

NEW ISSUE—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 2015C Bonds (as defined below) is excludable from gross income for federal income tax purposes, except with respect to interest on any Series 2015C Bond for any period during which such Series 2015C 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 2015C Bonds, as described under “TAX MATTERS” herein, and (ii) interest on the Series 2015C 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.

\$65,785,000

City of Houston, Texas
Airport System Special Facilities Revenue Refunding Bonds
(United Airlines, Inc. Airport Improvement Projects),
Series 2015C (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 Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (AMT) (the “Series 2015C 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 2015C 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 2015C Bonds, principal of, premium, if any, and interest on the Series 2015C 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 2015C Bonds, as more fully described herein. Interest on the Series 2015C Bonds will be payable on each January 15 and July 15, commencing July 15, 2015, until maturity or earlier redemption.

The Series 2015C Bonds will be subject to extraordinary mandatory redemption prior to maturity, each as more fully described herein under “THE SERIES 2015C BONDS—Extraordinary Mandatory Redemption.”

The Series 2015C Bonds are being issued by the City of Houston, Texas (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. Airport Improvement Projects), Series 1997C (the “Series 1997C Bonds”) and Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1998C (the “Series 1998C Bonds”) and, together with the Series 1997C Bonds, the “Series 97/98C Bonds”). The Series 97/98C Bonds were originally issued to finance the cost of the improvement, construction and installation of certain facilities to support the operations of United Airlines, Inc. (“United”) at George Bush Intercontinental Airport/Houston (the “Airport”), including an aircraft hangar, a maintenance and parts storage facility, a mail sorting facility, flight simulator and in-flight training facilities, and certain improvements to hangar facilities. The facilities constructed with the proceeds of the Series 97/98C Bonds have been completed and are currently in service at the Airport. The Series 2015C 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 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 2015C Bonds will be unconditionally guaranteed by United pursuant to a Guaranty between United and the Trustee, as further described herein. The Series 2015C Bonds will also be payable from and secured by a portion of certain rentals that may be realized by the City following a termination of United’s possession rights under the Lease while any Series 2015C 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 2015C 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 2015C 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 2015C BONDS INVOLVES SIGNIFICANT RISKS. For more complete information with respect to the security and sources of payment for the Series 2015C Bonds and certain risks with respect thereto, see “SECURITY FOR THE SERIES 2015C BONDS,” and “CERTAIN BONDOWNERS’ RISKS” herein.

PRINCIPAL AMOUNT, MATURITY DATE, INTEREST RATE, PRICE AND YIELD 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 2015C Bonds. Investors are advised to read the Official Statement in its entirety before making an investment decision.

The Series 2015C 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 2015C 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

\$65,785,000
City of Houston, Texas
Airport System Special Facilities Revenue Refunding Bonds
(United Airlines, Inc. Airport Improvement Projects),
Series 2015C (AMT)

\$65,785,000 5.000% Term Bond due July 15, 2020
Priced at 105.610% (Yield 3.820%) CUSIP[†] 4423487U6

[†] CUSIP is a registered trademark of The American Bankers Association. CUSIP numbers have been assigned to the Series 2015C 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 2015C 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 2015C 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 2015C 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 2015C BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE SERIES 2015C 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 2015C 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 2015C 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

\$65,785,000
City of Houston, Texas
Airport System Special Facilities Revenue Refunding Bonds
(United Airlines, Inc. Airport Improvement Projects),
Series 2015C (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 \$65,785,000 aggregate principal amount of the City's Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (AMT) (the "Series 2015C 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 2015C Bonds

The Series 2015C Bonds are being issued by the City under and pursuant to a Second Supplemental Non-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 Non-Terminal Trust Indenture dated as of December 1, 1998 (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"). The Series 2015C Bonds are being issued to provide a portion of the funds for the redemption of the City's outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvements Projects), Series 1997C (the "Series 1997C Bonds") and Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvements Projects), Series 1998C (the "Series 1998C Bonds" and, together with the Series 1997C Bonds, the "Series 97/98C Bonds." See "PLAN OF FINANCE" herein.

The Series 1997C Bonds and the Series 1998C Bonds were originally issued by the City in the principal amounts of \$44,600,000 and \$25,675,000, respectively, and the proceeds of the Series 97/98C Bonds were used to finance the improvement, construction and installation of certain facilities to support the operations of United Airlines, Inc. ("United," then known as Continental Airlines, Inc.) at the Airport, including an aircraft hangar, a maintenance and parts storage facility, a mail sorting facility, flight simulator and in-flight training facilities, and certain improvements to hangar facilities. Such facilities, together with any extensions, additions or modifications thereto and any facilities financed with the proceeds of additional bonds that may be issued in the future under the Trust Indenture (the "Additional Bonds"), will be collectively referred to in this Official Statement as the "Special Facilities." Currently, \$44,600,000 of the Series 1997C Bonds and \$24,875,000 of the Series 1998C Bonds remain outstanding, and it is anticipated that all such outstanding Series 97/98C Bonds will be redeemed in connection with the issuance of the Series 2015C Bonds. See Schedule I- "REFUNDED BONDS." The Series 97/98C Bonds, the Series 2015C Bonds, and any additional bonds issued in the future on a parity with such bonds under the Trust Indenture will be collectively referred to in this Official Statement as the "Bonds."

The City owns and manages the Airport. United uses the Airport as one of its principal hubs and leases and uses passenger terminal and other support facilities at the Airport besides the Special Facilities. See "GEORGE BUSH INTERCONTINENTAL AIRPORT/HOUSTON."

In connection with the development of the Special Facilities and the issuance of the Series 97/98C Bonds, the City and United entered into a First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvements Projects), dated as of December 1, 1998 (the "Lease"). Pursuant

to the Lease, the City leases the Special Facilities to United, and 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 the Bonds. Also under the 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 Lease certain additional ground rentals or easement rentals or both for the right to use and occupy the ground areas underlying the Special Facilities (collectively, the “Ground Rentals”), 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, see “THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Related Lease Arrangements” herein.

The Series 2015C 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 relating to the Special Facilities (the “Pledged Revenues”), including the Special Facilities Payments paid or payable by United under the Lease, but not including the Ground Rentals. 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 Lease while any Bonds remain outstanding through a reletting of the Special Facilities by the City to one or more replacement tenants, as further described herein. In addition, pursuant to a Guaranty Agreement between United and the Trustee 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 2015C Bonds will be unconditionally guaranteed by United.

The Series 2015C 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 2015C 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 2015C 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 2015C Bonds.

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

The Series 2015C 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 2015C Bonds will be dated, mature, bear interest and be subject to redemption prior to maturity as described herein. See “THE SERIES 2015C 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 2015C Bonds, the 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 2015C 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 BOND PROCEEDS

Purpose

The Series 2015C Bonds are being issued to provide a portion of the funds for the redemption of the outstanding Series 97/98C Bonds, as further described in Schedule I hereto.

Refunded Bonds

On the delivery date, proceeds of the Series 2015C Bonds, together with other available funds provided by United, will be deposited with the Trustee in an amount sufficient to redeem the outstanding Series 97/98C Bonds at the redemption price of par plus accrued interest thereon. In accordance with the terms of the Trust Indenture, notice of redemption has been given to the holders of the Series 97/98C Bonds, conditioned upon the due provision for the payment of the redemption price by the redemption date.

Estimated Sources and Uses of Funds for Series 2015C Bonds

The following table sets forth the estimated sources and uses of funds for the Series 2015C Bonds and other funds that will be provided by United:

SOURCES OF FUNDS

Par Amount	\$ 65,785,000.00
Original Issue Premium	3,690,538.50
Additional Funds Provided by United	1,374,528.37
Transferred Fund Balances	<u>0.02</u>
Total	\$ <u>70,850,066.89</u>

USES OF FUNDS

Deposits into Series 1997C and 1998C Redemption Accounts ¹	\$ 70,293,398.27
Costs of Issuance of Series 2015C Bonds ²	556,130.12
Interest and Redemption Fund deposit	<u>538.50</u>
Total	\$ <u>70,850,066.89</u>

¹ The deposits into the Series 1997C Redemption Account and the Series 1998C 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 1997C Bonds and Series 1998C 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 1997C Bonds and the Series 1998C Bonds to (but not including) the redemption date, and (ii) costs of issuance for the Series 2015C Bonds.

In accordance with the terms of the Trust Indenture, redemption of the Series 97/98C Bonds has been 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 97/98C Bonds on or prior to the redemption date. Such deposits are anticipated to be made on the date of issuance of the Series 2015C Bonds and applied to redeem the Series 97/98C Bonds on that day. Thereafter, the Series 97/98C 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.

United anticipates making certain improvements to Terminal B at the Airport beginning in March 2015, including the construction of a new North Concourse building in Terminal B containing 11 aircraft gates. Such construction will result in the demolition of the 14 existing hardstand aircraft parking positions in Terminal B. The development of the new North Concourse building in Terminal B is one phase of a larger construction project conducted by United at Terminal B, which also included the construction of a South Concourse building in Terminal B that was completed in March 2014. Additional phases of the project 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 additional 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.

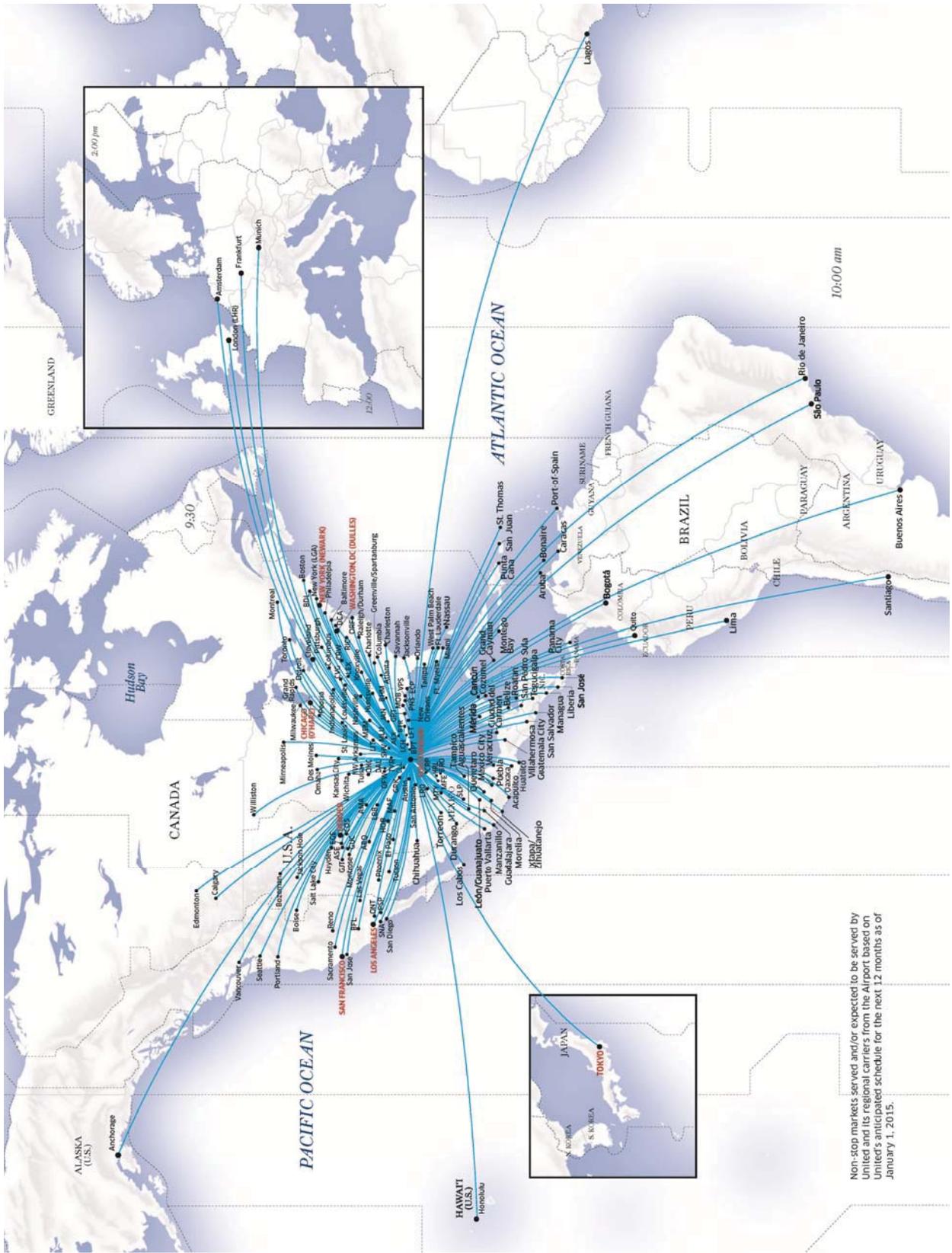
The Airport has five runways interconnected by a system of taxiways. One of the runways is 12,000 feet long, two are 10,000 feet long and the remaining two are at least 9,000 feet long. The runways are equipped with instrument landing systems, lighting systems, and other navigation aids and are configured 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.



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 176 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. Specifically, as of the date hereof, United has either exclusive or preferential use of all 46 aircraft gates and 14 hardstand aircraft parking positions in Terminal B at the Airport, exclusive use of all 29 aircraft gates in Terminal C at the Airport, and exclusive use of all 23 aircraft gates in Terminal E at the Airport. In each such terminal, United also leases, on either an exclusive or preferential use basis, various related support facilities and airfield apron areas. Each of United's leases with respect to the facilities in Terminals B, C and E are long-term leases, with terms expiring in December 2017 (for certain facilities in Terminal B), December 2027 (for facilities in Terminal C), January 2030 (for facilities in Terminal E), and November 2041 (for certain facilities in Terminal B), in each case subject to extension or earlier termination in certain circumstances as provided in the applicable lease.

United also leases from the City, on a preferential use basis, four aircraft gates and seven hardstand aircraft parking positions in Terminal A at the Airport (together with related support facilities and airfield apron areas), and United has common use rights to the aircraft gates, support facilities, and aircraft apron areas in Terminal D at the Airport. United's leases with respect to terminals A and D are each on a month-to-month basis and, with respect to Terminal D, the lease may not extend beyond June 30, 2015. United anticipates entering into new arrangements with the City regarding United's continued use of certain facilities in Terminal D prior to June 30, 2015.

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 2015C Bonds are Special Facilities Payments paid by United under the Lease, and none of United's payments of rentals under agreements related to United's use of any terminal facilities at the Airport are pledged to the repayment of the Series 2015C Bonds.

Certain bonds have previously been issued by the City for the benefit of United to finance and/or refinance improvements used by United at various terminals at the Airport. Specifically, the following such bonds are currently outstanding and will remain outstanding following issuance of the Series 2015C Bonds: \$113,305,000 aggregate principal amount of the City's Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT) (the "Series 2011 Bonds"), which financed improvements at Terminal B at the Airport and \$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"), which refinanced certain improvements at Terminal E at the Airport. In addition, on the same date as the date of issuance of the Series 2015C Bonds (the "Issuance Date"), the City intends to issue its Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) in the aggregate principal amount of \$176,650,000, for the purpose of financing certain improvements to Terminal B at the Airport and certain additional improvements to related terminal facilities, as described above under the heading "—General." The City also intends to issue on the Issuance Date its Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) in the aggregate principal amount of \$47,390,000, for the purpose of providing a portion of the funds required to refund in full, on the Issuance Date, \$45,000,000 of the City's currently-outstanding Airport System Special Facilities Revenue Bonds

(Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B (the “1997B Bonds”) and \$20,630,000 of the City’s currently-outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B (the “1998B Bonds”). Proceeds of the Series 1997B Bonds and the Series 1998B Bonds financed the construction of and improvements to Terminals B, C, and D at the Airport. The bonds previously issued and to be issued by the City to finance or refinance terminal facilities for the benefit of United at the Airport are collectively referred to herein as the “Terminal Bonds.”

None of the Terminal Bonds will be affected by the issuance of the Series 2015C Bonds. Under United’s various lease agreements with the City, 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 Bonds. No such payments with respect to any Terminal Bonds are pledged to the repayment of the Series 2015C Bonds, and none of the Pledged Revenues under the Lease are pledged to repayment of any Terminal Bonds.

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 the Special Facilities, as well as an in-flight kitchen; air cargo buildings; 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.

THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS

Description of the Special Facilities

The Special Facilities, United’s rental payments for which will constitute the primary security for the Series 2015C Bonds, consist of the following: (i) an approximately 255,800 square foot enclosed aircraft hangar, maintenance and parts storage facility, completed in July 2000, which United uses to perform light maintenance on aircraft in its fleet; (ii) an approximately 40,000 square foot mail sort facility supporting United’s mail cargo business at the Airport, which was completed in October 1999; (iii) an approximately 30,000 square foot building that houses flight simulator facilities, as well as additions to a previously-existing flight simulator building used by United, all of which were completed in October 2002; (iv) an approximately 12,400 square foot addition to a previously-existing inflight training facility housing training equipment for United’s 777 and 737 aircraft, which was completed in April 1999; and (v) certain improvements to hangar facilities used by United at the Airport, including an aircraft pad with a blast fence and equipment, which were completed in July 2000. The facilities and improvements described in clauses (i) and (ii) above were financed with the proceeds of the Series 1997C Bonds and are referred to herein as the “Series 1997C Special Facilities,” and the facilities and improvements described in clauses (iii) through (v) above were financed with the proceeds of the Series 1998C Bonds and are referred to herein as the “Series 1998C Special Facilities.” The 30,000 square foot flight simulator facility described in clause (iii) above is currently subleased by United to ExpressJet Airlines, Inc.; however, such facility continues to constitute part of the Special Facilities for purposes of the Lease, and United’s rental payment to the City for such facility remains pledged to the payment of the Bonds. The sublease rentals that United receives from ExpressJet for such facility are not pledged to the payment of the Bonds.

Proceeds of the Series 1998C Bonds also financed improvements to a previously-existing warehouse facility used by United at the Airport, but the Lease with respect to such facility has expired and the warehouse improvements are no longer part of the Special Facilities. United remains obligated to make debt service payments to the Trustee, as assignee of the City, with respect to all of the Bonds, including the Series 1998C Bonds that financed such warehouse improvements. United continues to occupy the warehouse as a holdover tenant under a separate license agreement with the City, even though the Lease expired with respect to the warehouse, but the rent being paid by United with respect to the warehouse is not pledged to the payment of the Bonds.

Operation of the Special Facilities Under the Lease

All of the Special Facilities are owned by the City and leased by the City to United pursuant to the Lease. Under the terms of the Lease, the City has granted certain easements to United that are necessary for the

construction and operation of the Special Facilities. The City also leases to United under the Lease the ground areas upon which the Special Facilities are located.

Term. The term of the Lease will end on December 31, 2027, unless terminated earlier on account of an event of default thereunder. (For a description of potential events of default under the Lease, see Appendix C—“Summary of Certain Provisions of the Lease—Events of Default and Remedies” and —“Lease and Term; Grant of Easement and Ground Lease—Term of Lease of Special Facilities and Ground Lease.”) Unless the Lease is extended beyond its current termination date of December 31, 2027, the Series 2015C Bonds would be subject to extraordinary mandatory redemption upon its expiration. See “THE SERIES 2015C BONDS—Extraordinary Mandatory Redemption.”

Rentals. Under the Lease, for so long as any Bonds remain outstanding, United is obligated to pay Special Facilities Payments to the Trustee, as assignee of the City, in an amount that, together with certain amounts on deposit in the Interest and Redemption Fund established under the Trust Indenture, is sufficient to pay as and when due the principal of, premium, if any, and interest on outstanding Bonds. In addition, under the Lease, United is obligated to pay directly to the City certain Ground Rentals for the right to use and occupy the ground areas underlying the Special Facilities. United’s payments of the Special Facilities Payments under the Lease, but not the Ground Rentals or any other rentals under agreements other than the Lease, will constitute the principal security for the Series 2015C Bonds. See “SECURITY FOR THE SERIES 2015C BONDS—Special Facilities Payments” herein.

THE SERIES 2015C BONDS

General

The Series 2015C Bonds will be issued in the original aggregate principal amount of \$65,785,000. The Series 2015C Bonds will be issued in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

The Series 2015C 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 2015C Bond will accrue from the date of initial delivery of the Series 2015C Bonds, payable on each January 15 and July 15, commencing July 15, 2015. Interest on the Series 2015C Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2015C Bonds will mature on their stated dates unless redeemed prior to such dates, as described herein. For as long as the Series 2015C 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 2015C Bonds and all notices with respect to such Series 2015C Bonds shall be made and given in accordance with DTC’s operational arrangements. If, in the future, the Series 2015C Bonds cease to be book-entry bonds, the principal of any Series 2015C Bond will be payable, on presentation and surrender of such Series 2015C Bond, in lawful money of the United States of America, without exchange or collection charges to the registered owner of such Series 2015C Bond, at the principal corporate trust office of the Trustee, as the paying agent for the Series 2015C Bonds. All interest accruing prior to maturity on any Series 2015C Bond that ceases to be a book-entry bond shall be paid by check or draft mailed to the registered holder of such Series 2015C 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 2015C Bond 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 2015C Bond for registration of transfer, the Trustee shall authenticate and deliver in exchange therefor a new Series 2015C Bond or Series 2015C 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 2015C Bond or Series 2015C Bonds so presented and surrendered. The City or the Trustee may require the registered owner of any Series 2015C 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 2015C Bond.

The City, the Trustee, and any other person may treat the person in whose name any Series 2015C Bond is registered as the absolute registered owner of such Series 2015C Bond for the purpose of making payment of the principal of and premium, if any, on such Series 2015C Bond, and for the further purpose of making payment of interest thereon, for the purpose of giving notice to the holder of such Series 2015C Bond, and for all other purposes, whether or not such Series 2015C 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 2015C 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 2015C Bond to the extent of the sums paid.

Extraordinary Mandatory Redemption

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

- (i) in whole or in part, if all or any part of the Special Facilities 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 Lease, to the extent any such proceeds are not used to rebuild or repair such Special Facilities in accordance with the Lease (see Appendix C—“Summary of Certain Provisions of the Lease—Liability, Insurance and Condemnation”);
- (ii) in whole, if the Lease is terminated or cancelled 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 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 any Series 2015C 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 in gross income for federal income tax purposes (except with respect to interest on any Series 2015C Bond during such time that it is held by any registered owner of any Series 2015C Bonds who is a “substantial user” of the facilities refinanced with the proceeds of such Series 2015C 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 (the “Code”), as amended) as a result of the failure of United to comply with its obligations under the Lease (a “Determination of Taxability”). All Series 2015C Bonds will be redeemed in whole upon a Determination of Taxability, unless in the opinion of nationally recognized bond counsel, redemption of a portion of such Series 2015C Bonds would have the result that interest payable on the remaining Series 2015C Bonds outstanding after the redemption would not be so included in gross income for federal income tax purposes, in which event only such portion will be redeemed; and
- (iv) in whole, on December 31, 2027, if the term of the Lease is not extended with respect to the Special Facilities, on or before December 31, 2027, and on any date thereafter when the Lease expires.

No Optional Redemption; No Mandatory Sinking Fund Redemption

The Series 2015C Bonds are not subject to optional or mandatory sinking fund redemption.

Redemption Procedures

Notice of any such extraordinary mandatory redemption identifying the Series 2015C Bonds 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 2015C Bonds to be so redeemed not less than thirty (30) days before the date fixed for such redemption and 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 and 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 2015C Bonds, CUSIP numbers, certificate numbers (if any), the redemption date, the redemption price, the redemption agent's name and address with a contact person's name and telephone number, the date of issuance, the maturity date, and any other information appropriate to identify the Series 2015C Bonds 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 2015C Bonds which 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 Series 2015C Bonds, pursuant to a notice provided for hereunder, is conditioned upon a deposit of funds sufficient to pay the Series 2015C 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 Series 2015C 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 2015C Bonds, the particular Series 2015C Bonds to be redeemed shall be selected in accordance with the terms of this paragraph. In the event of any extraordinary mandatory redemption of less than all of the Series 2015C Bonds outstanding, the particular Series 2015C Bonds 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 interest rates of all Series 2015C Bonds, subject to DTC operational requirements for term bonds held by DTC, and provided that a partial redemption of Series 2015C 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 portion of any Series 2015C Bonds to be redeemed shall be in integral multiples of \$5,000, provided that no such redemption shall leave any Series 2015C Bond outstanding in an amount less than \$100,000.

SECURITY FOR THE SERIES 2015C 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 2015C Bonds, and to secure the due payment of the principal of, premium, if any, and interest on the Bonds, including the Series 2015C 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 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 Lease, including a failure by United to pay Special Facilities Payments under the 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.

The Series 2015C 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 2015C 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 2015C 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 2015C Bonds follows.

Special Facilities Payments

Pursuant to the 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 in excess of the amount then needed to pay previously-matured interest, principal and redemption premiums, if any) will be sufficient to pay as and when due the principal of, premium, if any, and interest on the outstanding Bonds, including the Series 2015C Bonds.

The 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, so long as any Bonds are outstanding.

United has agreed 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 Lease to pay to the City certain Ground Rentals for the right to use and occupy the ground areas underlying the Special Facilities. 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 the terminals at the Airport. Such Ground Rentals and other additional rentals will not be part of the Pledged Revenues under the Trust Indenture and will not constitute security for the Series 2015C Bonds. See Appendix C—"Summary of Certain Provisions of the Lease—Net Rent and Ground Rent."

Payments of Special Facilities Payments by United under the 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 2015C 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 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 2015C 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 2015C Bonds, the full and prompt payment of the principal of and premium, if any, on the Series 2015C 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 2015C 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 Lease and to be enforceable without regard to the validity or enforceability of the Lease or any obligation of United contained therein. However, a bankruptcy court could limit a claim against United under both the 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."

Reletting

Pursuant to the 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 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 sublease the Special Facilities and the related ground areas to a replacement tenant or tenants on a net rent basis, provided that the City shall use commercially reasonable efforts to impose and collect rates and charges or rental rates sufficient to provide for operating and maintenance expenses 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 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 warehouse that was refurbished with proceeds of the Series 1998C Bonds but which is no longer a part of the Special Facilities is not subject to the City's reletting obligation. See "THE SPECIAL FACILITIES AND RELATED LEASE ARRANGEMENTS—Description of the Special Facilities" herein.

All receipts derived by the City from any charges and/or rents (net of operating and maintenance expenses 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 Lease) shall be remitted to the Trustee for deposit in the Interest and Redemption Fund to support repayment of the Bonds, including the Series 2015C Bonds, and constitute part of the Pledged Revenues securing repayment of the Bonds, including the Series 2015C 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." Any deductions from reletting proceeds for operating and maintenance expenses 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 2015C Bonds. See "CERTAIN BONDOWNERS' RISKS—Limitations Upon City's Ability to Relet the Special Facilities" and "—Possible Limitations on Damages Against United Upon a United Bankruptcy" herein.

Other Pledged Revenues

Pursuant to the Lease, United is obligated to provide for all-risk property insurance covering the Special Facilities in an amount not less than the greater of (i) the full replacement cost of the Special Facilities, and (ii) the outstanding principal amount of the Bonds, including the Series 2015C Bonds. 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, such amounts must be used to redeem the Bonds, including the Series 2015C Bonds. See "THE SERIES 2015C BONDS—Extraordinary Mandatory Redemption" above and Appendix C—"Summary of Certain Provisions of the Lease—Liability, Insurance and Condemnation."

Additional Bonds

For the purpose of paying costs associated with any extensions, modifications or expansions of the Special Facilities, or the construction of additional Special Facilities, the City may effect the issuance of one or more series of Additional Bonds on a parity with the Bonds with respect to all Pledged Revenues, subject only to certain limited conditions specified in the Trust Indenture. The City may also issue Refunding Bonds, subject to the conditions of the Trust Indenture. See 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 2015C Bonds. The following discussion is not meant to be an exhaustive list of all the risks associated with the purchase of any Series 2015C Bonds and does not necessarily reflect the relative importance of the various risks. In evaluating the Series 2015C 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 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 2015C Bonds. The obligation of United to make payments of Special Facilities Payments under the 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 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 Lease, the City may (or, in the event of a failure by United to pay Special Facilities Payments when due under the 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 2015C 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 2015C 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 Lease could depend upon whether United will, or would be required in such circumstances to, surrender to the City the Special Facilities and the related ground areas underlying the Special Facilities.

Unless United willingly vacates the Special Facilities and related ground areas upon and following an event of default by it under the 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 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 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 Lease as a condition to that agreement's ongoing effectiveness, including during the pendency of the bankruptcy case, or (ii) reject the Lease, in which case the 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 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 2015C Bonds. Such a rejection of the 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 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 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 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 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 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 2015C Bonds.

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. 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. The Special Facilities support United's hub operations at the Airport, and because other air carriers may not desire to operate large hub facilities 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 2015C Bonds when due.

Subordination of Special Facilities Payments; Uncertainty Concerning 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 Lease. Any such reletting proceeds, however, would first be applied by the City to pay operation and

maintenance expenses for the Special Facilities and 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 2015C 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 2015C Bonds, when due would not be available. There can be no assurance that the City would be able to relet the Special Facilities leased by United for sufficient amounts to pay to the City all additional rentals that could be required and, thereafter, Special Facilities Payments on 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 2015C Bonds, immediately due and payable. See Appendix B—“Summary of Certain Provisions of the Trust Indenture—Events of Default and Remedies.” The 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 2015C 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 2015C Bonds following an acceleration of such Series 2015C 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 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 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 Lease and (ii) qualifies or is qualified to do business in Texas. 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 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 2015C 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 2015C 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 2015C Bonds

On the date of delivery of and payment for the Series 2015C Bonds, Co-Bond Counsel will render its opinion with respect to the tax-exempt status of the interest on the Series 2015C 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 2015C Bonds is determined to be includable in gross income of registered owners of such Series 2015C Bonds for federal income tax purposes as a result of a Determination of Taxability, such Series 2015C Bonds will be subject to extraordinary mandatory redemption as described under “THE SERIES 2015C BONDS—Extraordinary Mandatory Redemption” above. In the event that interest on the Series 2015C Bonds is determined to be includable in gross income of registered owners of the Series 2015C Bonds for federal income tax purposes for any reason other than a Determination of Taxability, however, the Series 2015C 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 2015C Bonds and the owners will not be indemnified against losses sustained as a result of a determination that the interest on such Series 2015C Bonds is not excludable from gross

income for federal income tax purposes. No Determination of Taxability will result if the events that would otherwise give rise to a Determination of Taxability are the result of a change in the Code or regulations promulgated under the Code adopted or becoming effective after the date of issuance of the Series 2015C Bonds. 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 2015C Bonds, the lien of the Trust Indenture with respect to such Series 2015C 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 2015C 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 2015C Bonds from gross income of the owners thereof for federal income tax purposes could be retroactive to the date of issuance of such Series 2015C Bonds. The tax liability of the owners of any Series 2015C Bonds for failure to include interest on such Series 2015C Bonds in their gross income may extend to years for which interest was received on such Series 2015C 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 2015C 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 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 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 Lease. Under the United States Bankruptcy Code, any rejection of the Lease could result in a claim for damages against United in connection with the Series 2015C Bonds, which claim would rank as that of a general unsecured creditor of United.

If the 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 2015C Bonds would be limited to the rent payable under the Lease (without acceleration) for the greater of one year or 15% of the remaining term of the 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 Lease, plus any unpaid rentals under the Lease (without acceleration) on the earlier of such dates. In this event, any claim with respect to the Series 2015C Bonds that do not mature (absent acceleration) within the period of one year or 15% of the remaining term of the 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 2015C 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 2015C Bonds, the full and prompt payment of the principal and premium, if any, on such Series 2015C 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 2015C 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 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 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 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 2015C 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 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 2015C Bonds.

No representation or warranty is made by United or any other party that any claim under any of the 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 Lease or Guaranty as a result of a bankruptcy filing of United, repayment of the Series 2015C 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 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 2015C 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 2015C 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 2015C Bonds of B+. This rating reflects only the view of such organizations, 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 2015C 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 2015C 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 2015C Bonds are contingent upon the issuance and delivery of the Series 2015C Bonds.

UNDERWRITING

The Series 2015C Bonds are being purchased by the Underwriters at a price equal to \$69,475,538.50, which represents (i) the par amount of the Series 2015C Bonds, \$65,785,000 (ii) plus an original issue premium of \$3,690,538.50. United has agreed to pay the Underwriters a fee of \$326,639.14 as compensation for the purchase and sale of the Series 2015C Bonds and as reimbursement for certain expenses of the Underwriters.

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 2015C 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 2015C 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 2015C Bonds.

CONTINUING DISCLOSURE

United will enter into a Continuing Disclosure Agreement with the Trustee upon the issuance and sale of the Series 2015C 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 2015C 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 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 2015C Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Series 2015C Bond for any period during which such Series 2015C Bond is held by a person who, within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (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 2015C Bonds, and (ii) the Series 2015C Bonds are “private activity bonds” under the Code and, as such, interest on the Series 2015C 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 2015C 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 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 Lease pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Series 2015C 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 Lease or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Series 2015C Bonds could become includable in gross income from the date of delivery of the Series 2015C 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 2015C 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 2015C 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 2015C 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 2015C Bonds could adversely affect the value and liquidity of the Series 2015C Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. Prospective purchasers of the Series 2015C 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 2015C Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Series 2015C 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 2015C Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. The issue price of all of the Series 2015C Bonds exceeds the stated redemption price payable at maturity of such Series 2015C Bonds. Such Series 2015C Bonds (the “Premium Series 2015C 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 2015C 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 2015C 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 2015C 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 2015C Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Series 2015C Bond) is determined using the yield to maturity on the Premium Series 2015C Bond based on the initial offering price of such Series 2015C Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Series 2015C 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 2015C 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 2015C 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 2015C 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 2015C 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 2015C Bonds. Prospective purchasers of the Series 2015C 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 2015C 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 Lease, the Trust Indenture, the Continuing Disclosure Agreement and any other documents relating to the Series 2015C 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 2015C 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. Airport Improvement Projects), Series 1997C

<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>
2027	6.125%	\$ 44,600,000	3/26/15	100%	442348 XE3

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

<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%	\$ 24,875,000	3/26/15	100%	442348 D88

[†] 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.

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 (the “City”) 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 Non-Terminal Trust Indenture”), as supplemented by that certain First Supplemental Non-Terminal Trust Indenture, dated as of December 1, 1998 (the “First Supplemental”), and that certain Second Supplemental Non-Terminal Trust Indenture, dated as of March 1, 2015 (the “Second Supplemental” and, together with the Master Non-Terminal Trust Indenture and the First Supplemental, the “Non-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 Non-Terminal Trust Indenture.*

Non-Terminal Trust Indenture to Remain in Effect

Except as supplemented or amended in the Second Supplemental, the Master Non-Terminal Trust Indenture and the First Supplemental shall remain in full force and effect, it being the intention of the City that the Series 2015C Bonds shall be considered Refunding Bonds under the Master Non-Terminal Trust Indenture. The City covenants and agrees that the Series 2015C Bonds are to be secured by the Pledged Revenues to the same extent any other Additional Bonds or any Refunding Bonds may be secured under the Non-Terminal Trust Indenture. The Series 2015C Bonds are entitled to the benefits of and are governed by the provisions, agreements, covenants and warranties contained in the Non-Terminal Trust Indenture, including but not limited to, those provisions, agreements, covenants and warranties relating to Pledged Revenues and the Lease Agreement.

Definitions

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

“1997 Project” shall mean those certain airport facilities defined as such in the Lease Agreement.

“1998 Project” shall mean those certain airport facilities defined as such in the Lease Agreement.

“Acquisition Fund” shall mean the Acquisition Fund created and confirmed pursuant to the Non-Terminal Trust Indenture, and any accounts created in such fund.

“Additional Bonds” shall mean the additional parity revenue bonds permitted to be issued by the City pursuant to the Non-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.

“Bonds” shall mean, collectively, the Series 1997C Bonds, the Series 1998C Bonds, the Series 2015C Bonds and any Additional Bonds or Refunding Bonds from time to time hereafter issued under the Non-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 1997C Capitalized Interest Account and the Series 1998C Capitalized Interest Account.

“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 Project” or “Cost of the Special Facilities” means those costs that are so defined in the Lease Agreement.

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

“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 pursuant to the Non-Terminal Trust Indenture, and accounts created in such fund.

“Lease Agreement” means the First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects), dated as of December 1, 1998, which amended and restated the Series 1997C Lease Agreement and all supplements, amendments, modifications and restatements thereof as permitted pursuant to the Non-Terminal Trust Indenture.

“Net Rent” shall mean the net rent payable by United to the City as defined under the Lease Agreement and pledged under the Non-Terminal Trust Indenture to the payment of the Bonds.

“Outstanding” when used with respect to Bonds means, as of the date of determination, the aggregate principal amount of all Bonds theretofore authenticated and delivered under the Non-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 Non-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 Non-Terminal Trust Indenture; and (4) Bonds purchased or held by the City or United.

“Paying Agent” shall mean the Trustee.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof.

“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 such series of Bonds with which such account is associated; (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 Lease Agreement, that are available or payable to the City pursuant to the Lease Agreement.

“Prior Bonds” means collectively the Series 1997C Bonds and the Series 1998C Bonds.

“Project” or “Projects” means, as applicable, individually each of the 1997 Project or the 1998 Project and collectively the 1997 Project and the 1998 Project, as more fully set forth in the Lease Agreement.

“Rebate Fund” shall mean the Rebate Fund created and confirmed pursuant to the Non-Terminal Trust Indenture, and any accounts created within such fund.

“Refunded Bonds” means those certain Series 1997C Bonds and Series 1998C Bonds to be refunded with proceeds of the Series 2015C Bonds as set forth in an exhibit to the Second Supplemental.

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

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

“Series 1997C Capitalized Interest Account” shall mean the Series 1997C Capitalized Interest Account created, confirmed, and redesignated pursuant to the Non-Terminal Trust Indenture.

“Series 1997C Lease Agreement” means that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects) dated as of March 1, 1997, by and between the City and Continental Airlines, Inc. (now known as United).

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

“Series 1998C Capitalized Interest Account” shall mean the Series 1998C Capitalized Interest Account created, confirmed, and redesignated pursuant to the Non-Terminal Trust Indenture.

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

“Series 2015C Guaranty Agreement” means 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 2015C Bonds.

“Special Facilities” shall mean the Project, all extensions, additions, modifications and improvements thereto and all other improvements, fixtures, equipment and facilities that, pursuant to the Lease Agreement or any supplement thereto or amendment thereof, are financed with any proceeds of the Bonds as provided in the Lease Agreement.

“Trustee” shall mean The Bank of New York Mellon Trust Company, National Association (successor 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

Under the terms of the Non-Terminal Trust Indenture, the existence of the (i) Interest and Redemption Fund, (ii) Acquisition Fund, and (iii) Rebate Fund, which are maintained at the designated corporate office of the Trustee, are confirmed.

Application of Pledged Revenues

All Pledged Revenues are to be pledged and assigned to, and deposited with, the Trustee and are to be credited to one or more of the following accounts and paid out by the Trustee as described below. 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 Non-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 shall be pledged only to such series of Bonds), shall be used solely for the purpose of paying principal (either at maturity or prior redemption), 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 Non-Terminal Trust Indenture, 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 under the Non-Terminal Trust Indenture.

(b) All Authorized Investments made with moneys deposited to the credit of the Interest and Redemption Fund, including the Capitalized Interest Accounts, shall mature on or before the last Business Day prior to the next Interest Payment Date on the Bonds for which 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 Projects 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

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 Non-Terminal Trust Indenture provides that any one or more of the following events is an “Event of Default” under such Non-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 the 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 Non-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 Non-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.

(d) Any occurrence or event that is an Event of Default under the Lease Agreement.

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 Non-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 Non-Terminal Trust Indenture, and the Series 2015C Guaranty Agreement, 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 Non-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 Non-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 Non-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 Non-Terminal Trust Indenture.

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 Non-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 Non-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 Non-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 Non-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 Non-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 Non-Terminal Trust Indenture to the contrary notwithstanding, Holders of a majority in principal amount of the Bonds then Outstanding under the Non-Terminal Trust Indenture shall have the right, subject to the provisions of the Non-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 Non-Terminal Trust Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Non-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 Non-Terminal Trust Indenture unless (i) such Holder previously shall have given to the Trustee written notice of 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 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 Non-Terminal Trust Indenture or for any other remedy thereunder. It is understood and intended that no one or more Holders secured by the Non-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 Non-Terminal Trust Indenture or to enforce any right thereunder except in the manner provided in the Non-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 Non-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 Non-Terminal Trust Indenture.

Right of Individual Bondholder to Enforce Payment. Nothing contained in the Non-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 Non-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 any of the Non-Terminal Trust Indenture for any one or more of the following purposes:

- (a) to cure any ambiguity, defect, omission or inconsistent provision in the Non-Terminal Trust Indenture or in the Bonds or make any other provision with respect to matters or questions arising under the Non-Terminal Trust Indenture or any supplemental trust indentures; 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 Non-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 Non-Terminal Trust Indenture;
- (d) to subject to the lien and pledge of the Non-Terminal Trust Indenture additional revenues, properties or collateral;
- (e) to provide for the issuance, sale and delivery of Additional Bonds as provided in the Non-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 Non-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 Non-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 Non-Terminal Trust Indenture amending, modifying, adding to or eliminating any of the provisions of the Non-Terminal Trust Indenture but, if such supplement is not of the character described 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 Non-Terminal 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 Non-Terminal Trust Indenture; (iv) a reduction of the principal amount of Bonds required for consent to amendments to the Non-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 Non-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 Non-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 Non-Terminal Trust Indenture shall have consented to and approved the execution thereof as provided in the Non-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 Non-Terminal Trust Indenture, the Non-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 Non-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 Non-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 Non-Terminal Trust Indenture 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 Non-Terminal Trust Indenture 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 Non-Terminal Trust Indenture regarding the execution of supplemental trust indentures, the Trustee shall not be required to enter into any supplement thereto, 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 Non-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 Non-Terminal Trust Indenture (except a supplement thereto providing for the issuance of Additional Bonds pursuant to the Non-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 Non-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 Non-Terminal Trust Indenture.

Defeasance

With regard to the Prior 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 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 Non-Terminal Trust Indenture by the City, together with all fees and charges of the Trustee and Paying Agent, and if any Bonds to be redeemed prior to maturity shall have been duly called for redemption or irrevocable instructions to call such 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 Non-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 Non-Terminal Trust Indenture, other than funds held for redemption or payment of Bonds; otherwise the Non-Terminal Trust Indenture shall be, continue and remain in full force and effect.

(b) Any Bond shall be deemed to be paid and no longer Outstanding within the meaning of the Non-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 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 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 regard to the Series 2015C Bonds only:

The City may discharge its obligation to the Holders of any or all of the Series 2015C 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 2015C Bonds either: (i) cash in an amount equal to the principal amount and redemption premium, if any, of such Series 2015C 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 2015C Bonds plus interest thereon to the date of maturity or redemption; provided, however, that if any of the Series 2015C 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 2015C 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 2015C 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 refunded and that, on the date the City authorizes the discharge by deposit of any or all of the Series 2015C 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 (i) the Lease Agreement has been duly and lawfully entered into, executed and delivered by the City and represent valid, binding and enforceable agreements between the City and United; (ii) that the Non-Terminal Trust Indenture has been approved by United as required by the Lease Agreement; (iii) 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; (iv) that so long as any Bonds remain Outstanding, the City will 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 Lease Agreement, 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 therein provided for the payment of the Bonds; and (v) 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 the 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 Non-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 Projects to be acquired by and conveyed to the City and to cause United to apply the proceeds of the Bonds (other than the 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 Non-Terminal Trust Indenture, 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 Special Facilities Leases, the Series 2015C Guaranty Agreement and the Non-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 the conditions set forth in the Lease Agreement.

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 Projects and any other Special Facilities not fully funded with proceeds of the Bonds or for paying other Costs of Special Facilities, as provided in the 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 hereafter issued; provided, however, that no such Additional Bonds shall be issued unless all of the following requirements are so satisfied:

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

(ii) The Director of the Department of Aviation of the City (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 Non-Terminal Trust Indenture, if the specified date for the making of any payment or the taking of any action as provided in the Non-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 First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects) (the “Agreement”) between the City of Houston, Texas (the “City”) and Continental Airlines, Inc., now known as United Airlines, Inc. (the “Lessee”), dated as of December 1, 1998. As indicated herein, the Series 2015C Bonds qualify as “Additional Bonds” and “Refunding Bonds” under the Agreement. Accordingly, all references in this Appendix C to “Bonds” shall include the Series 2015C 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 Agreement.*

Definitions

The following terms have the following meanings:

“1997C Project” shall mean the Hangar Maintenance Facility and the Mail Sort Facility all as more fully described in an exhibit to the Agreement, together with any modifications or additions thereto approved by the Director and Lessee. The 1997C Project shall constitute the initial Special Facilities.

“1998C Project” shall mean the Hangar Maintenance Facility, the Inflight Training Facility, the JFK Blvd. Facility and the Warehouse Facility all as more fully described in an exhibit to the Agreement, together with any modifications or additions thereto approved by the Director and Lessee.

“Additional Bonds” shall mean all additional bonds which may be issued by the City payable from the same source as the Series 1997C Bonds and the Series 1998C Bonds (including Net Rent payable under the Agreement) for the purposes and in the general manner described under the heading “Issuance of Bonds; Payment of Costs of the Projects—Issuance of Additional Bonds” herein.

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

“Airport System” shall mean 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 Field” and the “CBD Heliport.”

“Bonds” shall mean collectively the Series 1997C Bonds, the Series 1998C Bonds, and any Additional Bonds and Refunding Bonds from time to time hereafter issued.

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

“City” shall mean 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.

“Costs of the Project” or “Costs of the Special Facilities” shall mean all costs of financing the construction and acquisition of the Projects or Special Facilities, as the case may be, and the issuance of Bonds for such purpose, including without limitation the following:

- (a) all amounts paid by the Lessee, or authorized by the Lessee and paid by or on behalf of Lessee, to design, construct, acquire, fabricate, equip and install the Projects or Special

Facilities, including without limitation, all costs of utility extensions and connections and all amounts paid under all contracts for goods, services and facilities related thereto;

(b) all amounts necessary to provide for work performed, material purchased or expenditures incurred, pertaining to or in connection with the Projects or any other Special Facilities approved by City and Lessee including, without limitation, the charges of any architects or engineers for plans, specifications, drawings, supervision and inspection for the Projects or Special Facilities;

(c) all expenses incurred by the Lessee and the City for the review of plans, specifications and contracts for the Projects or the Special Facilities and for the inspection in connection with the construction and acquisition thereof;

(d) 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 the Projects or Special Facilities;

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

(f) interest accruing on the Bonds during the period of construction of the Projects or Special Facilities financed with the proceeds thereof, the term of which period shall be determined in the Trust Indenture;

(g) 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 the Projects or the Special Facilities, including funding of the Reserve Account, and all other costs and expenses that may properly be capitalized as costs of the Projects or the Special Facilities; and

(h) any costs of a prior Project for which insufficient funds are available from the proceeds of the Series of Bonds issued for such prior Project.

“Director” shall mean the Director of the Department of Aviation of the City or his designee.

“Easements shall mean all of the easement or easements described in an exhibit to the Agreement.

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

“Ground Lease” shall mean the lease of the Ground Lease Properties by the City to Lessee described under the heading “Lease and Term—Easements and Ground Leases” herein.

“Ground Lease Properties” shall mean the properties described in an exhibit to the Agreement. The Ground Lease Properties shall consist of (i) the Maintenance Site, (ii) the Mail Sort Site, (iii) the Inflight Training

Site, (iv) the JFK Blvd. Site, and (v) the Warehouse Site. The Ground Lease Properties shall include all improvements located thereon, excepting the Special Facilities.

“Ground Rentals” shall mean the rentals to be paid by Lessee directly to the City described under the heading “Net Rent and Ground Rent—Ground Rentals” herein as consideration for the Ground Lease Properties and Easements.

“Hangar Maintenance Facility” shall mean that facility more fully described in exhibits to the Agreement.

“Inflight Training Facility” shall mean that facility as more fully described in an exhibit to the Agreement.

“Interest and Redemption Fund” shall mean the fund so defined in the Trust Indenture for the collection of Net Rent and payment of the Bonds.

“JFK Blvd. Facility” shall mean that facility as more fully described in an exhibit to the Agreement.

“Mail Sort Facility” shall mean that facility as more fully described in an exhibit to the Agreement.

“Net Rent” shall mean the net rentals payable by Lessee to the Trustee on behalf of the City described under the heading “Net Rent and Ground Rent—Net Rent While Bonds Outstanding” herein for the purpose of being applied to the payment of the Bonds and making required deposits to the Interest and Redemption Fund.

“Outstanding” shall have the meaning assigned in the Trust Indenture.

“Project” or “Projects” means, either individually or collectively, the 1997C Project and the 1998C Project.

“Refunding Bonds” shall mean all refunding bonds which may be issued by the City for the purposes set forth under the heading “Issuance of Bonds; Payment of Costs of the Projects—Issuance of Refunding Bonds,” and which shall be payable from the same sources as the Series 1997C Bonds and the Series 1998C Bonds (including Net Rent payable under the Agreement).

“Series 1997C Bonds” shall mean the “City of Houston, Texas, Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvements Project), Series 1997C.”

“Series 1998C Bonds” shall mean the “City of Houston, Texas, Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvements Project), Series 1998C.”

“Special Facilities” shall mean the Projects, all extensions, additions, modifications and improvements thereto and all other improvements, fixtures, equipment and facilities that, pursuant to the Agreement or any supplement thereto or amendment thereof, are financed with any proceeds of the Series 1997C Bonds, the Series 1998C Bonds or any Additional Bonds.

“Warehouse Facility” shall mean that facility as more fully described in an exhibit to the Agreement.

Lease and Term; Grant of Easement and Ground Lease

Lease.

Subject to the terms and conditions of the Agreement, the City leases, lets and demises unto Lessee, and Lessee leases and rents from the City, the Special Facilities, which shall consist initially of the Projects.

The City’s lease to Lessee of the Inflight Training Site and the JFK Blvd. Site shall be deemed to be a renewal and extension, and an amendment and restatement, of the previously entered into leases between the City and Lessee for such sites. It is the intent of the parties that such previous leases be considered for all purposes to have been renewed and extended, and amended and restated in their entirety rather than terminated and

recommenced, by the Agreement, such that the terms of the Agreement shall govern the rights and duties of the parties to the Agreement with respect to such sites. City and Lessee acknowledge that the JFK Blvd. Site that is continuing to be leased under the Agreement is only a part of the parcel of land leased by the City to the Lessee pursuant to another agreement (or agreements) and agree that such other agreement (or agreements) shall continue in full force and effect as to the parcel or parcels of land not leased hereunder and such other agreement or agreements are not affected hereby for the purpose of leasing such other parcel or parcels.

Term of Lease of Special Facilities and Ground Leases. The term of the Agreement and the leasehold estate thereby created in the Special Facilities shall commence on April 17, 1997, for the 1997C Project, and January 20, 1999, for the 1998C Project (being the respective dates of delivery by both the City and Lessee of the original form of the Agreement and the first amended and restated form of the Agreement) and shall continue, unless sooner terminated in accordance with the Agreement, until the 31st day of December, 2027; except with respect to Lessee's Warehouse Facility, such term shall continue until December 31, 2004 and, shall thereafter automatically renew on a year to year basis for up to five additional one year terms, unless Lessee notifies the City in writing at least 60 days prior to the expiration date (as such expiration date may be extended), that Lessee does not wish to extend the term for another year and provided that no Event of Default by Lessee shall have occurred and be continuing at the beginning of such renewal period; provided further, however, that if City has in writing at least 60 days prior to the then relevant expiration date advised Lessee that it intends to use the land upon which the Warehouse Facility is located during the next one-year period for Airport expansion purposes, then Lessee may not exercise any such, or any further, extension option.

Easements and Ground Leases.

Subject to the terms and conditions of the Agreement, the City grants and conveys to Lessee the Easements for a term corresponding to the term of Lessee's leasehold estate in the Special Facilities including any extensions or renewals thereof. The Easements shall be used solely for the purpose of permitting extension, use and maintenance of utilities to the Special Facilities.

Subject to the terms and conditions contained of the Agreement, the City leases and demises to Lessee the Ground Lease Properties for a term corresponding to the term of Lessee's leasehold estate in the Special Facilities, including any extensions or renewals thereof. The Ground Lease Properties may be used for the purpose of constructing, equipping, acquiring, operating and maintaining the Special Facilities. On the commencement date of the Agreement, the City and Lessee mutually agree that all existing leases between the City and Lessee (as successor or assignee of the original lessees) with respect to the Ground Lease Properties shall be superseded by the Agreement and shall be of no further force and effect, except that any unearned portion of rentals paid for the month during which such leases are superseded shall be applied to compensate the City for the demise of the Ground Lease Properties under the Agreement for the period from the effective date of the Agreement to the first Ground Rental payment date thereunder.

Subject to the terms of the Agreement, Lessee shall have the right of reasonable ingress to and egress from the Special Facilities over the portions of the Airport necessary for the construction, operation and maintenance of the Special Facilities in accordance with the terms of the Agreement but subject to reasonable regulations promulgated by the Director.

In the event the City and Lessee determine it is necessary or desirable to amend, correct, further define or delineate, delete from or add to any descriptions of the Easements or the Ground Lease Properties, they may do so by a supplement or addendum hereto duly executed by the respective parties.

During the term of the Agreement, and subject to the rules and regulations from time to time adopted by the City and the Director as provided therein which are generally applicable to other airlines or lessees of the City at the Airport, and subject to the other terms and provisions thereof, Lessee is granted the non-exclusive right and privilege to use and operate its vehicles on such service roads, aircraft aprons and other non-public areas of the Airport as shall be reasonably necessary to carry out its authorized business on the Special Facilities.

Issuance of Bonds; Payment of Costs of the Projects

Issuance of Additional Bonds. The City, at the direction of Lessee, may issue Additional Bonds in amounts sufficient to pay (i) any part of the Costs of the Projects not fully funded or provided for out of the proceeds of the Series 1997C Bonds or Series 1998C Bonds, or (ii) the Costs of the Special Facilities for any additional Special Facilities approved pursuant to the Agreement. The City agrees to use its best efforts to issue any Additional Bonds required under Clause (i) above, and the Director shall cooperate in a reasonable manner with Lessee to request the City to issue Additional Bonds under Clause (ii) above; however, no representation is made or assurance given or implied by the City that it will be able to issue, sell and deliver Additional Bonds on terms and conditions satisfactory to Lessee or that it will agree to issue Additional Bonds for any other purpose than as set forth above. Moreover, the issuance of Additional Bonds is made subject to the same conditions enumerated under the Agreement concerning the issuance of Series 1997C Bonds and Series 1998C Bonds and the additional condition that there shall have been executed a supplement to the Agreement to provide for the manner of construction, acquisition and payment for any additional Special Facilities to be financed with such Additional Bonds and to provide for any other matters reasonably deemed necessary by the City in connection with such financing. All Additional Bonds shall be secured and payable as provided in the Trust Indenture. Upon the issuance of any Additional Bonds, the Net Rent payable under the Agreement 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 Bonds then outstanding, including the Additional Bonds to be issued. However, the City shall not authorize the issuance of Additional Bonds until the terms thereof and of the supplement to the Trust Indenture relating thereto have been approved in writing by Lessee, which written approval shall be conclusively binding upon Lessee.

Refunding Bonds. Lessee reserves the right to request the City from time to time to issue Refunding Bonds in any manner permitted by law for the purpose of refunding any of the Bonds from time to time outstanding. Although, no representation is made or assurance given or implied by the City that it will be able to issue, sell and deliver such Refunding Bonds on terms and conditions satisfactory to the Lessee, the City agrees to use its best efforts to issue Refunding Bonds at Lessee's request provided they have a similar maturity pattern, similar redemption features and similar security. All Refunding Bonds, if any, shall be secured and payable as provided in the Trust Indenture, and the Net Rent payable hereunder 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 Bonds to be outstanding following the issuance of the Refunding Bonds. Notwithstanding the foregoing, the City shall not authorize the sale of any Refunding Bonds or authorize any supplement to the Trust Indenture for such purpose until the terms of such Refunding Bonds and the supplement to the Trust Indenture are approved in writing by Lessee in the manner provided under the heading "Miscellaneous—Consents and Approvals" herein, and it is provided further that the City's receipt of such approval shall be conclusively binding upon Lessee.

Optional Redemption of Bonds. The City agrees that at the written request of Lessee, the City will exercise any reserved right of optional redemption for any of the Bonds, provided that 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 Lessee gives the City adequate assurances that it will pay all additional Net Rent required to provide for the payment of the applicable redemption price for such Bonds, together with any related costs and expenses in connection with such redemption.

Net Rent and Ground Rent

Net Rent While Bonds Outstanding.

(a) Lessee shall pay to the City, by depositing directly with the Trustee for the account of the Interest and Redemption Fund, Net Rent for so long as any Bonds remain Outstanding within the meaning of the Trust Indenture at such times and in such amounts as follows, which obligation shall survive the termination of the Agreement:

- (i) on or before each interest and/or principal payment date on the Bonds,
 - (A) all interest payable on all Bonds on such date; plus

(B) all principal (if any) payable on all 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 Bonds on such date.

(ii) immediately upon receipt of written notice from the Trustee for the Bonds advising it that such amounts are due and payable:

(A) all unpaid principal, accrued interest and redemption premiums and/or indemnifications on all Bonds which are declared due and payable under any extraordinary redemption or acceleration provision in the Trust Indenture,

provided, however, that if the Trust Indenture allows payments of such amounts on a later date or in installments, they shall be payable as required by the Trust Indenture without further notice by the Trustee.

In addition to the above described Net Rent, Lessee shall pay (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 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 provider of a reserve fund surety, all fees, charges, reimbursements, expenses and interest charges due in connection therewith.

The Net Rent payable under this heading shall 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 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 Bonds, (ii) previous overpayments of Net Rent, (iii) surplus funds from proceeds of the Bonds deposited to the credit of such Interest and Redemption Fund at the end of the construction and acquisition of the Project, (iv) interest earnings from the investment or deposit of any amounts from time to time credited to the Interest and Redemption Fund, or (v) any other circumstance which results in excess funds being properly deposited in the Interest and Redemption Fund that are available for such purpose. The reductions in the Net Rent payments contemplated by this subsection (b) shall be made by applying such excess amounts as a credit(s) against the next Net Rent payment(s) due after such excess amounts have actually become available in the Interest and Redemption Fund, until such excess amounts are exhausted. The City shall request the Trustee to calculate such reductions and furnish them to the Lessee in a timely manner prior to the date on which Net Rent is payable. In the event the Trustee fails to furnish Lessee with the amount of any such reduction, it shall be the Lessee's obligation to ascertain the correct amount of such reductions or pay as Net Rent the full amount provided in subsection (a) above. After all Net Rent has been paid and no 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 shall be deemed overpayments of Net Rent and paid over by the City to Lessee within 30 days of their receipt by the City.

Obligation to Pay Net Rent Unconditional. It is understood and acknowledged by the Lessee that the Bonds will be sold to the purchasers thereof in reliance upon the commitment of Lessee to make the payments of Net Rent provided under the heading "Net Rent and Ground Rent—Net Rent While Bonds Outstanding" above, subject only to the reductions provided in subsection (b) thereof. Accordingly, the obligations of the Lessee to make the payments of Net Rent thus required shall be absolute and unconditional and so long as the Bonds remain outstanding within the meaning of the Trust Indenture, the Lessee (i) will not suspend or discontinue any payments of Net Rent provided under the Agreement or seek any offset against its obligations to pay such amounts or recoupment of any amounts so paid, and (ii) will not terminate the Agreement or otherwise seek to avoid or to reduce the payment of Net Rent for any reason, including without limiting the generality of the foregoing, failure of the Lessee to complete

the Projects, failure of the City to acquire the Projects, failure of the Lessee or the City 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 under the heading "Issuance of Bonds; Payment of Costs of the Projects—Application of Proceeds; Insufficiencies" herein) 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 Agreement. It is provided, however, that nothing contained in this section shall be construed to release the City from the performance of any of the agreements on its part herein 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 thereof, to seek damages or other relief or to restrain or enjoin forbidden acts provided that such institution of such actions shall not result in a reduction of the payment of Net Rent under the Agreement.

Pledge of Net Rent. It is expressly understood and agreed that the Net Rent payable under the Agreement shall be pledged to the payment of the Bonds and amounts due under the Trust Indenture in accordance with the Trust Indenture, and that, so long as any Bonds remain Outstanding, such Net Rent shall be paid in the amounts and manner specified under the Agreement. In the Trust Indenture the City shall covenant not to permit any modification of or amendment to the provisions under the heading "Net Rent and Ground Rent—Net Rent While Bonds Outstanding" herein or to any other provision hereof that would have the effect of reducing, altering or modifying the commitments of Lessee contained under such heading or under the heading "Net Rent and Ground Rent—Obligation to Pay Net Rent Unconditional" herein or would materially minimize, reduce or lessen the rights of the City after an Event of Default in the payment of Net Rent by Lessee or would materially and adversely affect the security provided for the payment of the Bonds, and no such modification or amendment hereto shall be permitted while the Bonds remain Outstanding.

Operation and Maintenance Expenses; Other Costs. The Net Rent, which is to be pledged to the payment of the Bonds and amounts due under the Trust Indenture, is intended to be a net return to the City. Accordingly, in addition to the payment of all Net Rent under the Agreement, the Lessee agrees to pay all Ground Rentals directly to the City and to pay (or cause to be paid), all operation and maintenance expenses applicable to the Special Facilities and Ground Lease Properties, including, without limitation, utility costs, any insurance premiums applicable thereto, any and all ad valorem or other property taxes lawfully levied or assessed against the Special Facilities and Ground Lease Properties or Lessee's leasehold estate therein, any and all lawful excise and other types of taxes imposed on or in respect of such properties, the expenses of upkeep thereof of every kind and character, including the repair or ordinary restoration thereof; and every other item of expense imposed on Lessee pursuant to the Agreement.

Ground Rentals. For the Mail Sort Site, \$0.25 per square foot per month from May 1, 1997 to December 31, 1998 for 13,742 square feet, \$0.25 per square foot per month from May 1, 1999 to December 31, 2003 for 676,982 square feet, and thereafter the most recent rental rate increased by 15 percent every fifth year beginning January 1, 2004. For the Hangar Maintenance Site, \$0.25 per square foot per month from May 1, 1997 to December 31, 1999 for 145,515 square feet, \$0.25 per square foot per month from January 1, 2000 to December 31, 2004 for 981,515 square feet, and thereafter the most recent rental rate, increased by 15 percent every fifth year beginning January 1, 2005. For the Inflight Training Site \$0.28 per square foot per month from January 1, 1999 to October 31, 1999 for 627,000 square feet and thereafter increased in accordance with the City's appraisal process. For the JFK Blvd. Site \$0.06 per square foot per month from January 1, 1999 to June 30, 2000 for 485,717 square feet, \$0.28 per square foot per month from July 1, 2000 to June 30, 2005 for 485,717 square feet, \$0.30 per square foot per month from July 1, 2005 to June 30, 2010 for 485,717 square feet and thereafter increased in accordance with the City's appraisal process. For the Warehouse Site \$0.06 per square foot per month from January 1, 1999 to December 31, 2004 and thereafter increased in accordance with the City's appraisal process.

Use of Special Facilities

Use.

(a) Lessee shall have the rights to use and enjoy the Special Facilities and Ground Lease Properties, including the rights of possession and quiet enjoyment of the Special Facilities and Ground Lease Properties, for the purpose of (i) constructing and maintaining the Special Facilities and Ground Lease Properties in accordance with the terms of the Agreement and (ii) subject to all the terms and provisions thereof, conducting, as a part of Lessee's (or its subsidiaries') air transport business, the following authorized activities in or upon the Special Facilities and Ground Lease Properties on a non-exclusive basis on the Airport, in connection with the Lessee's (i) operation of a Mail Sort Facility, (ii) Hangar Maintenance Facility, (iii) operation of Inflight Training Facility, (iv) operation of JFK Blvd. Facility, and (v) operation of Warehouse Facility (except where otherwise noted, references in this Section to Lessee's subsidiaries shall mean only those subsidiaries engaged in the air transport business where Lessee is the owner of a majority interest in such subsidiary):

(1) as to the Mail Sort Facility and Hangar Maintenance Facility, the repairing, modifying, overhauling, testing, maintaining, conditioning, washing, servicing, parking, basing and storage of aircraft and other equipment of Lessee and its subsidiaries operated or used in its air transport business;

(2) as to all Special Facilities and Ground Lease Properties, the giving of instruction in the operating and maintenance of aircraft of all types and the conduct of ground training courses for pilots, including but not limited to cockpit simulator for pilots and cabin simulator for flight attendants and crew training for the Lessee's and its subsidiaries' employees;

(3) subject to subsection b(8) below, the sale, purchase, storage, rental, disposal and exchange of aircraft, aircraft engines, electronic equipment, accessories, and other aircraft parts, equipment and supplies;

(4) as to the Special Facilities and the Ground Lease Properties, the storage of food, dry goods, bonded products and materials, and for the preparation and sale of food and beverages to employees of Lessee and its subsidiaries and employees of contractors on the Special Facilities and Ground Lease Properties and to others to whom Lessee can sell such items under agreement (including amendments thereto) between the Lessee and the City;

(5) as to all Special Facilities and Ground Lease Properties, the installation of signs advertising the business of Lessee and Continental Express (including any of their operating divisions); provided, however, the type, size, design, number, location and elevation of such signs shall be subject to and in accordance with the prior written approval of the Director;

(6) as to all Special Facilities and Ground Lease Properties, subject to the prior written approval of the Director, the installation, maintenance and operation of antennas and of such electronic, communications, meteorological and aerial navigational equipment and facilities as may be necessary or convenient for the operation of Lessee's business, provided (i) the location, elevation, installation, maintenance or operation of such antennas, equipment or facilities does not interfere with operations conducted or equipment operated by the Federal Aviation Administration, (ii) they meet any and all requirements of all governmental authorities, and (iii) they are used solely in connection with Lessee's, its subsidiaries', or its code share affiliates' operation of its or their air transport business (and for which Lessee or such other parties receive no commercial value from third parties);

(7) as to all Special Facilities and Ground Lease Properties, any other use authorized by reasonable implication herein directly relating to the servicing, storage, operating, repair, and maintenance of aircraft directly and primarily for the Lessee's and its subsidiaries' operation of its air transport business;

(8) on the Mail Sort Site only, processing, storage and handling of mail and related incidental cargo; and

(9) subject to subsection (b)(7) below as to the Mail Sort Facility and Hangar Maintenance Facility, the processing, storage and handling of air cargo.

(b) Should any Lessee engage in a prohibited activity under this subsection (b) or in an activity not authorized by subsection (a) above unless the prior written approval of the Director is obtained, then such event shall constitute a breach of the Agreement. The Lessee does not have the right to engage in and shall not engage in or permit the conduct of any of the following prohibited activities upon the Special Facilities and Ground Lease Properties:

(1) sale of aviation fuels to others, except to Lessee's subsidiaries, code share affiliates or to other airlines of the type described in subsection (c) below;

(2) sale of food/beverages or other food products to others except as specifically provided herein;

(3) loading and unloading of passengers except in connection with the delivery, acceptance or maintenance of aircraft operated by Lessee, its subsidiaries or its code share affiliates, or in (i) connection with promotional flights of such parties (but not to include the loading or unloading of revenue passengers) and (ii) emergency circumstances;

(4) automobile parking for other than the employees of Lessee or its subsidiaries, vendors, or service providers;

(5) automobile rental business;

(6) ticket sales or ticket office;

(7) cargo operations that involve the loading or unloading of aircraft not owned or operated by Lessee or its subsidiaries or code share affiliates, except for mail-related incidental cargo as described in subsection (a)(8) above;

(8) offering to others the services, limited or otherwise, of a fixed base operator, except to other airlines of the type described in subsection (c) below.

Lessee shall have the right, subject to the prior written approval of the Director, and subject to all of the terms and provisions hereof, to cause or permit the conduct upon the Special Facilities and Ground Lease Properties of any one or more of the activities permitted to be performed by Lessee pursuant to the provisions of subsection (a) hereof by or through an independent contractor, sublessee, or other third parties, provided that Lessee shall not thereby be relieved of any of its obligations or liabilities under the Agreement. Further activities listed in subsection (a) may also be performed for, or in cooperation with, airlines certificated under 14 CFR 121 and 129.

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

Maintenance of Special Facilities at Lessee's Expense. Subject to the other terms of the Agreement, Lessee shall throughout the term of the Agreement assume the entire responsibility, cost and expense, for the operation and all repair and maintenance whatsoever of Ground Lease Properties and the Special Facilities, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Additionally, without limiting the generality of the foregoing, Lessee shall:

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

(c) Provide and maintain all obstruction lights and similar devices, fire protection and safety equipment and all other equipment of every kind and nature required by laws, rule, order, ordinance, resolution or regulation of any competent authority, including the City and Director.

(d) Repair any damage caused by Lessee to paving or other surfaces of the Special Facilities or Ground Lease Properties caused by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.

(e) Take reasonable measures to prevent erosion, including but not limited to, the planting and replanting of grass with respect to all portions of the premises not paved or built upon, and in particular, plant, maintain and replant any landscaped areas; and in designing and constructing improvements, preserve as many trees as possible consistent with Lessee's construction and operations on the Ground Lease Properties.

(f) Be responsible for the maintenance and repair of all utility services lines placed on the Ground Lease Properties or Easements and used by Lessee exclusively, including, but not limited to, water lines, gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers.

(g) Take all reasonable measures (i) to reduce to a minimum vibrations tending to damage any equipment, structure, building or portion of building which is located elsewhere on the Airport; (ii) to keep the sound level of its operations as low as possible; and (iii) not to produce on the Airport through the operation of machinery or equipment any electrical, electronic or other disturbance that interferes with the operation by the City, the Federal Aviation Administration or the scheduled airlines, of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications.

(h) Within reason, control the conduct, demeanor and appearance of its officers, agents, employees, invitees and of those doing business with it; and, upon reasonable objection from Director concerning the conduct, demeanor or appearance of any such person, immediately take all reasonable steps necessary to remove the cause of the objection.

(i) Commit no nuisances, waste or injury, and not do, or permit to be done, anything which may result in the creation, commission or maintenance of such nuisance, waste or injury on the Ground Lease Properties or the Special Facilities.

(j) Not cause nor create, nor permit to be caused or created, upon the Ground Lease Properties, any noxious odor, smoke, noxious gas or vapor. Odors emitted in the operation of Lessee's authorized activities described under the heading "Use of Special Facilities—Use" herein shall comply with the requirements of all generally applicable air pollution and nuisance statutes and ordinances.

(k) Subject to the Lessee's rights to use City services on the same basis as other customers of the City, not do, nor permit to be done, anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Ground Lease Properties or the Special Facilities.

(l) Collect all garbage, debris and waste material (whether solid or liquid) arising out of its occupancy of the Ground Lease Properties, store same pending disposal in covered metal or other rigidly and sturdily constructed receptacles and dispose of same off the Airport at regular intervals, except for sewage which may be disposed of in the City's sewer system, all at Lessee's expense, in the manner reasonably required by the Director.

Taxes, Charges, Utilities; Liens.

Lessee shall pay all taxes that may be levied, assessed or charged upon the Ground Lease Properties and the Special Facilities or Lessee's leasehold estate therein by the State of Texas or any of its political subdivisions or municipal corporations, and shall obtain and pay for all licenses and permits required by law. However, Lessee shall have the right to contest, in good faith, the validity or application of any such tax, license or permit and shall not be considered in default hereunder as long as such contest is in progress and diligently prosecuted. City agrees to

cooperate with Lessee in all reasonable ways in connection with any such contest other than a contest of any tax, permit or license of the City.

Lessee shall pay for all water, heat, electricity, air conditioning, sewer rents and other utilities to the extent that such utilities are furnished to the Ground Lease Properties or the Special Facilities.

Lessee shall neither cause or permit any laborers, mechanics, builders, carpenters, materialmen, contractors, or other liens or encumbrances (including judgment and tax liens) against Ground Lease Properties or the Special Facilities or any City property by virtue of the construction, repair or replacement of the Ground Lease Properties or the Special Facilities; provided, however, that 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 Ground Lease Properties or the Special Facilities may be subject to a material risk of loss or forfeiture, in any of which events such lien shall be promptly satisfied or bonded around in accordance with Texas law.

Compliance with Airport Rules and Regulations and Law; Nondiscrimination. With respect to the Special Facilities, Lessee shall observe and obey all applicable Airport rules and regulations, and shall not discriminate against any person or class of persons by reason of race, color, religion, sex, national origin or ancestry, age or physical or mental handicaps.

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

Lessee shall comply or cause to be complied with all tax covenants with respect to the Special Facilities and the Bonds contained in the Trust Indenture;

Lessee shall 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 Lessee as provided in the Agreement shall become Lessee's property (and such replacement or substituted property shall become the City's property);

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

Environmental Matters. Lessee shall comply with all federal, state, local statutes, ordinances, regulations, rules, policies, codes or guidelines now or hereafter in effect, as same may be amended from time to time, which govern Hazardous Materials. Lessee also agrees to certain restrictions and obligations (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" shall 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 shall 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 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 Agreement, other than preventive maintenance; (ii) to commence such 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 work as required under the Agreement; 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 entering causing or constituting a cancellation of the Agreement 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 shall be payable to the City by 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 Lessee, the Director or the City may perform such maintenance at any time after the giving of such notice, and Lessee agrees to pay to City the reasonable cost and expense of such performance on demand, plus an administrative fee of 15% of such cost and expense promptly on demand. Furthermore, should the Director, the City, its officers, employees, agents, or contractors undertake any work hereunder, Lessee hereby waives any claim for damages, consequential or otherwise, as a result therefrom. The foregoing shall in no way affect or alter the primary obligations of Lessee as set forth in the Agreement, and shall not impose or be construed to impose upon the Director or the City any obligation to maintain the Ground Lease Properties or the Special Facilities, unless specifically stated otherwise herein. In the event of the exercise by City of any repair work on the Special Facilities, City shall use all reasonable efforts to minimize any interference or interruption with Lessee's business operations.

Termination Procedures. Upon the expiration or termination of the Agreement pursuant to any terms thereof, Lessee shall surrender the Special Facilities to the City in a good state of repair and preservation, excepting ordinary wear and tear and obsolescence in spite of repair, unless otherwise permitted under the heading "Liability, Insurance and Condemnation" herein.

Liability, Insurance and Condemnation

Release and Indemnification of City. Pursuant to the Agreement, the Lessee, its successors and assigns of the Agreement (in this section, the "Airline") release, relinquish and discharge the City, its predecessors, successors, assigns, legal representatives and its collective former, present and future agents, employees and officers (collectively in this section "City") from any liability of the City for any damage to property of the Airline or for consequential damages suffered by Airline, where such damage is sustained in connection with or arising out of the performance of the Agreement.

With no intent to affect any of Lessee's environmental indemnifications contained in the Agreement, Airline expressly agrees to protect, defend, indemnify and hold the City completely harmless from and against: (i) any and all liabilities, lawsuits, causes of action, losses, claims, judgments, damages, fines or demands arising by reason of or in connection with the actual or alleged errors, omissions, or negligent acts of Airline or of the City relating to the Agreement (but subject, to the limitations described below), including, but not limited to, bodily injury, illness, physical or mental impairment, death of any person, or the damage to or destruction of any real or personal property, and (ii) all costs for the investigation and defense of any and all liabilities, lawsuits, causes of action, losses, claims, judgments, damages, fines or demands referred to in the preceding clause (i) including, but not limited to, reasonable attorney fees, court costs, discovery costs, and expert fees. Subject to the paragraphs below, Airline's agreement to protect, defend, indemnify and hold harmless the City, expressly extends to the actual or alleged joint or concurrent negligence of City and Airline.

Upon the filing by anyone of any type of claim, cause of action, or lawsuit against the City for any type of damages arising out of incidents for which City is to be indemnified by Airline, the City shall, within 45 days of City becoming aware thereof, notify Airline of such claim, cause of action or lawsuit. In the event that Airline does not settle or compromise such claim, cause of action, or lawsuit at its own cost, then Airline shall undertake the legal defense of such claim, cause of action, or lawsuit at its own cost through counsel of recognized capacity or otherwise not reasonably disapproved by the City both on behalf of itself and on behalf of City until final disposition, including all appeals. The City may, at its sole cost and expense, participate in the legal defense of any such claim, cause of action, or lawsuit by Airline to defend against such claim, cause of action or lawsuit. Any final judgment rendered against City for any cause for which City is to be indemnified against shall be conclusive against Airline as to liability and amount upon the expiration of the time for all appeals.

The indemnity provided in the Agreement shall have no application to any claim or demand arising at any time when the City is operating the Special Facilities or where bodily injury, death, or damage results only from the sole negligence of the City unmixed with any fault of the Airline or when the City is more than 50% liable. Notwithstanding anything in the Agreement to the contrary, the liability of the Airline under the indemnity provisions of the Special Facilities Lease shall not exceed \$1,000,000 per occurrence

General Insurance Requirements. With no intent to limit Lessee's liability or the indemnification provisions in the Agreement, Lessee shall provide and maintain certain insurance in full force and effect at all times during the term of the Agreement and all extensions thereto, as set forth below. If any of the insurance is written as "claims made" coverage, then Lessee agrees to keep such claims made insurance in full force and effect by purchasing policy period extensions for at least three years after the expiration or termination of the Agreement.

The Lessee is obligated to provide insurance as follows: statutorily required or permitted worker's compensation insurance; employer's liability insurance in amount not less than \$1,000,000 for bodily injury by accident for each accident, and in amount not less than \$1,000,000 for bodily injury by disease for each employee; commercial general liability in an amount not less than \$100,000,000 combined single limit per occurrence and in the aggregate; products and completed operations insurance in an amount not less than \$10,000,000 in the aggregate; all-risk insurance in an amount equal to the replacement value of the Special Facilities, but not less than the principal amount of Bonds Outstanding; and automobile liability insurance in an amount not less than \$5,000,000 combined single limit per occurrence.

In connection with the design, construction, procurement and installation of the Special Facilities, Lessee shall 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 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 an amount not less than \$2,000,000 per occurrence and in the aggregate and builders risk insurance in an amount equal to the replacement value of the Special Facilities, but not less than the principal amount of the Bonds Outstanding.

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 Bonds remain Outstanding, then, the following provisions shall 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 (including the Reserve Account) are sufficient to pay all of the interest, principal and other obligations accrued and to accrue on said 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 (including the Reserve Account) are insufficient 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 elect to terminate the Agreement and be released from all unaccrued obligations hereunder; 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 shall be deposited into the Interest and Redemption Fund for the Bonds and the moneys therein shall be applied to pay the obligations with respect to the Outstanding 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 Bonds and other amounts due under the Trust Indenture, any such excess after payment or provision for the payment of the Bonds within the meaning of the Trust Indenture and other amounts due under the Trust Indenture has been made shall 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 Bonds are not repaid as provided in clause (i) above, Lessee agrees to cause such insurance proceeds to be deposited in the Acquisition Fund under the Trust Indenture and to promptly repair and rebuild the Special Facilities with the insurance proceeds, and if such proceeds are insufficient for such purposes, the Lessee shall pay the deficiency. If such proceeds are in excess of the amount necessary for such purposes, any such excess shall be transferred by the Trustee to the Interest and Redemption Fund as a credit to the next due payments of Net Rent, with such credit to continue until the amount thereof is exhausted and if the Net Rent is paid in full, thereafter,

any excess proceeds paid to Lessee. The repair or restoration of the Special Facilities shall 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 Lessee. Before any reconstruction or repair under this paragraph, Lessee shall submit plans and specifications to the Director for approval and such reconstruction or repair shall be substantially in accordance therewith subject to such changes as may be reasonably requested by Lessee and approved by the City.

Condemnation. In the event that the Special Facilities or any part thereof shall 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 quasipublic use or purpose and at such time Bonds remain Outstanding within the meaning of the Trust Indenture or any other amounts remain due under the Trust Indenture, then the condemnation proceeds shall 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 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 and 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 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, the City will terminate the Agreement and release the Lessee from all unaccrued obligations hereunder, provided that the condemnation proceeds attributable to the Special Facilities and deficiency, if any, paid by Lessee shall be deposited into the Interest and Redemption Fund for the Bonds and moneys therein shall be applied to pay the obligations with respect to the outstanding 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 Bonds and all other amounts due under the Trust Indenture, any such excess after payment or provision for the payment of the Bonds and all other amounts due under the Trust Indenture within the meaning of the Trust Indenture has been made shall 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 shall 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 shall pay the deficiency. If such proceeds attributable to the Special Facilities are in excess of the amount necessary for such purpose, any such excess shall be paid to the City and deposited by it to the Interest and Redemption Fund for said Bonds as a credit to the next due payments of Net Rent, with such credit to continue until the amount thereof is exhausted and, thereafter, any excess proceeds paid to 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 shall determine whether any rebuilding is necessary. Any condemnation proceeds attributable to the Special Facilities that are not used for the purposes of rebuilding shall be assigned to the City and deposited into the Interest and Redemption Fund and applied to redeem as many Bonds as may be redeemed at the next available redemption date.

Reconstruction or Repair. The rebuilding of the Special Facilities under the headings “Liability, Insurance and Condemnation—Disposition of Insurance Proceeds” and “—Condemnation” herein shall be either in accordance with the original plans and specifications, together with alterations or modifications made or agreed upon prior to the 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 shall be Events of Default as to the Lessee under the Agreement:

(a) Failure by the Lessee to pay the Net Rent required to be paid under the heading “Net Rent and Ground Rent” herein.

(b) Failure by the Lessee to pay any Ground Rentals due within fifteen (15) Business Days after being notified in writing by the City of such failure.

(c) Failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Agreement other than as referred to in subsection (a) or (b) next 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 (i) if any insurance required to be maintained by Lessee is to be canceled or not renewed, such notice and the period for remedy by Lessee shall 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 shall commence to perform whatever may be required for fulfillment within thirty (30) days after the receipt of notice and shall diligently continue such performance without interruption, except for causes beyond its control).

(d) Any material lien shall be filed against the Special Facilities or Lessee’s interest therein or any part thereof in violation of the Agreement by a party other than the City and shall remain unreleased 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 under the heading “Lessee’s Obligations and Conditions to Lessee’s Use of Special Facilities—Taxes, Charges, Utilities, Liens” herein.

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

(f) 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 any execution, garnishment or attachment of such consequence as will impair its ability to carry on its operations at the Special Facilities, or 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, shall 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 contained in the provisions under the heading “Miscellaneous—Lessee to Maintain Its Corporate Existence” herein.

(g) Whenever Lessee shall fail to provide adequate assurance (i) that Lessee will promptly cure all defaults hereunder, if any; (ii) that Lessee will compensate, or provide adequate assurance that Lessee will promptly compensate, the City for any actual pecuniary loss to the City resulting from any Event of Default hereunder; and (iii) of future performance by Lessee of the terms and conditions of the Agreement, each within thirty (30) days after (1) the granting of an Order for Relief with respect to 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 Agreement, adequate assurance of future performance of the Agreement shall include, but shall not be limited to, adequate assurance (1) of the source of Net Rent and other consideration due hereunder and (2) that the assumption or assignment of the Agreement will not breach any provision, such as a use, management, or ownership provision, in the Agreement, any other material lease, any financing agreement, or master agreement relating to the Special Facilities.

Remedies on Default. Whenever any Event of Default referred to under the heading “Events of Default and Remedies—Events of Default” above shall have happened and continue to exist, then the City may take any one or more of the following remedial steps as against the Lessee:

(a) The City may, and upon a payment default shall, re-enter and take possession of the Special Facilities and Ground Lease Properties without terminating the Agreement and use its best efforts to (i) complete construction and equipping of the Special Facilities (and apply proceeds of the Bonds for such purpose) and (ii) sublease the Special Facilities and Ground Lease Properties on a net rent lease basis, provided further that the City shall use its best efforts to impose and collect rental rates sufficient to provide for operating and maintenance expenses and Ground Rentals to the same extent as Lessee is obligated to do so and to provide additional amounts equal to the Net Rent set forth under the heading “Net Rent and Ground Rent—Net Rent While Bonds Outstanding” above, all for the account of the Lessee, holding the Lessee liable for the difference between the rents and other amounts payable by the Lessee hereunder and the charges received from rents and other amounts received from any sublessee with respect to the Special Facilities and Ground Lease Properties. All proceeds derived by the City from any rents (net of operating and maintenance expenses and any allocable Ground Rentals payable or remaining unpaid under the Agreement, and up to the amount of all Net Rent payable under the Agreement) shall be remitted to the Trustee for deposit in the Interest and Redemption Fund to support repayment of the Bonds.

(b) The City may terminate the Agreement, exclude the Lessee from possession of the Special Facilities and Ground Lease Properties and use its best efforts to (i) complete construction and equipping of the Special Facilities (and apply proceeds of the Bonds for such purpose) and (ii) lease the same on a net rent lease basis, provided further that the City shall use its best efforts to impose and collect rental rates sufficient to provide for operating and maintenance expenses and Ground Rentals to the same extent as Lessee is obligated to do so and to pay the Net Rent set forth under the heading “Net Rent and Ground Rent—Net Rent While Bonds Outstanding” above, all for the account of the Lessee, holding the Lessee liable for all rents and other amounts due under the Agreement and not received by the City from rents with respect to the Special Facilities and Ground Lease Properties. All gross proceeds derived by the City from any rents (net of operating and maintenance expenses and any allocable Ground Rentals payable or remaining unpaid hereunder, and up to the amount of all Net Rent payable hereunder) shall be remitted to the Trustee for deposit in the Interest and Redemption Fund to support repayment of the 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 Agreement. The City shall use its best efforts to lease the Special Facilities on a net rent lease basis for the account of Lessee as provided in clauses (a) and (b) above after an Event of Default by Lessee, whether or not City retakes possession of the Special Facilities and Ground Lease Properties or terminates the Agreement.

(d) Notwithstanding anything in the Agreement to the contrary, the reletting duties of the City under the Agreement shall not apply to the Warehouse Facility after the date upon which the term of the Agreement with respect to the Warehouse Facility was scheduled to expire had there been no Event of Default (after giving effect to any effective renewal option in respect of which the City has not notified Lessee that the City intends to use the land on which the Facility is located for Airport expansion purposes in accordance with the provisions described under the heading “Lease and Term—Term of Lease of Special Facilities and Ground Leases” above).

(e) In connection with any reletting by the City during the original term of the Agreement, Lessee shall be subrogated to the right of the Trustee to receive payments under the Agreement to support repayment of the Bonds to the extent that Lessee has made payments on the Bonds under the guaranty entered with respect to the Series 1997C Bonds and Series 1998C Bonds.

Additional Remedy. In addition to the other remedies herein provided, the City may, in the case of an Event of Default described in subsection (c) under the heading “Events of Default and Remedies—Events of Default” above, enter the Special Facilities and Ground Lease Properties (without such entering causing or constituting a termination of the Agreement or an interference with the possession of the Special Facilities and Ground Lease Properties by Lessee) and do all things reasonably necessary to cure such Event of Default, charging to Lessee the reasonable cost and expense thereof and Lessee agrees to pay to City upon demand such charge in addition to all other amounts payable by Lessee under the Agreement.

No Remedy Exclusive. No remedy under the Agreement 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 shall be cumulative and shall

be in addition to every other remedy given under the Agreement or hereafter existing under law or in equity (to the extent not inconsistent with the terms hereof). No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall 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 described under this heading, it shall not be necessary to give any notice, unless such notice is herein expressly required or is required by law.

Assignments, Subletting and Termination by Lessee

Assignments and Subletting by Lessee.

The Agreement may not be assigned or otherwise transferred in whole or in part by Lessee (except pursuant to the provisions described under the heading “Miscellaneous—Lessee to Maintain its Corporate Existence” herein) without the prior written consent of the Director; provided, however, that, unless permitted by the Trust Indenture or as described under the heading “Miscellaneous—Lessee to Maintain its Corporate Existence” herein, the City will not consent to any assignment by Lessee of its rights under the Agreement without first obtaining a written agreement from the Lessee that Lessee shall remain primarily liable for Net Rent thereunder. Lessee may sublet the Special Facilities and Ground Lease Properties or any part thereof to any party, subject to the condition that Lessee first obtains the written consent of the Director to such subletting and all the terms thereof, unless such subletting is expressly authorized herein.

If Lessee sublets all or any part of the Special Facilities and/or Ground Lease Properties or if all or any part of the Special Facilities are occupied (pursuant to a written consent from the Director) by anyone other than Lessee (including any subsidiary of Lessee or a code-share affiliate of Lessee), the City may, if an Event of Default shall have occurred hereunder and be continuing, collect rent from such sublessee or occupant and the City shall apply the amount collected to the extent possible to satisfy the obligations of Lessee under the Agreement, but no such collection shall be deemed a waiver by the City of the covenants contained herein or an acceptance by the City of any such sublessee, claimant or occupant as a successor Lessee, nor a release of Lessee by the City from the further performance by the Lessee of the covenants imposed upon Lessee herein.

Notwithstanding anything contained in the Agreement to the contrary, so long as any bonds remain outstanding no such sublease or assignment shall be authorized if in any way it releases Lessee from its primary obligations under the Agreement, including its obligation to pay Net Rent.

Termination of Agreement by Lessee. Lessee shall not terminate the Agreement for any reason whatsoever as long as any of the 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 shall throughout the term of the Agreement 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, 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 Lessee is not the surviving corporation, the surviving, resulting or transferee corporation, as the case may be, (i) assumes in writing all of the obligations of the Lessee herein and (ii) qualifies or is qualified to do business in Texas.

Exempt Facilities. In order to assure that interest on the Bonds shall be exempt from federal income taxation, the Lessee covenants and agrees that it shall not, and it shall not permit or allow any other person to, construct, acquire, use, employ, modify, rebuild or repair the Project 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 shall cause to be binding on all successors in interest under the Agreement, not to claim for federal income tax purposes depreciation or investment credit with respect to the Special Facilities or any component thereof. It is further agreed and acknowledged by Lessee that the City shall never be required or requested under the Agreement to issue any 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 Bonds not to be exempt from federal income taxation.

Consents and Approvals.

With respect to the approvals required of the Lessee in the Agreement, Lessee shall from time to time furnish to the City a certificate signed by its Secretary or an Assistant Secretary, and such certificate shall set forth the officers or representatives of Lessee who are authorized to grant such approvals and to bind the Lessee thereto; and the City and all third parties affected by any such approvals, including the holders of Bonds, may rely upon any writing purporting to grant such approvals signed by any officer or representative thus certified as being conclusively binding upon Lessee, and any such writing shall itself constitute conclusive evidence that any and all corporate actions necessary to be taken with respect to the matter thus approved by such officer or representative to have been so taken by the corporation, and that the approval therein given has been authorized by the corporation.

Any consent or approval herein required of the City may be given by the City's Director of the Department of Aviation unless otherwise provided.

All consents or approvals of the City, or any department thereof, or Lessee when required herein shall not be unreasonably withheld or delayed.

All consents and approvals required or permitted herein by either party shall be given in writing.

An approval by the Director, or by any other instrumentality of the City, of any part of Lessee's performance shall not be construed to waive compliance with the Agreement except as expressly set forth in such approval or to establish a standard of performance other than required by the Agreement or by law.

Rights Reserved to City. Nothing contained in the Agreement shall unlawfully impair the right of City to exercise its governmental or legislative functions. The Agreement is made subject to the Constitution and laws of the State of Texas and to the provisions of the Airport Improvement Program 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 Agreement, shall be considered a part of the Agreement to the same extent as though copied therein 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 City's knowledge, nothing contained in such laws or agreements conflicts with the express provisions of the Agreement.

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 2015C 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 2015C 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 2015C Bonds, and The Bank of New York Mellon Trust Company, National Association, as trustee with respect to the Series 2015C Bonds (the "Trustee"), to assume its obligations under the Second Supplemental Non-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 Non-Terminal Trust Indenture dated as of December 1, 1998) (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 2015C Bonds (the "Bondholders") (a) the full and prompt payment of the principal of and premium, if any, on the Series 2015C 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 (b) the full and prompt payment of interest on the Series 2015C Bonds when and as the same shall become due and payable as provided in the Trust Indenture. 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, any or all provisions of the First Amended and Restated Special Facilities Lease Agreement dated as of December 1, 1998 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. Airport Improvement Projects) dated as of March 1, 1997, or any obligation of United contained therein.

(b) 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 2015C Bonds 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 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 the Series 2015C 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 2015C Bonds, payment of principal and purchase price, if any, and premium, if any, and interest and other payments with respect to the Series 2015C Bonds to Direct Participants (as defined below) or Beneficial Owners (as defined below), confirmation and transfer of beneficial ownership interests in such Series 2015C 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 2015C Bonds. The Series 2015C 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 2015C Bond will be issued for each maturity of the Series 2015C 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 2015C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015C Bonds on DTC’s records. The ownership interest of each actual purchaser of a Series 2015C 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 2015C 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 2015C Bonds, except in the event that use of the book-entry system for the Series 2015C Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015C 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 2015C 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 2015C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015C 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 2015C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015C Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2015C Bonds may wish to ascertain that the nominee holding the Series 2015C 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 2015C 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 2015C 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 2015C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Series 2015C 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 2015C BONDS (I) PAYMENTS OF PRINCIPAL OR PURCHASE PRICE, IF ANY, OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2015C BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2015C BONDS OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2015C 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 2015C 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 2015C 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 2015C 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 2015C 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 2015C BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR REGISTERED OWNERS OF THE SERIES 2015C BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2015C BONDS.

Discontinuance of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Series 2015C 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 2015C Bonds.

Transfer Fees. For every transfer and exchange of Series 2015C 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 1, 2015 (the “Purchase Contract”), the City of Houston, Texas (the “City”) intends to sell its Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (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 First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects), dated as of December 1, 1998, between the City and the Company (then known as Continental Airlines, Inc.), which amends and restates that certain Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects) dated as of March 1, 1997 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 Non-Terminal Trust Indenture dated as of December 1, 1998, and by that certain Second Supplemental Non-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 Third Supplemental Non-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.

(SIGNATURES ON NEXT PAGE)

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 Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (AMT), in the original aggregate principal amount of \$65,785,000 (the “Series 2015C Bonds”).

The Series 2015C Bonds mature and bear interest all as authorized by Ordinance Nos. 2014-0994 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 “Non-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 Non-Terminal Trust Indenture, dated as of December 1, 1998 and the Second Supplemental Non-Terminal Trust Indenture, dated as of March 1, 2015 (the “Second Supplemental Non-Terminal Trust Indenture”). The Series 2015C Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Series 2015C Bonds and in the Non-Terminal Trust Indenture. Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Non-Terminal Trust Indenture or in the Ordinance.

The proceeds of the Series 2015C Bonds (together with funds provided by United Airlines, Inc. (formerly known as Continental Airlines, Inc.) (“United”)) are to be used to refund all of the Outstanding City of Houston, Texas Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1997C and City of Houston, Texas Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1998C (collectively, the “Refunded Bonds”). Proceeds of the Refunded Bonds were used to finance the construction and acquisition of certain airport facilities and improvements at George Bush Intercontinental Airport/Houston (the “Airport Improvement Project”), which Airport Improvement Project has been leased by the City to United pursuant to a First Amended and Restated Special Facilities Lease Agreement (Continental Airlines, Inc. Airport Improvement Projects), amended and restated as of December 1, 1998, between the City and United (the “Lease”). United has agreed to pay, pursuant to the terms of the Lease, certain Net Rent 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 Non-Terminal Trust Indenture, including the Series 2015C Bonds. In addition, United has guaranteed the payment of the principal of, premium, if any, and interest on the Series 2015C 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 2015C Bonds under the Constitution and laws of the State of Texas, with respect to the exclusion of interest on the Series 2015C 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 2015C 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 2015C 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 2015C 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 Non-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 Second Supplemental Non-Terminal Trust Indenture, the authorization and issuance of the Series 2015C 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 Non-Terminal Trust Indenture and the Lease, the executed Series 2015C Bond No. T-1 and a specimen of the form of the definitive Series 2015C 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 2015C Bonds in full compliance with the Constitution and the laws of the State of Texas presently effective and that, therefore, the Series 2015C Bonds constitute legal, valid and binding special obligations of the City;
2. The Series 2015C 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 Non-Terminal Trust Indenture and the Lease; and provision has been made in the Non-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 2015C Bonds; and

3. Pursuant to the terms of the Non-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 Non-Terminal Trust Indenture.

THE RIGHTS OF THE OWNERS of the Series 2015C 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 2015C 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 2015C Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, and the Series 2015C 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 2015C 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 Non-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 Non-Terminal Trust Indenture, payable from and secured by a lien on and pledge of the Pledged Revenues on a parity with the Series 2015C Bonds.

IT IS OUR FURTHER OPINION THAT, UNDER EXISTING LAW:

4. Interest on the Series 2015C Bonds is excludable from gross income for federal income tax purposes, except with respect to interest on any Series 2015C Bond for any period during which such Series 2015C 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 2015C Bonds; and
5. The Series 2015C Bonds are "private activity bonds" within the meaning of the Code, and, as such, interest on the Series 2015C 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 Non-Terminal Trust Indenture pertaining to those sections of the Code that affect the exclusion from gross income of the interest on the Series 2015C 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 Non-Terminal Trust Indenture, interest on the Series 2015C 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 2015C Bonds.

Owners of the Series 2015C 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 2015C 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 2015C 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 Non-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 2015C 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 Non-Terminal Trust Indenture.

Very truly yours,

