agreement by the Lessee. The Lessee will not terminate the Lease for any reason whatsoever as long as any of the Terminal Improvement Bonds remain Outstanding within the meaning of the Trust Indenture or any other amounts are due and owing under the Trust Indenture.

Miscellaneous

Lessee to Maintain Its Corporate Existence. The Lessee will throughout the term of the Lease maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that the Lessee may, without violating the agreement contained in this section or the agreement described under the heading “Assignments, Subletting and Termination by Lessee—Assignments and Subletting by the Lessee” above, (A) assign the Lease to its parent, to an entity with which it merges or consolidates, to an entity that succeeds to all or substantially all of the Lessee’s assets or, to an entity that is under common control of the Lessee’s parent, or (B) consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or sell or otherwise dispose of all or substantially all of its assets as an entirety and thereafter dissolve, provided, if the Lessee is not the surviving corporation, the surviving, resulting or transferee corporation, as the case may be, or the entity to whom the Lease is assigned as provided in (A) above (i) assumes in writing all of the obligations of the Lessee in the Lease and (ii) qualifies or is qualified to do business in Texas.

Exempt Facilities. In order to assure that interest on the Terminal Improvement Bonds will be exempt from federal income taxation, the Lessee covenants and agrees that it will not, and it will not permit or allow any other person to, construct, acquire, use, employ, modify, rebuild or repair Lessee Project Components or any Special Facilities in any manner that would cause or allow it or them to be or become facilities which are not included within those set forth and described in Sections 142(a)(1) and (c) of the Internal Revenue Code of 1986, as amended, and the regulations prescribed thereunder, and the City covenants and agrees that it will not permit or allow any of the foregoing to occur. The Lessee makes an irrevocable election, which it will cause to be binding on all successors in interest under the Lease, not to claim for federal income tax purposes depreciation or investment credit with respect to the Special Facilities or any component thereof. The City will never be required or requested under the Lease to issue any Terminal Improvement Bonds or expend any proceeds thereof to pay any Costs of the Special Facilities that would have the effect of causing interest on any of the Terminal Improvement Bonds not to be exempt from federal income taxation.

Rights Reserved to City. Nothing contained in the Lease will unlawfully impair the right of the City to exercise its governmental or legislative functions. The Lease is made subject to the Constitution and laws of the State of Texas and to the provisions of the certain grant agreements applicable to the Airport and its operation, and the provisions of such agreements, insofar as they are applicable to the terms and provisions of the Lease, will be considered a part of the Lease to the same extent as though copied in the Lease at length to the extent, but only to the extent, that the provisions of any such agreements are required generally by the United States at other civil airports receiving federal

funds. To the best of the City's knowledge, nothing contained in such laws or agreements conflicts with the express provisions of the Lease.

Most Favored Nation. The Lessee will have the same rights and privileges and pay the same City-established fees and charges, not to exceed those established under the provisions of the Lease as periodically revised under the terms of the Lease, with respect to the use of the Airport as are granted to or charged any other airline executing a use and lease agreement with the City for use of the Airport. It is understood that ground rentals and lease rentals are set by City Council, and to the extent permitted under applicable Federal law therefore may vary between lessees on account of the different premises to be leased at the time thereof. It is further understood that lease rentals and charges in terminal buildings, flight stations and associated aircraft apron areas constructed in the future and not described in the Lease may vary from the lease rentals and charges established in the Lease for the facilities, depending upon the capital cost and financing arrangements involved and, therefore may be more or less than the lease rentals established in the Lease for similar facilities.

APPENDIX D

EXCERPTS OF CERTAIN PROVISIONS OF THE GUARANTY

The following are excerpts of certain provisions of the Guaranty dated as of March 1, 2015 from United Airlines, Inc. in favor of The Bank of New York Mellon Trust Company, National Association as trustee with respect to the Series 2015B Bonds. *The excerpts contained in this Appendix D do not purport to be complete or definitive and are qualified in their entirety by reference to the full provisions of the Guaranty. Provisions included herein are in substantially final form, but may change prior to the issuance of the Series 2015B Bonds and may thereafter be amended in accordance with the terms of the Guaranty.*

In order to induce the City of Houston, Texas (the “Issuer”) to issue the Series 2015B-1 Bonds and Series 2015B-2 Bonds, and The Bank of New York Mellon Trust Company, National Association, as trustee with respect to the Series 2015B-1 Bonds and Series 2015B-2 Bonds (the “Trustee”), to assume its obligations under the Third Supplemental Terminal Trust Indenture dated as of March 1, 2015 between the Issuer and the Trustee (which supplements that certain Trust Indenture dated as of March 1, 1997, as previously supplemented by a First Supplemental Terminal Trust Indenture dated as of December 1, 1998 and by that certain Second Supplemental Terminal Trust Indenture dated as of November 1, 2011) (collectively, the “Trust Indenture”), in consideration of such actions, and for other good and valuable consideration, the receipt of which is hereby acknowledged, United Airlines, Inc. (“United”) hereby agrees with the Trustee in this Guaranty as follows:

1. Obligations Guaranteed.

(a) United hereby unconditionally guarantees to the Trustee, for the benefit of the registered owners of the Series 2015B-1 Bonds (the “Series 2015B-1 Bondholders”), (i) the full and prompt payment of the principal of and premium, if any, on the Series 2015B-1 Bonds when and as the same shall become due and payable as provided in the Trust Indenture, whether at the stated maturity thereof, by redemption, acceleration or otherwise and (ii) the full and prompt payment of interest on the Series 2015B-1 Bonds when and as the same shall become due and payable as provided in the Trust Indenture.

(b) United hereby unconditionally guarantees to the Trustee, for the benefit of the registered owners of the Series 2015B-2 Bonds (the “Series 2015B-2 Bondholders” and together with the Series 2015B-1 Bondholders, the “Bondholders”), (i) the full and prompt payment of the principal of and premium, if any, on the Series 2015B-2 Bonds when and as the same shall become due and payable as provided in the Trust Indenture, whether at the stated maturity thereof, by redemption, acceleration or otherwise and (ii) the full and prompt payment of interest on the Series 2015B-2 Bonds when and as the same shall become due and payable as provided in the Trust Indenture.

(c) The obligations covered by this Guaranty are intended by the parties hereto to be independent of those set out in, and enforceable without regard to the validity or enforceability of, all or any provisions of the Second Amended and Restated Special Facilities Lease Agreement dated as of November 17, 2011 between the Issuer and United, then known as Continental Airlines, Inc. (the “Lease”), which amends and restates that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects) dated as of March 1, 1997, as previously amended and restated by a First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects) dated as of December 1, 1998, or any obligation of United contained therein.

(d) This Guaranty is a guarantee of payment only, and not a guarantee of collectability.

3. Enforcement.

(a) If United fails to perform its obligations hereunder, the Trustee shall have the right to proceed immediately against United to enforce its rights under this Guaranty, *provided, however*, that the Trustee shall credit against United's payment obligations under this Guaranty any and all corresponding rental payments received from United pursuant to Section 6.01 of the Lease and, subject to the terms of the Trust Indenture, any and all monies and securities held by and available to the Trustee for the purpose of paying the principal of, premium, if any, or interest due on the Series 2015B-1 Bonds and Series 2015B-2 Bonds, as applicable, under the Trust Indenture. To the extent any Guaranty payments are made hereunder, such payments shall satisfy United's obligation to pay those amounts as rental payments pursuant to Section 6.01 of the Lease. To the fullest extent permitted by law, including, without limitation, any suretyship defenses pursuant to Chapter 34 of the Texas Business and Commerce code, United hereby waives any defenses (other than the defense of payment or performance of the obligations contained herein) or benefits that may be derived from or afforded by any applicable law that may limit the liability of or exonerate guarantors, unless such defenses or benefits are reserved or provided herein.

(b) All monies received by the Trustee pursuant to any right given or action taken under the provisions of this Guaranty shall be deposited by the Trustee in the Interest and Redemption Fund (as defined in the Trust Indenture) for the benefit of the applicable Bondholders and such monies shall be applied by the Trustee in accordance with the terms of the Trust Indenture.

(c) The Trustee shall be under no obligation to institute any suit or to take any remedial action under this Guaranty, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the enforcement of any rights and powers under this Guaranty, until the Trustee shall have received a written request of the registered owners of at least a majority in aggregate principal amount of either the Series 2015B-1 Bonds or the Series 2015B-2 Bonds then Outstanding (as defined in the Trust Indenture) to do so and upon being indemnified by them to its satisfaction against any and all liability (including without limitation, reasonable compensation for services, costs and expenses, outlays, and counsel fees and expenses and other disbursements) not due to its negligence or willful misconduct.

(d) This Guaranty may be enforced only by the Trustee by such actions, suits, and proceedings, at law and in equity, as may be necessary or expedient to preserve and protect its interests and the interests of the Bondholders hereunder.

4. United to Maintain Corporate Existence. Except as hereinafter provided in this Section 4, United agrees that during the term of this Guaranty it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that United is permitted to consolidate with or merge into another entity, or permit one or more other entities to consolidate with or merge into it, or to sell or otherwise dispose of all or substantially all of its assets as an entirety and thereafter dissolve, provided, if United is not the surviving corporation, the surviving, resulting or transferee corporation, as the case may be, (i) assumes in writing all United's obligations under this Guaranty and (ii) qualifies or is qualified to do business in the State of Texas. Notwithstanding the foregoing, if United assigns or transfers its rights and obligations under the Lease in accordance with the provisions of the Lease during the term of this Guaranty, United shall cause the assignee of the Lease to assume all of United's rights and obligations under this Guaranty.

5. Bankruptcy. In the event that all or any portion of the obligations covered by this Guaranty is paid or performed by United, the obligations of United hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from the Trustee as a preference, fraudulent transfer or otherwise.

7. Amendment. This Guaranty may be amended by United and the Trustee only in accordance with the provisions of the Trust Indenture.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Series 2015B Bonds, payment of principal and purchase price, if any, and premium, if any, and interest and other payments with respect to the Series 2015B Bonds to Direct Participants (as defined below) or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in such Series 2015B Bonds and other related transactions by and among DTC, the Direct Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations is made concerning these matters, and neither the Direct Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters, the City, United or the Trustee.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2015B Bonds. The Series 2015B Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015B Bond will be issued for each maturity of the Series 2015B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015B Bonds on DTC’s records. The ownership interest of each actual purchaser of a Series 2015B Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive definitive Series 2015B Bonds, except in the event that use of the book-entry system for the Series 2015B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015B Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no

knowledge of the actual Beneficial Owners of the Series 2015B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2015B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2015B Bonds may wish to ascertain that the nominee holding the Series 2015B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2015B Bonds of any maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Series 2015B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, United or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, redemption proceeds and purchase price to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

THE CITY, UNITED AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO THE DIRECT PARTICIPANTS OR THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2015B BONDS (I) PAYMENTS OF PRINCIPAL OR PURCHASE PRICE, IF ANY, OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2015B BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2015B BONDS OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2015B BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, ITS DIRECT PARTICIPANTS OR ITS INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NONE OF THE CITY, UNITED AND THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE SERIES 2015B BONDS UNDER OR THROUGH DTC OR ANY DIRECT PARTICIPANT, OR ANY OTHER PERSON WHO IS NOT SHOWN IN THE REGISTRATION BOOKS OF THE CITY KEPT BY THE TRUSTEE AS BEING A BONDHOLDER. THE CITY, UNITED, AND THE TRUSTEE SHALL HAVE NO RESPONSIBILITY WITH RESPECT TO (I) ANY

OWNERSHIP INTEREST IN THE SERIES 2015B BONDS; (II) THE PAYMENT BY DTC TO ANY PARTICIPANT OR BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR PURCHASE PRICE, IF ANY, OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2015B BONDS; (III) THE DELIVERY TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE; (IV) THE SELECTION BY DTC OR ANY PARTICIPANTS OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2015B BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO.

SO LONG AS CEDE & CO. IS REGISTERED OWNER OF THE SERIES 2015B BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE SERIES 2015B BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2015B BONDS.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2015B Bonds at any time by giving reasonable notice to the Trustee, or the City, with the consent of United, may also terminate its participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the Trustee will execute and make available for delivery, replacement definitive, fully-registered Series 2015B Bonds.

Transfer Fees. For every transfer and exchange of Series 2015B Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT**, dated as of March 1, 2015 (the “Disclosure Agreement”), between United Airlines, Inc. (the “Company”) and The Bank of New York Mellon Trust Company, National Association, as trustee (together with its predecessors-in-interest, the “Trustee”);

WITNESSETH:

WHEREAS, pursuant to a Purchase Contract dated as of March __, 2015 (the “Purchase Contract”), the City of Houston, Texas (the “City”) intends to sell its Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) and Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) (the “Bonds”) to Citigroup Global Markets Inc. and the other underwriters named in Exhibit A thereto (each an “Underwriter” and, collectively, the “Underwriters”), and, in order to permit the Underwriters to satisfy their obligations under Securities and Exchange Commission Rule 15c2-12, the Company has agreed to enter into this Disclosure Agreement;

NOW, THEREFORE, for and in consideration of the agreement of the City to issue and sell the Bonds, and to induce the Underwriters to purchase the Bonds, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company **DOES HEREBY AGREE** with the Trustee for the benefit of the owners from time to time of the Bonds as follows:

SECTION 1. Definitions. In addition to the definitions set forth in the preamble of this Disclosure Agreement or in the Trust Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Airport” shall mean George Bush Intercontinental Airport/Houston.

“Annual Report” shall mean any Annual Report provided by the Company as described in Sections 3 and 4 of this Disclosure Agreement.

“Dissemination Agent” shall mean the Trustee, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent designated in writing by the City and that has filed with the Trustee a written acceptance of such designation.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Master Trust Indenture” shall mean that certain Trust Indenture dated as of March 1, 1997, between the City and the Trustee.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (“EMMA”) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the “final official statement” as defined in paragraph (f)(3) of the Rule, relating to the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Exchange Act, 17 CFR § 240.15c2-12, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

“Special Facilities Lease” shall mean that certain Second Amended and Restated Special Facilities Lease Agreement, dated as of November 17, 2011, between the City and the Company (then known as Continental Airlines, Inc.) as amended pursuant to an Amendment No. 1 to Second Amended and Restated Special Facilities lease dated as of February 21, 2013, which amends and restates that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects) dated as of March 1, 1997 as previously amended and restated as of December 1, 1998 between the City and the Company.

“State” shall mean the State of Texas.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

“Trust Indenture” shall mean the Master Trust Indenture, as amended and supplemented by that certain First Supplemental Terminal Trust Indenture dated as of December 1, 1998, that certain Second Supplemental Terminal Trust Indenture dated as of November 1, 2011, and that certain Third Supplemental Terminal Trust Indenture dated as of March 1, 2015, each between the City and the Trustee.

SECTION 2. Purpose of the Disclosure Agreement; Beneficiaries. This Disclosure Agreement is being executed and delivered by the Company for the benefit of the owners of the Bonds and in order to assist the Underwriters in complying with the Rule. The Company, the Underwriters and the Trustee acknowledge and agree that the City has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any holder of the Bonds, with respect to any such reports, notices or disclosures, and the Trustee has only the specific responsibilities set forth herein and is entitled in fulfilling its obligations hereunder to the indemnification from the Company and the City provided in the Special Facilities Lease and the Trust Indenture. This Disclosure Agreement does not apply to any other bonds issued or to be issued by the City, whether in connection with the Special Facilities (as defined in the Special Facilities Lease) or otherwise. Because only the Company is directly responsible for making payments to support the payment of debt service on the Bonds, the Company is the sole “obligated person” under the Rule for whom financial information or operating data is presented in the Official Statement.

SECTION 3. Provision of Annual Reports.

(a) The Company shall, or shall cause the Dissemination Agent to, not later than the last day of the sixth month following the end of each fiscal year of the Company (which is currently December 31), commencing with the fiscal year ending December 31, 2015, file with the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 business days prior to such date, the Company shall file the Annual Report with the Dissemination Agent (if any) and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Company as disclosed below may be submitted separately from the balance of the Annual Report. If the Company’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) If by (i) 15 business days prior to the date specified in the first sentence of subsection (a) for providing the Annual Report to the MSRB, the Trustee has not received a copy of the Annual Report, or (ii) the date which is the last day of the sixth month following the end of the applicable fiscal year of the Company, the Trustee has not received notification that an Annual Report has been filed with the MSRB as required by Section 3(d)(ii), the Trustee shall contact the Company and the Dissemination Agent (if any) to determine if the Company is in compliance with subsection (a).

(c) If, after contacting the Company and the Dissemination Agent as required by subsection (b), the Trustee is unable to verify (based on information provided by the Company and/or the Dissemination Agent) that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice promptly to the MSRB in substantially the form attached hereto as Exhibit A.

(d) The Company agrees that it shall:

(i) file or cause to be filed each year the Annual Report with the MSRB; and

(ii) send or cause to be sent to the Trustee (if the Dissemination Agent is not the Trustee) a notice certifying that the Annual Report has been provided to the MSRB as required by Section 3(a) of this Disclosure Agreement, stating the date it was filed.

SECTION 4. Content of Annual Reports. The Company's Annual Report shall consist of the following:

1. (a) The Company's report on Form 10-K (which may be in the form of a combined report reflecting information about both the Company and United Continental Holdings, Inc.), and all materials physically included therewith or incorporated by reference therein, filed by the Company with the SEC or (b) an incorporation by reference of such report on Form 10-K and such other materials included therewith or incorporated by reference therein. If the Company should cease to be a reporting company under the Exchange Act, then the Company shall provide with the other information required in the Annual Report its audited financial statements and operating data of the type that would be provided to the SEC if the Company were such a reporting company, any of which materials may be incorporated by reference from materials on file with the SEC or the MSRB. The Company's audited financial statements shall be prepared (i) so long as the Company is a reporting company under the Exchange Act, in accordance with the rules of the SEC for preparing audited financial statements to be filed as part of a Form 10-K, and (ii) if the Company shall cease to be a reporting company, in accordance with generally accepted accounting principles.

2. A listing of the number of daily jet and commuter departures operated by the Company and its commuter operators from the Airport as of a date not earlier than the last day of the most recently completed calendar year.

3. A listing of the approximate number of enplaned passengers at the Airport by the Company's and its commuter operators' aircraft during the most recently completed calendar year.

4. A listing of the non-stop markets served by the Company and its commuter operators from the Airport as of a date not earlier than the last day of the most recently completed calendar year.

5. A listing of the number of gates leased by the Company at the Airport for the most recently completed calendar year.

6. A listing of the approximate percentage of the Company's and its commuter operators' enplaned passengers at the Airport in the immediately preceding calendar year that were connecting from flights operated by the Company or its commuter operators.

Any materials to be provided by the Company under this Section 4 may be incorporated by reference from materials on file with the SEC or the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Each of the following events with respect to the Bonds shall constitute a Listed Event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to the rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Company;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Company or the sale of all or substantially all of the assets of the Company, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in Section 5(a)(xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Company in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Company, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Company.

(b) If a Listed Event occurs (other than an event modified by the terms “if material”), the Company shall provide, or cause the Dissemination Agent to provide, notice of the occurrence of such Listed Event to the Trustee in a timely manner not in excess of seven business days after the occurrence of such Listed Event. The

Trustee shall, within three business days of receipt of notice of the occurrence of such Listed Event (and in any event cumulatively within ten business days after the occurrence of such Listed Event, provided that notice is received by the Trustee from the Company as provided above), provide notice of such Listed Event to the MSRB, the City, and each holder or beneficial owner of a Bond that has, prior to the occurrence of such Listed Event, requested in writing to the Trustee to receive notices of Listed Events. Whenever an executive officer of the Company obtains actual knowledge of the occurrence of a Listed Event modified by the terms “if material,” the Company shall as soon as possible reasonably determine if such event would constitute material information for holders of the Bonds. If the Company has reasonably determined that the occurrence of such a Listed Event would constitute material information for holders of the Bonds, then the Company shall provide, or cause the Dissemination Agent to provide, notice of the occurrence of such Listed Event to the Trustee in a timely manner not in excess of seven business days after the occurrence of such Listed Event. The Trustee shall, within three business days of receipt of notice from the Company of the occurrence of such Listed Event (and in any event cumulatively within ten business days after the occurrence of such Listed Event, provided that notice is received by the Trustee from the Company as provided above), provide notice of such Listed Event to the MSRB, the City, and each holder or beneficial owner of a Bond that has, prior to the occurrence of such Listed Event, requested in writing to the Trustee to receive notices of Listed Events.

SECTION 6. Termination of Reporting Obligation. The respective obligations of the Company and the Trustee under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full, of all of the Bonds. If the Company’s obligations under the Special Facilities Lease and this Disclosure Agreement are assumed in full by some other entity and the Company no longer has any liability as to the Bonds, such entity shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Company and the original Company shall have no further responsibility hereunder. This Disclosure Agreement shall also terminate upon (i) the Rule being withdrawn or having been found by a court of competent jurisdiction to be invalid, or (ii) receipt by the Trustee and the Company of an opinion of counsel of nationally recognized expertise in matters relating to securities laws affecting municipal securities to the effect that the Rule is no longer applicable to the Bonds.

SECTION 7. Dissemination Agent. The Company may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Company shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Company and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Company) and any provision of this Disclosure Agreement may be waived, if (a) such amendment or waiver relates to the provisions of Section 3(a), 4, or 5(a) and arises from a change in legal (including regulatory) requirements or in interpretations thereof, change in law, or change in the identity, nature, or status of the Company or the type of business conducted by the Company; (b) this Disclosure Agreement, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or (c) the amendment or waiver does not materially impair the interest of the holders of the Bonds, as determined by either (i) a party unaffiliated with the City or the Company (such as bond counsel or other counsel of nationally recognized expertise in matters relating to the application of federal securities laws to municipal obligations who (or which) is not a full time employee of the City or the Company), or (ii) the approving vote of holders of the Bonds obtained in the same manner as an approving vote of holders of the Bonds of an amendment to the Trust Indenture. In the event of any amendment or waiver of a provision of this Disclosure Agreement that results in a change to the information provided in any subsequent Annual Report, the Company shall describe such amendment or waiver in the next Annual Report and shall include, as applicable, in narrative form, the reasons for the amendment and the impact of the change on the type of operating data or financial information being provided. If such change relates to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made should present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, notice of such amendment shall be provided by the Company to the Trustee, and the Trustee shall provide such notice to the MSRB and the City. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation

of the financial information in order to provide information to investors to enable them to evaluate the ability of the Company to meet its obligations, and to the extent feasible in the view of the Company, shall be quantitative as well. In executing any amendment to this Disclosure Agreement, the Trustee shall be entitled to receive and rely upon an opinion of counsel that such amendment complies with this Section 8.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Company from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Company chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Company shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. If the Company fails to comply with any provision of this Disclosure Agreement, any Bondholder may, or the Trustee may (and, at the request of any of the Underwriters or the holders of not less than a majority in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking an order of mandamus or specific performance by court order, to cause the Company to comply with its obligations under this Disclosure Agreement. Notwithstanding the foregoing, the Trustee shall not be obligated to do so unless it receives indemnification reasonably satisfactory to it for its fees and expenses (including reasonable attorneys' fees) in pursuing that action. A default under this Disclosure Agreement shall not be deemed a default or an Event of Default under the Trust Indenture or the Special Facilities Lease or to result in any pecuniary liability of the Company or the Trustee, and the sole remedy in the event of any failure of the Company or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article IX of the Master Trust Indenture (relating to, among other things, the rights and limitations on liability of the Trustee) are hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Master Trust Indenture. The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Company. The Dissemination Agent is acting hereunder solely in an agency capacity and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished by it hereunder, except for information concerning the Dissemination Agent, and any such information may contain a legend to that effect. The Dissemination Agent shall have no obligation to provide disclosure except as expressly set out herein, provided that no provision of this Disclosure Agreement shall limit or modify the duties or obligations of the Trustee under the Trust Indenture. The fact that the Trustee has or may have any banking, fiduciary or other relationship created by the Trust Indenture and this Disclosure Agreement shall not be construed to mean that the Trustee has knowledge or notice of any event or condition relating to the Bonds except in its respective capacities under such agreements. No provision of this Disclosure Agreement shall require or be construed to require the City or Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. Neither the City nor the Dissemination Agent shall disclose information (i) deemed confidential or proprietary by the Company, (ii) the disclosure of which is prohibited by applicable law; or (iii) otherwise not subject to disclosure. The Annual Report may contain such disclaimer language as the Company may deem appropriate and any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Company, the Trustee, the Underwriters, and the holders from time to time of the Bonds (or a beneficial interest therein), and shall create no rights in any other person or entity.

SECTION 13. Notices. Notices required or permitted to be given hereunder to the Company, the City or the Trustee shall be provided as set forth in Section 9.7 of the Second Supplemental Terminal Trust Indenture.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts or .pdf counterparts delivered by electronic mail, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

United Airlines, Inc.

By: _____

Gerald Laderman
Senior Vice President Finance, Procurement and Treasurer

The Bank of New York Mellon Trust Company, National Association, as Trustee

By: _____

Name:

Title:

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: _____

Name of Bond Issue: _____

Name of Company: _____

Date of Issuance: _____

NOTICE IS HEREBY GIVEN that the Company named above has not provided the required annual financial information as required under the Continuing Disclosure Agreement, dated as of _____, 2015, between the Company listed above and the undersigned, as trustee, relating to the Bond Issue described above, on or before the date such information is required to be provided in such Continuing Disclosure Agreement.

Dated: _____

_____, as trustee

By: _____
Title:

APPENDIX G

FORM OF OPINION OF CO-BOND COUNSEL

BRACEWELL & GIULIANI LLP
711 LOUISIANA STREET, SUITE 2300
HOUSTON, TEXAS 77002

WEST & ASSOCIATES LLP
440 LOUISIANA STREET, SUITE 1880
HOUSTON, TEXAS 77002

[CLOSING DATE]

WE HAVE ACTED as co-bond counsel to the City of Houston, Texas (the “City”) in connection with the issuance of the City of Houston, Texas Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT), in the original aggregate principal amount of \$176,650,000 (the “Series 2015B-1 Bonds”) and City of Houston, Texas Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT), in the original aggregate principal amount of \$47,390,000 (the “Series 2015B-2 Bonds,” and together with the Series 2015B-2 Bonds, the “Series 2015B Bonds”).

The Series 2015B Bonds mature and bear interest all as authorized by Ordinance Nos. 2014-0993 and 2015-198 and the officers’ pricing certificate executed in connection therewith (collectively, the “Ordinance”), and as further provided in the Trust Indenture, dated as of March 1, 1997 (as amended and supplemented as described herein, the “Terminal Trust Indenture”), between the City and The Bank of New York Mellon Trust Company, National Association (successor trustee to Chase Bank of Texas, National Association and to Texas Commerce Bank National Association), as trustee (the “Trustee”), as amended and supplemented by the First Supplemental Terminal Trust Indenture, dated as of December 1, 1998, the Second Supplemental Terminal Trust Indenture, dated as of November 1, 2011 and the Third Supplemental Terminal Trust Indenture, dated as of March 1, 2015 (the “Third Supplemental Terminal Trust Indenture”). The Series 2015B Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Series 2015B Bonds and in the Terminal Trust Indenture. Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Terminal Trust Indenture or in the Ordinance.

The proceeds of the Series 2015B-1 Bonds are to be used to finance the construction and acquisition of certain terminal facilities and improvements at George Bush Intercontinental Airport/Houston (the “Terminal Improvement Project”), which Terminal Improvement Project has been leased by the City to United Airlines, Inc. (formerly known as Continental Airlines, Inc.) (“United”) pursuant to a Second Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Terminal Improvement Projects), dated effective as of November 17, 2011, as amended, between the City and United (the “Lease”). The proceeds of the Series 2015B-2 Bonds (together with funds provided by United) are to be used to redeem all of the Outstanding City of Houston, Texas Airport System Special Facilities Revenue Bonds

(Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B and City of Houston, Texas Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B (collectively, the “Refunded Bonds”). Proceeds of the Refunded Bonds were used to finance the construction and acquisition of certain terminal facilities and improvements at George Bush Intercontinental Airport/Houston. United has agreed to pay, pursuant to the terms of the Lease, certain Net Rent (which consists of Special Facilities Payments as defined in the Lease) in amounts which, together with other Pledged Revenues, will be sufficient to pay principal of, premium, if any, and interest on all bonds issued under the Terminal Trust Indenture, including the Series 2015B Bonds. In addition, United has guaranteed the payment of the principal of, premium, if any, and interest on the Series 2015B Bonds pursuant to a guaranty agreement entered into with the Trustee, dated as of March 1, 2015 (the “Guaranty”), as more fully described therein.

WE HAVE ACTED as co-bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2015B Bonds under the Constitution and laws of the State of Texas, with respect to the exclusion of interest on the Series 2015B Bonds from gross income for federal income tax purposes, and with respect to the redemption of the Refunded Bonds. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of United or the City, including the Airport System, or the disclosure thereof in connection with the offer and sale of the Series 2015B Bonds. Our role in connection with the Official Statement, dated March 11, 2015, prepared for use in connection with the offer and sale of the Series 2015B Bonds has been limited as described therein.

IN OUR CAPACITY as co-bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the authorization and issuance of the Series 2015B Bonds and the refunding of the Refunded Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the City Council of the City; a report of Grant Thornton LLP verifying the sufficiency of the deposits to be made pursuant to the Terminal Trust Indenture for the redemption of the Refunded Bonds; customary certificates of officers and representatives of the City, United and the Trustee and other certified showings relating to the authorization, execution and delivery of the Ordinance, and the Third Supplemental Terminal Trust Indenture, the authorization and issuance of the Series 2015B Bonds, and firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds. We have further examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, regulations and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have also examined executed counterparts of the Ordinance, the Terminal Trust Indenture and the Lease, the executed Series 2015B-1 Bond No. T-1, the executed Series 2015B-2 Bond No. T-1 and specimens of the forms of the definitive Series 2015B-1 Bonds and Series 2015B-2 Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

1. The transcript of certified proceedings referenced above evidences complete legal authority for the issuance of the Series 2015B Bonds in full compliance with the

Constitution and the laws of the State of Texas presently effective and that, therefore, the Series 2015B Bonds constitute legal, valid and binding special obligations of the City;

2. The Series 2015B Bonds are payable from and secured by a lien on and pledge of the City's right, title and interest in and to the Pledged Revenues, which include without limitation Net Rent paid by United to the Trustee on behalf of the City pursuant to the terms of the Lease, all as more fully defined and provided in the Terminal Trust Indenture and the Lease; and provision has been made in the Terminal Trust Indenture and the Lease for the payment by United of such Net Rent in amounts, which, together with other Pledged Revenues, are sufficient to pay the principal of, premium, if any, and the interest on the Series 2015B Bonds; and
3. Pursuant to the terms of the Terminal Trust Indenture and certain certificates and letters of instruction delivered thereunder and the verification report of Grant Thornton LLP, firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds, and, therefore, the Refunded Bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from funds provided for such purpose pursuant to the Terminal Trust Indenture.

THE RIGHTS OF THE OWNERS of the Series 2015B Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions, and may be limited by general principles of equity which permit the exercise of judicial discretion. The Series 2015B Bonds are payable from and secured by a lien on and pledge of the Pledged Revenues and do not constitute an indebtedness or general obligation of the City. Owners of the Series 2015B Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and the Series 2015B Bonds may not be repaid in any circumstances from tax revenues or general revenues of the City or the Airport System. Payment of the principal of, premium, if any, and interest on the Series 2015B Bonds is further guaranteed by United pursuant to the Guaranty, as more fully described therein. The City's obligations pursuant to the Ordinance and the Terminal Trust Indenture and United's obligations pursuant to the Lease and the Guaranty are subject to limitation by applicable federal bankruptcy laws and any other similar laws affecting the rights of creditors generally.

THE CITY HAS RESERVED THE RIGHT, UPON THE REQUEST OF UNITED, TO ISSUE ADDITIONAL BONDS AND REFUNDING BONDS, subject to the restrictions contained in the Terminal Trust Indenture, payable from and secured by a lien on and pledge of the Pledged Revenues on a parity with the Series 2015B Bonds.

IT IS OUR FURTHER OPINION THAT, UNDER EXISTING LAW:

4. Interest on the Series 2015B Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Series 2015B Bond for any period during which such Series 2015B Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" or a "related person" to

such a “substantial user” of the facilities that were financed or refinanced with the proceeds of the Series 2015B Bonds; and

5. The Series 2015B Bonds are “private activity bonds” within the meaning of the Code, and, as such, interest on the Series 2015B Bonds is an item of tax preference that is includable in alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on individuals and corporations.

In providing such opinions, we have relied on representations of the City, the City’s financial advisor, United and the Underwriters with respect to matters solely within the knowledge of the City, the City’s financial advisor, United and the Underwriters, respectively, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Terminal Trust Indenture pertaining to those sections of the Code that affect the exclusion from gross income of the interest on the Series 2015B Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete, or if the City or United fails to comply with the foregoing covenants in the Terminal Trust Indenture, interest on the Series 2015B Bonds could become includable in gross income for federal income tax purposes from the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or disposition of the Series 2015B Bonds.

Owners of the Series 2015B Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Series 2015B Bonds).

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Series 2015B Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer. We observe that the

City has covenanted in the Terminal Trust Indenture not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Series 2015B Bonds to be includable in gross income, as defined in Section 61 of the Code, of the holders thereof for federal income tax purposes and United has covenanted in the Lease to comply with all tax covenants with respect to the Special Facilities and the Bonds contained in the Terminal Trust Indenture.

Very truly yours,

