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UNITED AIR LINES GRANT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

UAL CORPORATION

AND

UNITED AIR LINES, INC.

25

This agreement was prepared by
and after recording return to:

Scott D. Fehlan, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

PIN: 17-16-216-009

NCS 4/30/5509 293

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 Scott D. Fehlan, Esq.
 City of Chicago Law Department
 121 North LaSalle Street, Room 600
 Chicago, IL 60602

UNITED AIR LINES GRANT AGREEMENT

This United Air Lines Grant Agreement (this "**Grant Agreement**") is made as of this 19th day of November, 2009, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Community Development ("**DCD**"), and UAL Corporation, a Delaware corporation ("**UAL**") and United Air Lines, inc., a Delaware corporation ("**United**", together with UAL, collectively, the "**Developer**"). Capitalized terms not otherwise defined herein shall have the meaning given in the RDA (as defined below).

RECITALS

A. City Council Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "**State**"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. The Project: The Developer presently maintains its operational center headquarters in Elk Grove Village, Illinois. The Developer intends to relocate its operational center headquarters to the real property located within the City of Chicago and commonly known as 233 South Wacker Drive, Chicago, Illinois and legally described on Exhibit A hereto (the "**Property**"). In connection with such relocation, United has executed that certain Lease dated October 30, 2009 by and between 233 S. Wacker, L.L.C., as landlord, and United, as tenant (as amended from time to time, the "**Lease**"), pursuant to which United shall, among other matters, lease at least 400,000 rentable square feet of office space as well as lobby space (collectively, the "**United Space**") of the building located on the Property (the "**Building**") for an initial period of no less than fifteen (15) years with two renewal options for periods of either five (5) or ten (10) years, at Developer's option.

Upon completion of Phase II (as hereinafter defined) and during the Term of this Grant Agreement (as hereinafter defined), the portion of the Building leased and occupied by the Developer will be the principal office of the Developer's operational center headquarters (the

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“Operational Headquarters”). In connection with its occupancy of the Building, the Developer shall construct substantial tenant improvements necessary to permit the Developer to take possession in accordance with the terms of the Lease. The Developer will build out and take occupancy of the United Space in two phases as described below. Such relocation will create a substantial public benefit through its creation of approximately 2,500 FTEs (as hereinafter defined) in the City of Chicago. The construction of tenant improvements in the United Space is referred to herein as the **“Rehabilitation Project.”** The Rehabilitation Project and the use of the United Space as the Developer’s Operational Headquarters are collectively referred to herein as the **“Project.”** The first phase of the Project (**“Phase I”**) will include the build out and occupancy of approximately 200,000 square feet of the Building and will involve the relocation to the United Space of at least 1,000 employees. The second phase of the Project (**“Phase II”**) will include the build out and occupancy of at least 200,000 square feet of the Building and will involve the relocation to the United Space of at least 1,500 employees. The completion of the Project would not reasonably be anticipated without the financing contemplated in this Grant Agreement.

C. City Financing: The City agrees to use, in the amounts set forth in **Section 3** hereof, corporate funds of the City to pay to the Developer the Grant Funds (as defined below) pursuant to the terms and conditions of this Grant Agreement.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this Grant Agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Grant Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below. All capitalized terms used without definition in this Grant Agreement shall have the meanings given such terms in the RDA.

“City” shall have the meaning set forth in the Recitals hereof.

“City Council” shall have the meaning set forth in the Recitals hereof.

“Closing Date” shall mean the date of execution and delivery of this Grant Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Grant Agreement.

“Compliance Period” shall mean the longer of (1) if the Developer does not deliver a permitted Extension Notice under the RDA, a period beginning on the date the Phase II Certificate is issued and ending on the 10th anniversary of the date the Phase II Certificate is issued, and (2) if the Developer delivers a permitted Extension Notice under the RDA and cures the applicable Event of Default during the one-year period in which the Extension Notice was delivered, a period beginning on the date the Phase II Certificate is issued and ending on the 11th anniversary of the date the Phase II Certificate is issued.

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"**Compliance Year**" shall mean the twelve months ending on the last day of the month before the anniversary date of the issuance of the Phase II Certificate under the RDA. For instance, if the Phase II Certificate is issued on October 15, then each Compliance Year will run from October 1 through September 30.

"**Employer(s)**" shall have the meaning set forth in **Section 7** hereof.

"**Event of Default**" shall have the meaning set forth in **Section 10** hereof.

"**First Anniversary**" shall mean the one-year anniversary of the date the Phase 2 Certificate is issued.

"**Grant Conditions**" shall have the meaning set forth in **Section 3.01** hereof.

"**Grant Funds**" shall mean City funds paid to Developer from a source to be determined by the City in the amounts and under the terms described in **Section 3** hereof.

"**Human Rights Ordinance**" shall have the meaning set forth in **Section 7** hereof.

"**Indemnitees**" shall have the meaning set forth in **Section 8.01** hereof.

"**Jobs Covenant**" shall have the meaning set forth in **Section 5.02** hereof.

"**Lease**" shall have the meaning set forth in the Recitals hereof.

"**Municipal Code**" shall mean the Municipal Code of the City of Chicago, as amended.

"**Operating Covenant**" shall have the meaning set forth in **Section 5.02** hereof.

"**Project**" shall have the meaning set forth in the Recitals hereof.

"**Property**" shall have the meaning set forth in the Recitals hereof.

"**RDA**" shall mean the United Air Lines Redevelopment Agreement dated as of November 19, 2009 by and between the City and the Developer.

"**Term of the Grant Agreement**" shall mean the period of time commencing on the Closing Date and concluding at the end of the Compliance Period.

SECTION 3. GRANT

3.01 Eligibility. In order to be eligible to receive each payment of any Grant Funds pursuant to this Grant Agreement: (a) the Developer must be in compliance with all terms, conditions and requirements contained in the RDA and the Phase II Certificate must have been issued; and (b) the Developer must be in compliance with all terms, conditions and requirements contained in this Grant Agreement including without limitation the Operating Covenants, Job Covenants and other obligations, deadlines and report deliveries described in **Section 3.04** and **Section 5.02** and elsewhere in this Grant Agreement. All conditions set forth in this **Section 3.01** shall be collectively defined as the "**Grant Conditions**".

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3.02 Source of Funds. The source of the Grant Funds shall be corporate funds of the City, or such other source determined by the City in its sole discretion.

3.03 Payment Terms.

(a) The Developer acknowledges and agrees that (i) the City's obligation to make a payment of Grant Funds is contingent upon the fulfillment of the Grant Conditions, (ii) Grant Funds paid to Developer shall not exceed Two Million Dollars (\$2,000,000) during any Compliance Year except as provided in **Section 3.03(b)(i)** below, (iii) in no event shall Grant Funds paid to Developer exceed an aggregate of Ten Million Dollars (\$10,000,000) during the entire Compliance Period, and (iv) the period during which the Developer is eligible for Grant Funds installments is limited as described in **Section 3.03(b)(iv)** below.

(b) Subject to the foregoing conditions and agreements, the City's obligation to pay Grant Funds is as described below:

- (i) If the Grant Conditions have been satisfied for the applicable Compliance Year, then after the end of each of the first five Compliance Years the City shall promptly pay a Grant Funds installment following the City's satisfactory review of evidence that the Developer has complied with the Grant Conditions for such Compliance Year; **provided, however**, that all payments of Grant Funds under this Grant Agreement are subject to the annual appropriation and availability of funds; **provided, further**, that if sufficient funds are not appropriated and/or expended during any Compliance Year to pay all or part of a Grant Funds installment that would otherwise be due and payable, then funds shall be paid in subsequent years, subject to appropriation and/or expenditure, to make up any shortfall in Grant Funds that would otherwise have been due to Developer.
- (ii) If the Grant Conditions have not been satisfied during a Compliance Year, then the installment of Grant Funds to be paid to Developer with respect to such Compliance Year shall be zero (\$0).
- (iii) If the Grant Conditions have been satisfied during a Compliance Year, then the installment of Grant Funds to be paid to Developer with respect to such Compliance Year shall be \$2,000,000.
- (iv) The Developer's right to become eligible for Grant Funds installments shall end at the completion of the fifth consecutive Compliance Year. Notwithstanding the foregoing, if at any time before the end of the fifth consecutive Compliance Year the Developer delivers an Extension Notice under the RDA and cures the applicable Event of Default during the one-year period in which the Extension Notice was delivered, then the schedule of potential Grant Funds installments shall be extended by one year and Developer's right to become eligible for Grant Funds installments shall end at the completion of the sixth consecutive Compliance Year; **provided** that if sufficient funds are not appropriated and/or expended during any Compliance Year to pay all or part of a Grant Funds installment that would otherwise be due and payable, then funds shall be paid in subsequent years, subject to appropriation and/or expenditure, to make up any shortfall in Grant Funds that would otherwise have been due to Developer.

3.04 Documentation Requirements. Within thirty (30) calendar days after the end of each

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Compliance Year, Developer shall submit a report evidencing compliance with the Grant Conditions, including but not limited to the Operating Covenant, the Jobs Covenant and the RDA. The City will review and approve the proposed format and content of the report, which shall include a Jobs and Occupancy Certificate and an Annual Compliance Report, in each case substantially similar to those described in the RDA and covering the period through the end of the applicable Compliance Year. Upon receipt of the report the City will make reasonable efforts to provide within fifteen (15) business days a written statement confirming satisfaction of the Grant Conditions or detailing the ways in which Developer has failed to satisfy the Grant Conditions.

3.05 Developer Certifications. Delivery by the Developer to the City of the report required in **Section 3.04** or any request for disbursement of Grant Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such delivery or request for disbursement, that:

(a) the representations and warranties contained in this Grant Agreement and the RDA are true and correct and the Developer is in compliance with the Grant Conditions and all covenants contained this Grant Agreement and RDA; and

(b) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of Grant Funds contained in this Grant Agreement.

3.06 Conditional Grant. The Grant Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Grant Agreement. The Grant Funds are subject to being reimbursed as provided in **Section 10.02** hereof.

SECTION 4. CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

4.01 Opinion of the Developer's Counsel. On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached to the RDA as **Exhibit M**, with such changes as required by or acceptable to Corporation Counsel.

4.02 Documentation. If requested by DCD, the Developer has provided documentation satisfactory in form and substance to DCD with respect to current employment matters.

4.03 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of its Articles or Certificate of Incorporation containing the original certification of the Secretary of State of its state of incorporation; certificates of good standing from the Secretary of State of its state of incorporation and the State of Illinois; a secretary's certificate in such form and substance as the Corporation Counsel may require; by-laws of the corporation; and such other

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corporate documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

4.04 Lease. A complete copy of the Lease, and all other written agreements setting forth the parties' understandings relating to the Developer's relocation to or occupancy of the United Space and any financial agreements between the parties in any way relating to the Property, the United Space or the Lease, jointly certified by the Developers, shall have been delivered to the City.

SECTION 5. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

5.01 General. The Developer represents, warrants and covenants, as of the date of this Grant Agreement, and as of the date of each disbursement of City Funds hereunder and throughout the Compliance Period, that:

(a) UAL and United are each Delaware corporations duly organized, validly existing, qualified to do business in Delaware and Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the Developer has the right, power and authority to enter into, execute, deliver and perform this Grant Agreement;

(c) the execution, delivery and performance by the Developer of this Grant Agreement has been duly authorized by all necessary corporate action, and does not and will not violate its Articles of Incorporation or by-laws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) the Developer is in full compliance with all covenants and other terms, conditions and requirements set forth in the RDA;

(e) the Developer is now and for the Term of the Grant Agreement shall remain solvent and able to pay its debts as they mature;

(f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would impair its ability to perform under this Grant Agreement;

(g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business at the United Space;

(h) the Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound;

(j) during the term of this Grant Agreement, and except for Transactions with Approved Successors, the Developer shall not do any of the following without the prior written consent of DCD and, if applicable, unless authorized by an ordinance duly adopted by the City Council: (1) be a party to any merger, liquidation or consolidation except with an Approved Successor; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property in which it has an interest (including but not limited to any fixtures or equipment now or

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hereafter attached thereto) except in the ordinary course of business or except to an Approved Successor; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity to the extent that such action would have an adverse effect on Developer's ability to perform its obligation under this Grant Agreement; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(j) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Grant Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("**City Contract**") as an inducement for the City to enter into the Grant Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(k) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (k) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

5.02 Job Creation and Retention; Covenant to Remain in the City.

(a) Operating Covenant. The Developer hereby covenants and agrees to comply with the Operating Covenant as defined in **Section 8.06** of the RDA; provided that if an Approved Successor succeeds to the Developer's assets or operations, such operational headquarters obligation shall be satisfied so long as such Approved Successor maintains operations at the Building as the principal place of business for one or more of the Approved Successor's significant business units having revenues, operations and employees equal to or greater than those of the Developer prior to the transaction that resulted in the Approved Successor becoming party to this Grant Agreement. A default under the Operating Covenant shall constitute an Event of Default without notice or opportunity to cure.

In the event and as part of the terms of any merger, consolidation or reorganization of the Developer during the Compliance Period, the Approved Successor shall be bound by and shall agree to assume and comply with the terms, conditions, covenants, representations and warranties set forth in the Agreements (as defined in the Assumption Agreement described in the RDA) which, by their terms, are binding upon Developer including the Operating Covenant and the Jobs Covenant, in each case with respect to the Approved Successor and its Affiliates. The Approved Successor shall be required to deliver a substitute Guaranty in form and substance satisfactory to the City in its sole and absolute discretion.

(b) Jobs Covenant. The Developer, directly or through one or more Affiliates, shall adhere to the following job relocation, creation and retention standards between the issuance of the

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Phase I and Phase II Certificates and throughout the Compliance Period after the issuance of the Phase II Certificate (collectively the “**Jobs Covenant**”):

- (i) Prior to the date the Developer requests the City to issue the Phase I Certificate at least 1,000 FTEs shall be relocated to the United Space and at least 1,000 External Employees shall have been brought into the City. The Developer shall maintain at least 1,000 FTEs at the United Space after the issuance of the Phase I Certificate until the issuance of the Phase II Certificate.
- (ii) Prior to the date the Developer requests the City to issue the Phase II Certificate, a total of at least 2,500 FTEs shall be relocated to the United Space and at least 2,500 External Employees shall have been brought into the City;
- (iii) From the issuance of the Phase II Certificate through the remainder of the Compliance Period, the number of FTEs relocated to and/or created at the United Space shall be at least 2,500 FTEs.

Throughout the Compliance Period, the Developer shall submit the reports required in **Section 3.04** of this Grant Agreement and certified employment reports disclosing compliance with the Jobs Covenant to DCD within thirty days after the end of each Compliance Year. The Developer agrees that it shall act in good faith and, among other things, shall not hire temporary workers or relocate workers for short periods of time for the primary purpose of avoiding a breach of the Jobs Covenant.

(c) Default. If the Developer defaults under the Jobs Covenant and Operating Covenant or any Event of Default occurs during a Compliance Year, Developer shall not be entitled to receive the Grant Funds installment for that Compliance Year.

(d) Covenants Run with the Leasehold Interest; Remedy. The covenants set forth in this **Section 5.02** shall run with the leasehold interest in the United Space and be binding upon any transferee of the United Space. In the event of a default for any of the covenants in this **Section 5.02**, the City shall have the right to repayment of the full amount of all Grant Funds previously paid or disbursed to the Developer for the Project.

(e) A default by the Landlord under the Lease shall not (a) relieve Developer from its obligations under this Grant Agreement or (b) constitute any defense, excuse of performance, release, discharge or similar form of equitable or other relief that would prevent or limit the City's enforcement of its remedies under this Grant Agreement.

(f) Jobs Covenant Default and Cure Period. If the Developer defaults under the Jobs Covenant, an Event of Default shall not be declared with respect to such default if the Developer has delivered a permitted Extension Notice under the RDA. The one-year period during which the Extension Notice is given shall be the only cure period allowed for a default by Developer of the Jobs Covenant; no other notice or cure periods shall apply thereto and if such default is not cured within such one-year period then the Compliance Period shall not be extended and an Event of Default shall exist without notice or opportunity to cure.

If the Developer has not delivered a permitted Extension Notice under the RDA, then any default by the Developer under the Jobs Covenant shall constitute an Event of Default without notice or opportunity to cure. The Developer shall be entitled to deliver one Extension Notice under the RDA, and this Grant Agreement does not contain an independent right to deliver an Extension Notice. If the Developer has delivered a permitted Extension Notice under the RDA, then any

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subsequent default by the Developer of the Jobs Covenant as described in this paragraph shall constitute an Event of Default without notice or opportunity to cure.

5.03 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project other than ownership of shares of UAL's publicly-traded securities.

5.04 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the United Space and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

5.05 Recording and Filing. The Developer shall cause this Grant Agreement, all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Grant Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Grant Agreement showing the date and recording number of record. Notwithstanding the recordation of this Grant Agreement, the City and Developer agree and acknowledge that this Grant Agreement is not intended to bind and shall not bind any portion of the Property other than the United Space, (b) the Landlord or the Landlord's successors, transferees and assigns in its or their capacity as landlord, or (c) tenants of the Property, in their capacity as tenants, other than Developer and their successors, transferees and assigns including any Approved Successor.

5.06 Lease. Throughout the Compliance Period the Developer shall not execute or consent to a Material Amendment or sell, assign or otherwise transfer its interest in the Lease without the prior written consent of DCD, which consent shall be in DCD's sole discretion.

5.07 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this **Section 5** and elsewhere in this Grant Agreement shall be true, accurate and complete at the time of the Developer's execution of this Grant Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and shall be in effect throughout the Term of the Grant Agreement. All warranties, representations, covenants and agreements of Developer contained in this **Section 5** and elsewhere in this Grant Agreement shall be deemed to be made by Developer.

5.08 Notice of Proposed Successor. In connection with a proposed Transaction, not less than one business day after the public announcement of the proposed Transaction, Developer shall deliver to the City a signed Notice of Proposed Successor in the form of **Exhibit L** to the RDA. Developer shall deliver, and shall cause the Proposed Successor to deliver, such additional documents and information as the City may require in connection with the proposed Transaction. The Developer's sale, assignment and transfer to the Proposed Successor of its rights, obligations and duties under the Agreements (as defined in the Assumption Agreement) pursuant to the proposed Transaction and the Proposed Successor's assumption of all of the Developer's rights, obligations and duties under the Agreements (as defined in the Assumption Agreement) shall not occur unless authorized by an ordinance duly adopted by the City Council.

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An “**Approved Successor**” shall mean a Proposed Successor with respect to which each of the following conditions has been satisfied:

(i) the Proposed Successor’s assumption of all of the Developer’s rights, obligations and duties under the Agreements (as defined in the Assumption Agreement) have been authorized by an ordinance duly adopted by the City Council;

(ii) the Proposed Successor has delivered to the City the executed Assumption Agreement and has complied with the requirements, including the delivery of a substitute Guaranty and other deliveries, pursuant to the Assumption Agreement; and

(iii) pursuant to the Assumption Agreement, the Proposed Successor has agreed (a) to lease and occupy at least the minimum square footage of office space in the Building as provided in **Section 8.06(a)** of the RDA, (b) to use such space in the Building for the operational center headquarters for the Proposed Successor and its Affiliates, and (c) to have at least the number of FTEs at the Building as required under the Jobs Covenant, in each case in accordance with the terms of this Agreement.

SECTION 6. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

6.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Grant Agreement and to perform its obligations hereunder.

6.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this **Section 6** or elsewhere in this Grant Agreement shall be true, accurate, and complete at the time of the City’s execution of this Grant Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Grant Agreement.

SECTION 7. DEVELOPER’S EMPLOYMENT OBLIGATIONS

7.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the “**Employers**” and individually an “**Employer**”) to agree, that for the Term of this Grant Agreement with respect to Developer and during the period of any other party’s provision of services in connection with the construction of the Rehabilitation Project:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the “**Human Rights Ordinance**”). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of

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compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this **Section 7.01** shall be a basis for the City to pursue remedies under the provisions of **Section 10.02** hereof.

SECTION 8. INDEMNIFICATION

8.01 General Indemnity. Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Grant Agreement;

(ii) the existence of any material misrepresentation or omission in this Grant Agreement; or

(iii) the Developer's failure to cure any misrepresentation in this Grant Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be

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unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this **Section 8.01** shall survive the termination of this Grant Agreement.

SECTION 9. MAINTAINING RECORDS/RIGHT TO INSPECT

9.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose its compliance or non-compliance with the Jobs Covenant and Operations Covenant. All such books, records and other documents, including but not limited to employment records, bank and financial records, general contracts, subcontracts, purchase orders, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

9.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City shall have access to all portions of the United Space during normal business hours for the Term of the Grant Agreement.

SECTION 10. DEFAULT AND REMEDIES

10.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of **Section 10.03**, shall constitute an "Event of Default" by the Developer hereunder:

- (a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Grant Agreement, the RDA or any related agreement;
- (b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;
- (c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Grant Agreement or any related agreement which is untrue or misleading in any material respect;
- (d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;
- (e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law,

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now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor);

(k) the sale or transfer of any of the ownership interests of the Developer without the prior written consent of the City;

(l) the assignment or other direct or indirect transfer of the Lease without the prior written approval of the City (which shall be in the City's sole discretion); or

(m) a Default (as defined in the Lease) by the Developer under the Lease that is not cured within the cure period, if any, granted under the Lease, or the Developer's execution of a Material Amendment without the prior written approval of the City.

For purposes of **Section 10.01(j)** hereof, a person with a material interest in the Developer shall be one owning in excess of 7.5% of the Developer's issued and outstanding shares of stock.

10.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Grant Agreement, the RDA and any other related agreements to which the City and the Developer are or shall be parties, suspend disbursement of Grant Funds, place a lien on the United Space in the amount of Grant Funds paid, seek reimbursement of any Grant Funds paid. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to damages, injunctive relief or the specific performance of the agreements contained herein. Upon the occurrence of an Event of Default because of a default under **Section 5.02** of this Grant Agreement, the Developer shall be obligated to repay to the City all previously disbursed Grant Funds.

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10.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Grant Agreement, notwithstanding any other provision of this Grant Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Grant Agreement, except as described in the following paragraph, an Event of Default shall not be deemed to have occurred unless the Developer has failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Grant Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

Notwithstanding any other provision of this Grant Agreement to the contrary:

(a) there shall be no notice requirement or cure period with respect to an Event of Default arising from the Developer's failure to comply with the Jobs Covenant; and

(b) there shall be no notice requirement or cure period with respect to an Event of Default arising from the Developer's failure to comply with the Operations Covenant.

SECTION 11. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City:

City of Chicago
Department of Community Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Fax No. (312) 744-0759
Attention: Commissioner

With Copies To:

City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
Fax No. (312) 744-8538

If to the Developer:

United Air Lines, Inc.
UAL Corporation
77 West Wacker Drive
Fax No. (312) 997-8119
Chicago, Illinois 60601
Attention: General Counsel and Vice President of Corporate
Real Estate

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With Copies To: DLA Piper US LLP
 203 North LaSalle Street, Suite 1900
 Chicago, Illinois 60601
 Fax No. (312) 256-7516
 Attention: Andrew Scott

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 12. MISCELLANEOUS

12.01 Amendment. This Grant Agreement may not be amended or modified without the prior written consent of the parties hereto. It is agreed that no material amendment or change to this Grant Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this **Section 12.01** shall be defined as any deviation from the terms of the Grant Agreement which operates to cancel or otherwise reduce any job-creating obligations of Developer (including those set forth in **Section 5.02** hereof) by more than five percent (5%).

12.02 Entire Agreement. This Grant Agreement constitutes the entire Grant Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

12.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Grant Agreement.

12.04 Further Assurances. The parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Grant Agreement.

12.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Grant Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Grant Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Grant Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

12.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

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12.07 Disclaimer. Nothing contained in this Grant Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

12.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

12.09 Counterparts. This Grant Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

12.10 Severability. If any provision in this Grant Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Grant Agreement shall be construed as if such invalid part were never included herein and the remainder of this Grant Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

12.11 Conflict. In the event of a conflict between any provisions of this Grant Agreement and the provisions of the TIF Ordinances and/or the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

12.12 Governing Law. This Grant Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

12.13 Form of Documents. All documents required by this Grant Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

12.14 Approval. Wherever this Grant Agreement provides for the approval or consent of the City, DCD or the Commissioner, or any matter is to be to the City's, DCD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DCD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DCD in making all approvals, consents and determinations of satisfaction, granting the Phase II Certificate or otherwise administering this Grant Agreement for the City.

12.15 Assignment. The Developer's interest in this Grant Agreement shall not be sold, assigned, or otherwise transferred in whole or in part unless authorized by an ordinance duly adopted by the City Council. Any Approved Successor to Developer's rights, duties and obligations under this Grant Agreement and the RDA shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement and the RDA, including but not limited to **Sections 8.19** (Real Estate Provisions) and **8.27** (Survival of Covenants) of the RDA, for the Term of the Agreement by executing and delivering to the City the Assumption Agreement and the deliveries required thereunder. The Developer consents to the City's sale, transfer, assignment or other disposal of this Grant Agreement at any time in whole or in part.

12.16 Binding Effect. This Grant Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as

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provided herein). Except as otherwise provided herein, this Grant Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Grant Agreement and its successors and permitted assigns. This Grant Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

12.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Grant Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Grant Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

12.18 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

12.19 Venue and Consent to Jurisdiction. If there is a lawsuit under this Grant Agreement, each party may hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

12.20 Costs and Expenses. In addition to and not in limitation of the other provisions of this Grant Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Grant Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgement collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

12.21 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "**Business Relationship**" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "**Business Relationship**" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an

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electd official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Grant Agreement shall be grounds for termination of this Grant Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Grant Agreement or the transactions contemplated hereby.

Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, the parties hereto have caused this Grant Agreement to be executed on or as of the day and year first above written.

UAL CORPORATION

By: _____

Its: _____

UNITED AIR LINES, INC.

By: _____

Its: _____

CITY OF CHICAGO


By: *Christine Ragusa*
Christine Ragusa
Acting Commissioner
Department of Community Development

Property of Cook County Clerk's Office

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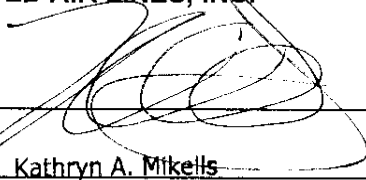
IN WITNESS WHEREOF, the parties hereto have caused this Grant Agreement to be executed on or as of the day and year first above written.

UAL CORPORATION

By: 

Its: Kathryn A. Mikells
Executive Vice President and
Chief Financial Officer

UNITED AIR LINES, INC.

By: 

Its: Kathryn A. Mikells
Executive Vice President and
Chief Financial Officer

CITY OF CHICAGO

By: _____
Christine Raguso, Acting Commissioner, Department of
Community Development

Property of Cook County Clerk's Office

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EXHIBIT A

PROPERTY

PIN: 17-16-216-009-0000

Parcel 1: LOTS 1 THROUGH 12, BOTH INCLUSIVE, AND ALL OF VACATED QUINCY STREET LYING SOUTH OF AND ADJOINING SAID LOTS 1 THROUGH 6 AND LYING WEST OF AND ADJOINING THE EAST LINE OF SAID LOT 1 EXTENDED SOUTH TO THE EAST LINE OF LOT 12 AND LYING EAST OF AND ADJOINING THE WEST LINE OF SAID LOT 6 EXTENDED SOUTH TO THE WEST LINE OF LOT 7 IN PEARSON'S SUBDIVISION OF BLOCK 83 IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Parcel 2: EASEMENTS IN FAVOR OF PARCEL 1 AS CREATED BY DEED OF EASEMENT DATED JULY 2, 1990 AND RECORDED JULY 2, 1990 AS DOCUMENT NUMBER 90314601, AND AMENDED BY FIRST AMENDMENT DATED AS OF JUNE 20, 1994 AND RECORDED JULY 18, 1994 AS DOCUMENT NUMBER 94622663, AND FURTHER AMENDED BY SECOND AMENDMENT TO DEED OF EASEMENT DATED AUGUST 26, 2003 AND RECORDED AUGUST 29, 2003 AS DOCUMENT NUMBER 0324145112 ON, OVER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY: THAT PART OF BLOCK 92 LYING NORTH OF THE NORTH LINE OF WEST QUINCY STREET IN SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

233 S. Wacker Dr.

Chicago, IL