NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
New York, New York

$500,000,000
Special Facility Revenue Bonds, Series 2002
(American Airlines, Inc. John F. Kennedy International Airport Project)

RECORD OF PROCEEDINGS

July 31, 2002

Winston & Strawn
200 Park Avenue
New York, New York 10166

VOLUME II

NY:696139.8

# INDEX OF CLOSING DOCUMENTS

**Document Number**

1. Basic Lease.
2. Port Authority Lease and First Supplemental Agreement to Port Authority Lease (certified by American Airlines, Inc.).
3. First Supplemental Agreement to Port Authority Lease.
4. Agreement Towards Entering into a Lease.
5. Recognition, Non-Disturbance and Attornment Agreement.
6. Consent to Subleases and Leasehold Mortgage Agreement.
7. Company Sublease Agreement.
8. IDA Lease Agreement.
9. Master Indenture of Trust.
10. First Series Supplemental Indenture of Trust.
11. Second Series Supplemental Indenture of Trust.
12. American Airlines, Inc. Guaranty.
13. AMR Corporation Guaranty.
14. Form of Leasehold Mortgage and Security Agreement.
15. Equipment Security Agreement.
16. Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986.

    Exhibit A
    Certificate Regarding Qualification as Exempt Facility Bonds.

    Exhibit B
    Issue Price Certificate.

    Exhibit C
    Form 8038.

## DOCUMENTS DELIVERED BY THE
## NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency")

17. Copies of Chapter 1030 of the 1969 Laws of New York, as amended, and Chapter 1082 of the 1974 Laws of New York, as amended.

18. Certificate as to establishment of the Agency and as to appointment of the members thereof.

19. General Certificate (as required by Section 9(d)(4) of the Bond Purchase Agreement).

    Exhibit A

    By-Laws of the Agency.

    Exhibit B

    Inducement and Authorizing Resolutions.

    Exhibit C

    Specimen Bonds.

    Exhibit D

    Notice and Minutes of Public Hearing.

20. Mayor's Approval of the Series 2002 Bonds.

21. Written Order to authenticate and deliver the Series 2002 Bonds.

22. Letter of Representation from the Agency (the "DTC Letter").

23. Letter from the Agency relating to the exemption of the Leasehold Mortgage from recording taxes, as required by Section 9(d)(23) of the Bond Purchase Agreement.

## DOCUMENTS DELIVERED BY AMERICAN AIRLINES, INC.

24. Certificate of Secretary of American Airlines, Inc.

    Exhibit A

    Restated Certificate of Incorporation certified by an authorized officer of American Airlines, Inc.

Exhibit B

Bylaws

Exhibit C

Delaware Good Standing Certificate dated within 30 days of the date hereof

Exhibit D

Resolutions adopted by the Board of Directors of American Airlines, Inc. authorizing the financing

Exhibit E

Certificate re: Authority of American Airlines, Inc. to do business in New York

Exhibit F

Incumbency Certificate

25. Certificate of an authorized officer of American Airlines, Inc., as required by Section 9(d)(5) of the Bond Purchase Agreement.

26. Letter from Ernst & Young LLP, Auditor, as required by Section 9(d)(18) of the Bond Purchase Agreement.

27. Certificate as to insurance, as required by the IDA Lease Agreement and as required pursuant to the Agreement Towards Entering into a Lease, with certificates of insurance required by Section 4.4 of the IDA Lease Agreement.

**DOCUMENTS DELIVERED BY AMR CORPORATION**

28. Certificate of Secretary of AMR Corporation

Exhibit A

Composite Certificate of Incorporation, certified by an authorized officer of AMR Corporation

Exhibit B

Bylaws

Exhibit C

Delaware Good Standing Certificate dated within 30 days of the date hereof

Exhibit D

Resolutions adopted by the Board of Directors of AMR Corporation authorizing the AMR Documents

Exhibit E

Incumbency Certificate

29. Certificate of an authorized officer of AMR Corporation, as required by Section 9(d)(6) of the Bond Purchase Agreement.

**DOCUMENTS DELIVERED BY THE BANK OF NEW YORK**

30. Letter of Acceptance.

31. Certificate as to receipt of documents, incumbency and authentication, delivery, payment, receipt and application of Bond proceeds, as required by Section 9(d)(7) of the Bond Purchase Agreement.

**DOCUMENTS DELIVERED BY THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "Port Authority")**

32. Certificate of an authorized official of the Port Authority, as required by Section 9(d)(19) of the Bond Purchase Agreement

**UNDERWRITING DOCUMENTS**

33. Preliminary Official Statement.

34. Official Statement.

35. Blue Sky Memorandum.

36. Continuing Disclosure Undertaking.

37. Cross-Receipt.

38. Bond Purchase Agreement.

## OPINIONS

39. Approving Opinion of Winston & Strawn, as required by Section 9(d)(8) of the Bond Purchase Agreement, with reliance letter.

40. Supplemental Opinion of Winston & Strawn, as required by Section 9(d)(10) of the Bond Purchase Agreement.

41. Opinion of the Agency's Vice President for Legal Affairs, as required by Section 9(d)(9) of the Bond Purchase Agreement.

42. Opinions of Anne H. McNamara, Counsel to American Airlines, Inc. and AMR Corporation, as required by Section 9(d)(13)(a) of the Bond Purchase Agreement.

43. Opinion of Chapman and Cutler, Counsel to the Underwriter, as required by Section 9(d)(14) of the Bond Purchase Agreement.

44. Opinion of Emmet, Marvin & Martin, LLP, Counsel to the Trustee, as required by Section 9(d)(15) of the Bond Purchase Agreement.

45. Opinion of Debevoise & Plimpton, Counsel to American Airlines, Inc. and AMR Corporation, as required by Section 9(d)(13)(b) of the Bond Purchase Agreement.

## MISCELLANEOUS

46. UCC-1 Financing Statements.

47. Sales Tax Letter.

48. Consent of Simat, Helliesen & Eichner, as required by Section 9(d)(20) of the Bond Purchase Agreement.

49. Copy of Agency leasehold title insurance policy as required by Section 2.6 of the IDA Lease Agreement.

50. Confirmation of Bond Rating of B1 by Moody's Investors Services, Inc. and of BB- by Standard & Poor's Corporation, as required by Section 9(b)(12) of the Bond Purchase Agreement.

51. Second Amended and Restated Preliminary Sales Tax Letter.

52. Amendment No. 2 to Preliminary Project Agreement.

53. Requisitions 2002 -1, 2 & 3

THIS AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE BY AN AUTHORIZED REPRESENTATIVE OF THE PORT AUTHORITY

John F. Kennedy International Airport
Supplement No. 1
Port Authority Lease No. AYB-085R

**FIRST SUPPLEMENTAL AGREEMENT**

THIS AGREEMENT (sometimes referred to as "First Supplemental Agreement" or as "Supplement No. 1" of the Lease), made as of July 31, 2002 (the "Supplement One Effective Date") by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as the "Port Authority") and AMERICAN AIRLINES, INC., a corporation organized under the laws of the State of Delaware (hereinafter referred to as the "Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and the Lessee as of the first day of August, 1976 entered into an agreement of lease bearing Port Authority agreement number AYB-085 covering certain premises at John F. Kennedy International Airport (hereinafter called the "Airport") as therein set forth, which agreement of lease, as amended, supplemented and modified, was further amended, supplemented and modified, and restated, in an Amended and Restated Agreement of Lease made as of the 22nd day of December, 2000 and bearing Port Authority Agreement No. AYB-085R (said agreement of lease as heretofore amended, supplemented, modified and restated is hereinafter called the "Lease"); and

WHEREAS, the Port Authority and the Lessee desire to (i) permit the Lessee to mortgage its leasehold interest under the Lease, as herein amended, on certain terms and conditions as hereinafter set forth and (ii) otherwise amend and supplement the Lease as provided herein;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to supplement and amend the Lease, effective as of the Supplement One Effective Date, as follows:

1. Section 3 of the Lease entitled "Term" shall be amended as follows:

(a) Paragraph (a) thereof shall be amended as follows:

(i) Subparagraph (3) thereof shall be amended to read as follows:

"(3) 'Applicable Airport Lease Extension Agreement' shall mean on any specific date, the most recent Airport Lease Extension

Agreement that the City of New York and the Port Authority shall have entered into and which is in full force and effect on such specific date."

(ii) There shall be added a new subparagraph (13) and a new subparagraph (14) thereto to read as follows:

"(13) 'Term' shall have the meaning set forth in paragraph (b) of this Section.

(14) 'Extension Supplement' shall have the meaning set forth in paragraph (d) of this Section."

(b) Paragraph (b) thereof shall be deleted in its entirety and the following new paragraph (b) shall be inserted in lieu thereof to read as follows:

"(b) (i) 'Expiration Date' shall mean December 30, 2015, provided, however, that if there is an Airport Lease Extension Agreement, then the Expiration Date is the date which is the first to occur of (A) the day prior to the date of expiration of the Applicable Airport Lease Extension Agreement and (B) December 21, 2036 and (C) the day immediately preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date; provided further however, that in the event there shall be a Fee Transfer Date, the Expiration Date shall be the Final Lease Extension Date.

(ii) The term of this Lease, as the same shall have commenced under Lease AYB-085 shall, unless sooner terminated, expire on the Expiration Date. On any specific date, the Term shall be the period from August 1, 1976 to the then effective Expiration Date."

(c) Paragraphs (c) and (d) of Section 3 shall be deleted therefrom in their entirety and the following new paragraphs (c) and (d) shall be inserted in lieu thereof to read as follows:

"(c) In the event that all of the Required Conditions shall not have occurred prior to December 30, 2015, then this Lease and the letting hereunder shall in any event automatically terminate without notice to the Lessee on December 30, 2015 notwithstanding any Applicable Airport Lease Extension Agreement or any previously executed Extension Supplement. Such termination shall be and operate as a conditional limitation. In the event any court of competent jurisdiction shall not give full and complete effect to this termination provision and its operation as a conditional limitation, the Lessee and the Port Authority agree, as a condition of this Agreement, and not merely as a covenant, that this Agreement and the stated term of the letting hereunder shall nonetheless, from and after the effective date of termination provided above, be deemed to have expired.

(d) (1) The Port Authority may, at its sole option and discretion, and without any obligation to do so, after the execution of an Applicable Airport Lease Extension Agreement,

tender to the Lessee a proposed supplement to this Lease (each such proposed supplement being hereinafter called a 'Proposed Extension Supplement') for execution by the Lessee, which Proposed Extension Supplement shall include such terms and provisions as the Port Authority may determine appropriate in connection with such Applicable Airport Lease Extension Agreement or otherwise, it being understood that no Proposed Extension Supplement shall change the location or size of the Premises or the rentals hereunder, provided, however, notwithstanding the foregoing, each Proposed Extension Supplement may require the Lessee to pay to the Port Authority an additional rental ("Additional Rental") equal to the Port Authority's increased costs under or arising out of or resulting from said Applicable Airport Lease Extension Agreement or from any Permitted Tenancy (but the Lessee shall not be obligated to pay the Port Authority more than once for the same such increased costs under or arising out of or resulting from any Permitted Tenancy) directly or proportionately attributable or related to the Premises hereunder, this Lease, or the Lessee, provided, further, however, the Port Authority has advised the Lessee that it is the intention of the Port Authority that with respect to such increased costs of the Port Authority under or arising out of or resulting from any Applicable Airport Lease Extension Agreement or from any Permitted Tenancy, that all Aircraft Operators at the Airport which are similarly situated will be treated in a similar manner.

(2) (aa) In the event that the Lessee shall not have duly executed any Proposed Extension Supplement tendered to the Lessee by the Port Authority, with an informational copy sent to the Leasehold Mortgagee solely for informational purposes, and the Lessee shall not have delivered such Proposed Extension Supplement to the Port Authority within twenty-five (25) days after the Port Authority has tendered the same to the Lessee, then the Port Authority shall deliver a notice to the Lessee, with an informational copy sent to the Leasehold Mortgagee solely for informational purposes, which notice shall state that from and after the forty-sixth (46th) day after such tender of the Proposed Extension Supplement by the Port Authority to the Lessee (which 46th day is hereinafter called the 'Tender Rejection Date'), this Lease and the letting hereunder shall automatically terminate without notice to the Lessee (or to the Leasehold Mortgagee). From and after the Tender Rejection Date, this Lease and the letting hereunder shall automatically terminate without notice to the Lessee (or to the Leasehold Mortgagee), with such termination to be effective on the date that was the Expiration Date in effect prior to the automatic extension of the term of the letting hereunder by operation of the terms and provisions of paragraph (b) of this Section by virtue of the due execution of the Applicable Airport Lease Extension giving rise to said Proposed Extension Supplement. Such termination shall be and operate as a conditional limitation. In the event any court of competent jurisdiction shall not give full and complete effect to this termination provision and its operation as a conditional limitation, the Lessee and the Port Authority agree, as a condition of this Agreement, and not merely as a covenant, that this Agreement and the stated term of the letting hereunder shall nonetheless, from and after the effective date of termination provided above, be deemed to have expired.

(bb) Upon the due execution by the Port Authority and the Lessee of any Proposed Extension Supplement and delivery thereof by the Port Authority to the Lessee, such Proposed Extension Supplement shall be and become an 'Extension Supplement'. The Additional Rental payable under all Extension Supplements is herein collectively called the 'Extension Rentals'."

(d) The following new subparagraph (iv) shall be inserted immediately after subparagraph (iii) of paragraph (e)(2) thereof to read as follows:

"(iv) Notwithstanding anything to the contrary in subparagraph (ii) above, the Port Authority recognizes that the Lessee and The City of New York intend to enter into (A) an Agreement Towards Entering Into a Lease in the form attached hereto and marked 'Exhibit 3.1' (hereinafter called the 'American-City Agreement'), (B) a lease, which will be entered into pursuant to the American-City Agreement, containing, among other terms and conditions, substantially the terms and conditions set forth in Exhibit A to the American-City Agreement, and (C) a recognition, non-disturbance and attornment agreement substantially in the form attached hereto and marked 'Exhibit 3.2' (hereinafter called the 'RNDA', and the American-City Agreement, the City-American Lease and the RNDA being hereinafter collectively called the 'City Agreements'); *provided, however*, that the City Agreements may not be amended in any way that the Port Authority determines would have a material adverse effect on the Port Authority without the express prior written consent of the Port Authority. In addition to and without limiting the foregoing, the City Agreements may not be amended, without the express prior written consent of the Port Authority, in any way that would have the effect of providing for a term of the City-American Lease other than as specified in Section 94 (a) (1) of the Lease, whether or not such amendment would have a material adverse effect on the Port Authority. The Port Authority agrees that the City Agreements shall not be and shall not be deemed to be a breach of this Lease; *provided, however*, that without limiting Section 94 hereof or any other term or condition of the Lease or the Consent Agreement (as defined in Section 92 hereof), the Lessee shall deliver a copy of the City-American Lease to the Port Authority not later than five (5) business days after the execution thereof by the City and the Lessee (as such term is defined in Section 3(e)(2)(iv) of the Lease); *provided, further, however,* that the receipt of such copy of the City-American Lease by the Port Authority shall not be binding on the Port Authority or waive or impair any rights or remedies of the Port Authority or require any action on the part of the Port Authority, and any action, or inaction, in connection with the receipt shall not be deemed to be a waiver or impairment of any rights or remedies that the Port Authority may have under the Lease or the Consent Agreement or otherwise. "

(e) A new paragraph (h) shall be inserted immediately after paragraph (g) thereof to read as follows:

"(h) (1) The following terms when used in this paragraph (h) shall have the respective meanings given below:

(i) 'Current Airport Lease' shall mean as of any particular date, the Airport Lease in effect on such date.

(ii) 'Current Airport Lease Expiration Date' shall mean as of the Supplement One Effective Date, the date December 31, 2015 (the then expiration date of the Basic Lease) and shall mean as of any date subsequent to the

Supplement One Effective Date, the date set forth in the Current Airport Lease for the expiration of the term of the letting under such Current Airport Lease.

(iii) 'Gap Period' shall mean the period occurring from 12:01 a.m. of the next day after the Current Lease Expiration Date to either (x) if there is an Applicable Airport Lease Extension Agreement, 11:59 p.m. of the Current Airport Lease Expiration Date first occurring after the commencement of such Gap Period or (y) if there is no Applicable Airport Lease Extension Agreement, 11:59 p.m. on December 31, 2015.

(2) Notwithstanding anything to the contrary in this Section 3, as long as the Port Authority has not given a notice of termination of the letting under this Lease in accordance with the requirements of such Lease, then during the Gap Period the Port Authority shall not commence any action against the Lessee seeking possession of the Premises or dispossession of the Lessee from the Premises unless the Port Authority is required to do so (whether required by contract, lease, law, court order or otherwise)."

1A. The last sentence of Section 4 II.(d)(1) of the Lease shall be amended to read as follows: "From and after the Building Rental End Date, if any, there shall be no Area II Building Rental payable under the Lease."

2. Section 32 of the Lease entitled "Notices" shall be amended by deleting the address, "One World Trade Center, New York, New York 10048" appearing in the eleventh (11th) line thereof and by inserting in lieu thereof the address "225 Park Avenue South, New York, New York 10003."

3. Section 37 of the Lease entitled "Termination by Lessee" shall be amended as follows:

(a) The first line of paragraph (a) thereof commencing with the word "If" and ending with a colon, shall be amended as follows:

"Except as otherwise provided in paragraph (d) of this Section, if any one or more of the following events shall occur:"

(b) The following new paragraph (d) shall be inserted immediately after paragraph (c) thereof to read as follows:

"(d) Notwithstanding paragraphs (a), (b) and (c) of this Section, the Lessee shall not have the right to terminate the Lease without the consent of the Leasehold Mortgagee (as defined in Section 92 hereof) prior to the date that the Leasehold Mortgage and the Reletting Rights (as defined in Section 92) of the Leasehold Mortgagee automatically terminate pursuant to paragraph (e) of Section 92 of this Lease."

4. The Section of the Lease entitled "Entire Agreement" shall be renumbered as "Section 95" and the reference in the first sentence thereof to "Section 92" shall be amended to read "Section 95" and the following new Sections 92, 93 and 94 are hereby added to the Lease to read as follows:

"Section 92. Reletting Rights-Leasehold Mortgagee

(a) As used in this Section 92 the following terms shall have the following meanings:

**'Act'** shall mean, collectively, the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended.

**'Additional Bond Resolutions'** shall mean the resolutions adopted by the IDA in connection with the issuance and sale of Additional Bonds.

**'Additional Bonds'** shall mean all series of bonds that are issued by the IDA, subsequent to the issuance of the Series 2002 Bonds, in accordance with the terms and conditions of Section 6.2 of the Consent Agreement, pursuant to the Subleases and Indenture, to finance the costs of the Redevelopment Work (including all reserves, costs of issuance and capitalized interest).

**'Additional Section 91 Redevelopment Work Investment Certificate'** and **'Additional Section 91 Redevelopment Work Investment Certificates'** shall have the meaning set forth in paragraph (d) of this Section 92.

**'Additional Supplemental Indentures'** shall mean such indentures supplemental or amendatory to the Master Indenture, which are executed subsequent to the execution of the 2002 Supplemental Indentures in accordance with the terms and conditions of Section 6.2 of the Consent Agreement.

**'Approved Successor Lessee'** shall mean a major domestic or international Scheduled Aircraft Operator, or a consortium of such major domestic or international Scheduled Aircraft Operators each of which would be jointly and severally obligated to the Port Authority with respect to all of the consortium's obligations under this Lease, who shall each meet all of the requirements set forth in paragraphs (t) and (u) of this Section including but not limited to the entering into with the Port Authority of the Lease Assignment/Assumption and Consent Agreement (as defined in paragraph (t) of this Section), and thereby become the assignee/purchaser of this Lease with respect to the Mortgaged Premises resulting from the exercise by the Leasehold Mortgagee of its Reletting Rights, whether by foreclosure and sale or by assignment in lieu of foreclosure.

**'Audit Confirmation Notice'** shall have the meaning set forth in paragraph (d) of this Section 92.

**'Audit Nonconfirmation Notice'** shall have the meaning set forth in paragraph (d) of this Section 92.

**'Bankruptcy Code'** shall mean the United States Bankruptcy Reform Act of 1978, as amended, including without limitation amendments made by the Bankruptcy Reform Act of 1994, and as the same may be further amended or supplemented, or any Federal bankruptcy law or laws replacing the foregoing.

**'Bankruptcy Rejection Date'** shall have the meaning as defined in paragraph (r)(1)(i)(B) of this Section.

**'Bondholder' and 'Bondholders'** shall mean, respectively, (i) each holder of a Bond or Bonds and (ii) all holders of all the Bonds.

**'Bonds'** shall mean, collectively, the Series 2002 Bonds and Additional Bonds; provided, however, that the principal amount of Bonds issued under the Indenture and secured by the Leasehold Mortgage shall be limited to a maximum amount of (Ex. 2.a.) etermined without taking into account any prepayments, redemptions or refundings made pursuant to any of the Financing Documents.

**'Bonds Default'** shall mean either (i) a failure to make payment of any and all amounts required when due for the payment of the principal, purchase price, premium or interest on the Bonds resulting in the occurrence and continuance of an Event of Default under and as defined in the Indenture, or (ii) a failure to make payment under the Guaranties with respect to the payment of any and all amounts required when due for the payment of the principal, purchase price, premium or interest on the Bonds, which failure has resulted in the occurrence and continuance of an Event of Default under and as defined in the Indenture; provided, however, if any of the foregoing arises out of an act or omission of the Trustee, despite the payment of any such amounts to the Trustee, then such Event of Default shall not be a Bonds Default.

**"Bonds Default Date'** shall have the meaning set forth in paragraph (m) of this Section 92.

**'Bond Resolutions'** shall mean, collectively, (i) the resolution adopted by the IDA on December 9, 1999, (ii) the resolution adopted by the IDA on October 23, 2001, as amended November 13, 2001, and (iii) all Additional Bond Resolutions.

**'Consent Agreement'** shall mean the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002, entered into by and among the Port Authority, the Lessee, AMR Corporation, the Trustee and the IDA.

**'Deferred Reletting Fee'** shall mean the fee payable by the Trustee or the Approved Successor Lessee to the Port Authority at the times and in the amounts as set forth in and pursuant to paragraph (u) of this Section.

**'Deferred Reletting Fee Rental'** shall mean the additional rental payable by the Approved Successor Lessee to the Port Authority as set forth in and pursuant to paragraph (u) of this Section.

**'Deferred Reletting Fee Rental Commencement Date'** shall have the meaning set forth in paragraph (u) of this Section.

**'Deferred Reletting Fee Rental Period'** shall have the meaning set forth in paragraph (u) of this Section.

**'Fee Owner'** shall have the meaning given to such term in the RNDA.

**'Financing Documents'** shall have the meaning given to such term in the Consent Agreement.

**'Financing Transaction'** shall mean the issuance of the Bonds for the financing of the costs of the Redevelopment Work (including all reserves, costs of issuance and capitalized interest) and all the transactions documented by the Financing Documents that support and facilitate such issuance.

**'Foreclosure Period'** shall mean an initial period of 270 days, subject to the conditions applicable to said initial period as set forth in paragraph (n) of this Section, and extendable to an aggregate total maximum period, including all such extensions, of seven hundred and twenty (720) days, subject (except as otherwise expressly provided) to the tolling of the running of the Foreclosure Period pursuant to the last sentence of this definition, paragraph (t)(3) of this Section or to the suspension of the running of the Foreclosure Period pursuant to paragraph (r)(1)(ii)(b) of this Section, and subject to the conditions set forth in paragraphs (l) and (n) of this Section, and which shall commence on Reletting Election Notice Service Date (subject to paragraph (l) of this Section) after the first to occur of any of the following (i) the Notice of Termination Service Date; (ii) the Bankruptcy Rejection Date; and (iii) the Bonds Default Date; and said Foreclosure Period shall expire, unless sooner terminated, on the earlier to occur of (x) the ninetieth consecutive day following such commencement if the conditions for the extension of the same under paragraph (n)(4) of this Section are not satisfied or, if there are one or more extensions thereof as provided in and subject and pursuant to subparagraphs (4), (5) and (6) of paragraph (n) of this Section, the last day of the final extension, or (y) the Lease Assignment/Assumption Commencement Date; the foregoing to be subject, however, to the provisions set forth in paragraphs (r)(1) and (q) of this Section; provided, however, that the Foreclosure Period shall not in any event continue after the transfer of title to the Lessee's interest in the Mortgaged Premises under the Lease pursuant to the issuance of a final judgment of foreclosure by a court of competent jurisdiction or after any termination or expiration of the Leasehold Mortgage as provided in this Section; and provided that the Foreclosure Period shall be subject to earlier termination as provided in paragraph (o) of this Section, and provided,

further, there shall be no Foreclosure Period if there is no Reletting Rights Effective Date. Notwithstanding anything herein to the contrary, if, during the pendancy of any Foreclosure Period, the Bonds Default and/or Lease Default giving rise to such Foreclosure Period, or any subsequent Bonds Defaults or Lease Defaults thereafter occurring, are cured, or waived by the Port Authority, as applicable, in accordance with the applicable agreement(s) prior to the Lease Assignment/Assumption Commencement Date and any pleading/proceedings based upon such Bonds Defaults or Lease Defaults are dismissed with prejudice, then such Foreclosure Period shall be deemed not to have occurred (provided that any amounts paid or owing to the Port Authority as of the date thereof shall be retained by, or continue to be owing to, the Port Authority, as applicable). In addition, as of the date and during the pendancy of any Lessee Bankruptcy, notwithstanding anything herein to the contrary, the counting of days and the Leasehold Mortgagee's Foreclosure Period Obligations in connection with any then-pending Foreclosure Period shall be deemed suspended and held in abeyance until the earlier of (i) the conclusion of the Lessee Bankruptcy or (ii) the Bankruptcy Rejection Date.

**'Foreclosure Period Extension Fee'** shall mean the fee payable to the Port Authority by the Leasehold Mortgagee for each applicable extension, and collectively for any and all applicable extensions, of the Foreclosure Period at the times and in the amounts set forth in and pursuant to paragraph (n) of this Section.

**'Guaranties'** shall have the meaning given to such term in the Consent Agreement.

**'IDA'** shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation created and existing under and by virtue of the laws of the State of New York.

**'IDA Sublease'** shall mean the IDA Sublease, as amended by all IDA Sublease Amendments.

**'IDA Sublease Amendments'** shall mean written amendments amendatory to the IDA Sublease, which are executed subsequent to the execution of the IDA Sublease in accordance with the terms and conditions of Section 6.2 of the Consent Agreement.

**'Indenture'** shall mean the Master Indenture, as amended, modified or supplemented by the 2002 Supplemental Indentures and all Additional Supplemental Indentures.

**'Lease Assignment/Assumption and Consent Agreement'** shall have the meaning as defined in paragraph (t)(2) of this Section.

**'Lease Assignment/Assumption Commencement Date'** shall have the meaning as defined in paragraph (t)(2) of this Section.

**'Lease Termination'** shall mean a breach of or default under the Lease for which the Port Authority has delivered a Notice of Termination in accordance with paragraph (l) of this Section 92.

**'Leasehold Mortgage'** shall mean the mortgage to be granted by the Lessee to the Leasehold Mortgagee, a form of which is attached to the Consent Agreement as *Exhibit G* and thereby made a part thereof, and which is subject to, controlled by and dependent upon the Lease, including this Section.

**'Leasehold Mortgagee'** shall mean the Trustee acting in its capacity as 'Leasehold Mortgagee' under the Leasehold Mortgage.

**'Leasehold Mortgagee's Foreclosure Period Commencement Payments'** shall have the meaning as defined in paragraph (n)(1) of this Section.

**'Leasehold Mortgagee's Foreclosure Period Current Basis Payments'** shall have the meaning as defined in paragraph (n)(2) of this Section.

**'Leasehold Mortgagee's Foreclosure Period Obligations'** shall have the meaning as defined in paragraph (n)(3) of this Section.

**'Leasehold Mortgagee's Foreclosure Period Payments'** shall mean the payments required to be made by the Leasehold Mortgagee to the Port Authority as set forth in paragraph (n) of this Section including the Leasehold Mortgagee's Foreclosure Period Commencement Payments, the Leasehold Mortgagee's Foreclosure Period Current Basis Payments, and the Foreclosure Period Extension Fees.

**'Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees'** shall mean:

(A) all amounts due and owing to the Port Authority under the Lease which have accrued for any and all periods up to the original Notice of Termination Effective Date, including without limitation, the Ground Rental, the Area IA and Area IB Building Rental, the Area I Building Rental, the Area II Building Rental, the Terminal Rental, the Extension Rentals, amounts for Hot Water and Chilled Water, the Cost of Assumable Maintenance and Repair, the Lessee's portion of the Costs of the Condition Survey, late charges, fees on In-Flight Meals, the Lessee's Parking Garage Contribution, handling fees, subletting fees, fees on consumer services, electrical, water and other utility charges, extermination services and additional rental under Section 16 of this Lease, to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee prior to the original Notice of Termination Effective Date (as defined in paragraph (l) (1) of this Section 92); and

(B) all amounts due and owing by the Lessee to the Port Authority under the General Airport Agreement and any successor or replacement agreement or arrangement covering the payment of flight fees and fueling fees which have accrued for any and all periods up to the original Notice of Termination Effective Date, to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee prior to the original Notice of Termination Effective Date (as defined in paragraph (l) (1) of this Section 92).

**'Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees'** shall mean:

(A) all amounts due and owing to the Port Authority under the Lease which have accrued for any and all periods up to the thirtieth (30th) day after the original Notice of Termination Effective Date, including without limitation, the Ground Rental, the Area IA and Area IB Building Rental, the Area I Building Rental, the Area II Building Rental, the Terminal Rental, the Extension Rentals, amounts for Hot Water and Chilled Water, the Cost of Assumable Maintenance and Repair, the Lessee's portion of the Costs of the Condition Survey, late charges, fees on In-Flight Meals, the Lessee's Parking Garage Contribution, handling fees, subletting fees, fees on consumer services, electrical, water and other utility charges, extermination services and additional rental under Section 16 of this Lease, to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee prior to the end of the period of the first extension of the Notice of Termination Effective Date (as defined in paragraph (l) (1) of this Section 92) pursuant to paragraph (l) (2) of this Section 92; and

(B) all amounts due and owing by the Lessee to the Port Authority under the General Airport Agreement and any successor or replacement agreement or arrangement covering the payment of flight fees and fueling fees which have accrued for any and all periods up to the thirtieth (30th) day after the original Notice of Termination Effective Date, to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee prior to the end of the period of the first extension of the Notice of Termination Effective Date (as defined in paragraph (l) (1) of this Section 92) pursuant to paragraph (l) (2) of this Section 92.

**'Lessee Bankruptcy'** shall mean the filing by the Lessee of a voluntary petition under the Bankruptcy Code or the filing of an involuntary petition against the Lessee under the Bankruptcy Code, and the pendency of proceedings pursuant thereto.

**'Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee'** shall have the meaning as set forth in paragraph (d)(2)(i)(B) of this Section 92.

**'Master Indenture'** shall have the meaning given to such term in the Consent Agreement.

**'Monthly Factor'** shall have the meaning set forth in paragraph (u) of this Section.

**'Mortgage Amount'** shall mean the amount equal to the lesser of (i) the principal amount of Bonds issued, determined without taking into account any prepayments, redemptions or refundings made pursuant to any of the Financing Documents. and (ii)

**'Mortgaged Premises'** shall mean the Premises under this Lease on the Supplement One Effective Date, as such Premises may be increased and decreased from time to time pursuant to the terms of the Lease, as amended, supplemented and modified.

**'Notice of Proposed Successor Lessee'** shall have the meaning set forth in paragraph (n)(3) of this Section.

**'Notice of Termination'** shall have the meaning set forth in paragraph (1)(1) of this Section.

**'Notice of Termination Effective Date'** shall have the meaning set forth in paragraph (1)(1) of this Section.

**'Notice of Termination Service Date'** shall have the meaning set forth in paragraph (1)(1) of this Section.

**'Outstanding'** shall have the meaning given to such term in the Indenture.

**'Proposed Successor Lessee'** shall have the meaning set forth in paragraph (t)(1) of this Section.

**'Redevelopment Work'** shall have the meaning set forth in Section 2B of this Lease.

**'Reletting Election Notice'** shall mean the written notice required to be given by the Leasehold Mortgagee to the Port Authority pursuant to paragraph (1)(2), (m)(1) or (r)(l)(i)(B) of this Section affirmatively stating the Leasehold Mortgagee's election to (i) exercise its Reletting Rights hereunder and (ii) to exercise its rights under the Leasehold Mortgage to foreclose upon the Leasehold Mortgage or to have the Lease with respect to the Mortgaged Premises assigned to an Approved Successor Lessee in accordance with the provisions of this Section.

**'Reletting Election Notice Service Date'** shall mean the actual date of the service on the Port Authority by the Leasehold Mortgagee of its Reletting Election Notice provided that such service is duly and timely made in accordance with the terms and provisions of this Lease.

**'Reletting Election Period'** shall mean the period during which the Leasehold Mortgagee must decide whether it shall exercise its Reletting Rights hereunder and serve its Reletting Election Notice on the Port Authority prior to the expiration thereof, and which period shall commence on the earliest to occur of (i) the Notice of Termination Service Date, (ii) the Bankruptcy Rejection Date, and (iii) the Bonds Default Date, and which period shall expire at 11:59 p.m. New York City time on the thirtieth ($30^{th}$) consecutive day following said commencement, unless extended in accordance with the terms of paragraph (l)(2) of this Section.

**'Reletting Party'** shall have the meaning set forth in paragraph (t) of this Section.

**'Reletting Rights'** shall mean the rights of the Trustee as Leasehold Mortgagee with respect to the Mortgaged Premises and the Leasehold Mortgage to obtain an Approved Successor Lessee during the Foreclosure Period as provided in this Section, provided, however, no Reletting Rights shall commence or be deemed to have commenced until on or after the Reletting Rights Effective Date, if any, and further shall commence only if there is a Leasehold Mortgage, which has been properly dated, executed, delivered and recorded strictly in compliance with the terms and provisions of this Section 92 and the Consent Agreement, and shall terminate as provided in this Section 92, including without limitation, upon the termination or expiration of the Leasehold Mortgage in accordance with this Section 92.

**'Reletting Rights Effective Date'** shall mean the date on which all of the Reletting Rights Effective Date Conditions shall have been fulfilled.

**'Reletting Rights Effective Date Conditions'** shall mean each of the requirements set forth in items (i) through (v) of paragraph (d)(1) of this Section.

**'Reliance Notice'** shall have the meaning set forth in paragraph (d) of this Section 92.

**'RNDA'** shall have the meaning set forth in Section 3 hereof as amended.

**'RNDA Effective Date'** shall mean the date, if any, that the Fee Owner has become the lessor under this Lease in accordance with the provisions of the RNDA upon termination of the Basic Lease.

**'Section"** shall mean this Section 92.

**'Section 19 Assignee'** shall mean a Scheduled Aircraft Operator to whom the Lessee has assigned its leasehold interest under the Lease with the prior written consent of the Port Authority or as otherwise permitted in Section 19 of the Lease.

**'Section 91 Redevelopment Work Investment Certificate'** and **'Section 91 Redevelopment Work Investment Certificates'** shall have the meaning set forth in paragraph (d) of this Section 92.

**'Series 2002 Bonds'** shall mean, collectively, the (Ex.2.a) Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project) Series 2002A and the (Ex. 2.a.) Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project) Series 2002B of the IDA issued, executed, authenticated and delivered under the Master Indenture, as amended and supplemented by the 2002 Supplemental Indentures.

**'Subleases'** shall mean collectively, the Company Sublease, the IDA Sublease and all IDA Sublease Amendments.

**'Subsequent Non-Bonds Default'** shall have the meaning set forth in paragraph (n)(7)(i) of this Section.

**'Subsequent Notice of Termination'** shall have the meaning as set forth in paragraph (l)(3) of this Section.

**'Subsequent Notice of Termination Service Date'** shall have the meaning as set forth in paragraph (l)(3) of this Section.

**'Successor Trustee'** shall mean a successor to the Trustee selected and appointed in accordance with the Indenture, which has delivered a Certificate of Assumption and Agreement in accordance with the Indenture and Section 6.4 of the Consent Agreement.

**'Trustee'** shall mean shall mean The Bank of New York, or any Successor Trustee under the Indenture.

**'Wrongful Recording of the Leasehold Mortgage'** shall have the meaning as set forth in paragraph (d) (2) (ii) of this Section 92.

**'2002 Supplemental Indentures'** shall have the meaning given to such term in the Consent Agreement.

(b) (1) The Lessee hereby represents to the Port Authority that the Lessee intends to finance the costs of the Redevelopment Work (including reserves, costs of issuance and capitalized interest), together with associated personal property, with the proceeds of the Bonds issued by the IDA pursuant to the Financing Transaction, and that contemporaneously with the execution of Supplement No. 1 to this Lease the Lessee will be executing certain of the Financing Documents subject to the execution by the Lessee, the Port Authority, the Trustee, AMR and the IDA of the Consent Agreement.

(2) It is expressly acknowledged that the intent of the parties hereto is that the Leasehold Mortgage is to be granted by the Lessee to the Trustee pursuant to the provisions hereof, solely for the purposes of allowing the Trustee in its capacity as Leasehold Mortgagee to exercise its Reletting Rights with respect to the Mortgaged Premises, as the implementation of the security afforded to the Bondholders solely with respect to the Mortgaged Premises by virtue of the Leasehold Mortgage, and to obtain an Approved Successor Lessee during the Foreclosure Period if it elects to do so pursuant to this Section.

(c) (1) Notwithstanding the provisions of Section 19 of this Lease and any other provision of this Lease, and without otherwise limiting the generality thereof, the Lessee, but only as part of the Financing Transaction, shall have the right (exercisable one time only) to execute the Leasehold Mortgage and to date, execute, deliver and record the same in accordance with this Lease including without limitation this Section 92 and the Consent Agreement,

provided that, the Consent Agreement shall have been duly executed by all the parties thereto and have been delivered by the Port Authority to the other parties thereto, and, provided, further, that on or prior to the date this Supplement No. 1 to the Lease is executed, the terms and conditions of Section 4.3 of the Consent Agreement shall have been met.

(2) It is hereby understood and agreed that in no event shall the principal amount of Bonds issued under the Indenture and secured by the Leasehold Mortgage exceed the amount of Two Billion Three Hundred Million Dollars and No Cents ($2,300,000,000.00), determined without taking into account any prepayments, redemptions or refundings made pursuant to any of the Financing Documents.

(3) It is hereby understood and agreed that there shall be only one (1) Leasehold Mortgage and the Leasehold Mortgage shall only mortgage the leasehold interest of American Airlines, Inc. (the Lessee on the Supplement One Effective Date) or of a Section 19 Assignee (in the event of a permitted assignment of the Lease to a Section 19 Assignee prior to the Reletting Rights Effective Date) in the Mortgaged Premises under the Lease; provided, however, that if the Lessee granting the Leasehold Mortgage is also a Section 19 Assignee it may make such granting of the Leasehold Mortgage only if it also assumes all of the obligations of the Lessee under the Consent Agreement and also assumes all of the obligations of the Guarantor under the American Airlines Guaranty to pay principal, interest, purchase price and premium on the Bonds.

(4) It is hereby understood and agreed that the Leasehold Mortgage shall only secure the obligations of (i) American Airlines, Inc. (including its permitted successors as Guarantor pursuant to and under the American Airlines Guaranty, provided that each such permitted successor is then the Lessee under this Lease) under the American Airlines Guaranty to pay principal, interest, purchase price and premium on the Bonds and (ii) AMR Corporation (including its permitted successors as Guarantor pursuant to and under the AMR Guaranty) under the AMR Guaranty to pay principal, interest, purchase price and premium on the Bonds.

(5) The Leasehold Mortgage shall not be executed, delivered, dated or recorded, or otherwise become effective, except as provided in and in accordance with paragraph (d) of this Section and shall terminate as provided in and in accordance with paragraph (e) of this Section and Article 5.2 of the Consent Agreement.

(d) (1) Without limiting Section 19 or any other term or provision of this Lease or any term or provision of the Consent Agreement, and notwithstanding anything herein or in the Financing Documents, the Leasehold Mortgage or any consent or approval of the Port Authority thereto to the contrary, (i) the Leasehold Mortgage shall not be effective, (ii) the lien created by the Leasehold Mortgage shall not attach, (iii) the Leasehold Mortgagee shall have no rights under the Leasehold Mortgage, (iv) the Leasehold Mortgage shall not be executed, dated, delivered or recorded and (v) the Reletting Rights shall not be exercisable, unless all of the Reletting Rights Effective Date Conditions (set forth in items (i) through (v) of this paragraph (d) shall have occurred:

(i) the Port Authority shall have received from the Lessee the certificates required to be delivered to the Port Authority by paragraph (n)(1) of Section 2B of this Lease, certifying that there has been substantial completion of the Redevelopment Work;

(ii) the Redevelopment Work Completion Date shall have occurred;

(iii) the Lessee shall have received from the Port Authority the Port Authority certificate pursuant to Section 2B(n)(1) of this Lease;

(iv) the Lessee shall have made a Redevelopment Work Investment in the Premises of not less than (Ex.2.a.)
as such investment shall have been evidenced as set forth in the definition of Redevelopment Work Investment in Section 91 of the Lease, and the Lessee shall have received from the Port Authority either (A) an Audit Confirmation Notice or (B) a Reliance Notice in accordance with subparagraph (3) below of this paragraph (d);

(v) the Port Authority shall have received from the Lessee a certificate signed by a responsible officer of the Lessee certifying that the Premises contains not less than fifty-five (55) aircraft loading and unloading gate positions of which at least thirty-five (35) are to accommodate wide-body aircraft and of which at least two (2) are to accommodate narrowbody aircraft, or such other number of aircraft gate positions as shall have been approved in writing by the Director of the Port Authority's Aviation Department as being the number of aircraft gate positions as shall satisfy the requirement for item (iii) of the Required Conditions set forth in the definition of Required Conditions in Section 91 of the Lease.

(2) (i) (A) The Leasehold Mortgagee shall, at such time it deems appropriate following its receipt of the Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee (after the occurrence of all of the Reletting Rights Effective Date Conditions set forth in items (i) through (v) above), record or present for recording the Leasehold Mortgage in the appropriate filing office as required by and in compliance with all applicable law.

(B) In no event shall the Leasehold Mortgage be recorded until the Port Authority and the Leasehold Mortgagee shall have received from the Lessee a notice (in the form attached to the Consent Agreement as Exhibit P thereof) indicating the Lessee's intention to date, execute and deliver to the Leasehold Mortgagee for recording the Leasehold Mortgage not earlier than fifteen (15) business days after the date of the delivery of such notice to the Port Authority, and containing the Lessee's certification that such dating, execution, delivery and recording of the Leasehold Mortgage is and shall be in compliance with the Lease and the Consent Agreement and that that the conditions set forth in the foregoing items (i) through (v) of this paragraph (d) have been fulfilled, and which notice shall have attached thereto a copy of the Leasehold Mortgage to be recorded as dated, signed, and acknowledged by the Lessee (the "Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee").

(ii) Notwithstanding the foregoing, it is expressly understood and agreed that any dating, execution, delivery or recording of the Leasehold Mortgage by the Lessee, the Leasehold Mortgagee or any other person prior to the occurrence of all of the Reletting Rights Effective Date Conditions set forth in items (i) through (v) above or in violation or contravention of any of the terms, provisions, covenants and conditions of the Lease or the Consent Agreement including but not limited to any recording of a form of the Leasehold Mortgage which is not the same as the form attached to the Consent Agreement, or any dating, executing, delivery or recording of the Leasehold Mortgage by the Lessee, the Leasehold Mortgagee or any other person which is in violation of any term, covenant, condition, provision or representation contained or made in the Lease or the Consent Agreement, or, without limiting any of the foregoing, any recording of the Leasehold Mortgage by any person other than the Leasehold Mortgagee (each of the foregoing, a "Wrongful Recording of the Leasehold Mortgage") shall constitute a material breach of this Lease by the Lessee and an event of default under Section 20 hereof permitting the Port Authority to terminate the Lease in accordance with Section 20 hereof, in addition to and without limiting any other rights or remedies of the Port Authority, legal, equitable or otherwise, under the Lease or otherwise; and any such Wrongful Recording of Leasehold Mortgage shall not constitute the Trustee as the Leasehold Mortgagee nor entitle the Trustee to any of the Reletting Rights or rights thereunder or any other rights against the Lease or the Premises or the Port Authority. Without limiting any of the foregoing or any of the indemnities given in favor of the Port Authority under the Lease or otherwise, the Lessee hereby expressly covenants, represents and warrants to the Port Authority that the Lessee shall cooperate with the Port Authority and shall promptly take or cause to be taken any and all actions requested or required by the Port Authority or required under applicable law to remove and discharge the Leasehold Mortgage and any lien created by such Wrongful Recording of the Leasehold Mortgage including but not limited to the execution and filing of all appropriate instruments; and the Lessee shall ensure that its agreements with the Trustee, including but not limited to the Indenture and the Leasehold Mortgage incorporate the provisions of this subparagraph (d) (2), including similar obligations of the Trustee with respect to the foregoing. The foregoing covenant, representation and warranty of the Lessee shall survive any such termination of the Lease. Failure of the Port Authority to object to any Wrongful Recording of the Leasehold Mortgage shall not be deemed to constitute a waiver of any of the foregoing terms and covenants of this paragraph (d) or to be a waiver of any claim, right or remedy or defense of the Port Authority legal, equitable or otherwise, under the Lease or otherwise or to bar or preclude the Port Authority from asserting any such claim, right, remedy or defense.

(3) (i) It is acknowledged that Section 91 of the Lease sets forth the definition of the "Redevelopment Work Investment" in the Premises and the requirements for the certification of said Redevelopment Work Investment by the Lessee to the Port Authority including without limitation the obligation of the Lessee to deliver certificates to the Port Authority evidencing from time to time the amounts comprising the Redevelopment Work Investment, with such certificates to be signed by a responsible fiscal officer of the Lessee and sworn to before a notary public and which certificates are to set forth specified information and be accompanied by specified documentation, all as set forth in said Section 91 of the Lease (each such certificate meeting all of the requirements and conditions of Section 91 of the Lease is, for purposes of this paragraph (d) including the requirement for cumulative totals as stated in the following sentence, hereinafter referred to as a "Section 91 Redevelopment Work Investment

Certificate" and used in the plural as "Section 91 Redevelopment Work Investment Certificates"). Each Section 91 Redevelopment Work Investment Certificate shall contain the certification of the Lessee under the Lease of the amount of the Redevelopment Work Investment during the applicable period covered thereby, and shall, pursuant to and without limiting Section 91 of the Lease, also contain the certification of the Lessee under the Lease of the cumulative total amount of the Redevelopment Work Investment in the Premises (as defined in the Lease) during all periods from September 24, 1998 through the end of the period covered by the particular Section 91 Redevelopment Work Investment Certificate.

(ii) Without limiting Section 91 of the Lease or any other term, provision, covenant, or condition of the Lease, it is hereby agreed, solely for purposes of determining the fulfillment of the condition set forth in item (1) (iv) of this paragraph (d) (whether the Lessee has made a Redevelopment Work Investment, as defined in Section 91 of the Lease, in the Premises of not less than with respect to the determination hereunder of when the Leasehold Mortgage is to be dated, executed, delivered and recorded, that when, and only if, the Port Authority has actually received from the Lessee Section 91 Redevelopment Work Investment Certificates cumulatively totaling at least No Cents provided the Lessee shall have submitted such Section 91 Redevelopment Work Investment Certificates equaling or exceeding the aforesaid cumulative amount not later than December 1, 2014, the Port Authority shall, not later than one year after the date on which the Port Authority shall have received a Section 91 Redevelopment Work Investment Certificate that sets forth a cumulative total equaling or exceeding deliver to the Lessee, with a copy to the Leasehold Mortgagee, a written notice that either (A) the Port Authority audit confirms Redevelopment Work Investment by the Lessee of not less than ("Audit Confirmation Notice"), or (B) that the Port Authority audit does not confirm Redevelopment Work Investment by the Lessee of not less than including or setting forth the Port Authority audit findings applicable thereto which shall include specification of any unqualified costs ("Audit Nonconfirmation Notice") or (C) that the Port Authority elects, solely for purposes of the condition set forth above in item (1) (iv) of this paragraph (d) in connection with the dating, executing, delivery and recording of the Leasehold Mortgage, to rely on the Lessee's Section 91 Redevelopment Work Investment Certificates as submitted by the Lessee to the Port Authority without completion of an audit ("Reliance Notice"). The Lessee expressly acknowledges and agrees that in delivering any and all Section 91 Redevelopment Work Investment Certificates to the Port Authority that the Lessee expressly authorizes the Port Authority and the Leasehold Mortgagee to rely on the same for the aforesaid purposes hereof including without limitation the election by the Port Authority to deliver the Reliance Notice.

(iii) In the event the Port Authority delivers to the Lessee and the Leasehold Mortgagee the Audit Confirmation Notice or the Reliance Notice, the aforesaid condition set forth above in item (1) (iv) of this paragraph (d) shall be deemed fulfilled, solely for purposes in connection with the determination under this Section 92 of whether the Leasehold Mortgage is to be dated, executed, delivered and recorded.

(iv) In the event the Port Authority delivers to the Lessee and the Leasehold Mortgagee an Audit Nonconfirmation Notice, as above described, it is expressly understood and

agreed that, without limiting any rights or remedies of the Port Authority under the Lease or otherwise, the condition set forth above in item (1) (iv) of this paragraph (d) shall be deemed to have not been fulfilled and the Leasehold Mortgage shall not be dated, executed, delivered or recorded.

(v) In the event that, subsequent to the delivery by the Port Authority of an Audit Nonconfirmation Notice, as described above, the Lessee continues to submit additional (not previously submitted) Section 91 Redevelopment Work Investment Certificates (each, an "Additional Section 91 Redevelopment Work Investment Certificate", and in the plural, "Additional Section 91 Redevelopment Work Investment Certificates") in accordance with, and meeting all of the requirements of, Section 91 of the Lease (including without limitation all documentation and information required under the Lease) and subparagraph (i) of this paragraph (d) (3) (but in no event later than December 1, 2014), when, and only if, the Port Authority actually receives such Additional Section 91 Redevelopment Work Investment Certificates that cumulatively, with the qualified costs under any Section 91 Redevelopment Work Certificates previously submitted, total not less than the Port Authority within one year thereafter will, with respect to such Additional Section 91 Redevelopment Work Investment Certificates, deliver to the Lessee, with a copy to the Leasehold Mortgagee, either (A) an Audit Confirmation Notice, in which case the condition set forth above in item (1) (iv) of this paragraph (d) shall be deemed fulfilled, solely for purposes in connection with the determination of whether the Leasehold Mortgage is to be dated, executed and recorded; or (B) an Audit Nonconfirmation Notice, in which case, without limiting any rights or remedies of the Port Authority under the Lease or otherwise, the condition set forth above in item (1) (iv) of this paragraph (d) shall be deemed to have not been fulfilled and the Leasehold Mortgage shall not be dated, executed, delivered or recorded or (C) a Reliance Notice, stating that the Port Authority elects, solely for purposes of the condition set forth above in item (1) (iv) of this paragraph (d) in connection with the dating, executing, delivery and recording of the Leasehold Mortgage, to rely on the Lessee's Additional Section 91 Redevelopment Work Investment Certificates without completion of an audit. The Lessee expressly acknowledges and agrees that in delivering the Additional Section 91 Redevelopment Work Investment Certificates to the Port Authority that the Lessee expressly authorizes the Port Authority and the Leasehold Mortgagee to rely on the same for the aforesaid purposes hereof including without limitation the election by the Port Authority to deliver the Reliance Notice.

(vi) Neither the foregoing provisions nor the procedure set forth therein nor any action or notice thereunder shall be deemed to extend the term of the letting under the Lease as stated in, and subject to the conditions of, Section 3 thereof, nor to alter, amend or waive any of the terms, provisions, covenants and conditions of the Lease, including, without limitation, Sections 3 and 4 thereof. The foregoing provisions shall not be deemed to release or relieve the Lessee from any of the terms, provisions, covenants and conditions of the Lease on the part of the Lessee to be kept performed and observed, including without limitation the requirements and conditions for the Lessee's evidencing, documentation and certification of the Redevelopment Work Investment as set forth in the definition of Redevelopment Work Investment in Section 91 of the Lease. The provisions of this paragraph (d) (3) are intended only to establish a procedure for determining the fulfillment of the condition set forth above in item (1) (iv) of this paragraph (d) in connection with the Lessee's dating, executing, delivery and recording of the Leasehold

Mortgage. The election whether to conduct an audit or to deliver a Reliance Notice shall be at the sole discretion of the Port Authority; neither this paragraph (d) nor anything contained herein shall be deemed to obligate the Port Authority to conduct an audit. It is expressly understood and agreed that in the event the Port Authority delivers a Reliance Notice, the foregoing provisions of this paragraph (d) (3) are not intended to, and shall not, be binding on the Port Authority with respect to the determination of the Redevelopment Work Investment for any other purposes under the Lease, including without limitation Sections 4 and 18 thereof. The delivery by the Lessee of one or more Section 91 Redevelopment Work Investment Certificates or Additional Section 91 Redevelopment Work Investment Certificates to the Port Authority in accordance with the foregoing shall not be binding on the Port Authority and shall not waive, restrict, impair or limit Port Authority rights under the Lease, the Consent Agreement or otherwise to review and audit the Redevelopment Work Investment or any of the Section 91 Redevelopment Work Investment Certificates or Additional Section 91 Redevelopment Work Investment Certificates.

(vii) The agreement of the Lessee to the terms and provisions of this paragraph (d) (3) is a special inducement and consideration to the Port Authority in entering into this Supplement No. 1 to the Lease.

(e) Notwithstanding anything herein or in the Financing Documents, the Leasehold Mortgage or any consent or approval of the Port Authority thereto to the contrary, the Leasehold Mortgage and the Reletting Rights shall automatically terminate and end in any event upon the earliest to occur of:

(1) the expiration, surrender or termination of the Basic Lease except that the Leasehold Mortgage and the Reletting Rights (but only if the Leasehold Mortgage shall not have terminated pursuant to any of subparagraphs (2) through (10) of this paragraph (e), or for any other reason) shall not terminate solely by reason of the termination of the Basic Lease if there is a RNDA Effective Date upon the termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the RNDA, recognizes the Leasehold Mortgage and the Reletting Rights;

(2) the expiration, surrender or termination of the Lease, except that the Leasehold Mortgage and the Reletting Rights (but only if the Leasehold Mortgage shall not have terminated pursuant to any of subparagraph (1) or subparagraphs (3) through (10) of this paragraph (e)), (i) shall not terminate solely by reason of the termination of the Basic Lease if there is a RNDA Effective Date upon the termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the RNDA, recognizes the Leasehold Mortgage and the Reletting Rights and (ii) shall not terminate solely due to a deemed termination of this Lease, pursuant to Section 52(a) of this Lease, solely due to the occurrence of a Triggering Event;

(3) the termination of the consent granted under the Consent Agreement as to the Leasehold Mortgage pursuant to Section 5.2 of the Consent Agreement.

(4) the termination, expiration or surrender (including without limitation discharge or release) of both of (i) the American Airlines Guaranty (except that if

payment obligations of American Airlines, Inc. (including its permitted successors pursuant to and under the American Airlines Guaranty as the Guarantor thereunder provided each such permitted successor is then the Lessee under this Lease), thereunder with respect to the payment of principal, interest, purchase price or premium on the Bonds remain outstanding and unpaid, then upon the date when there are no such payment obligations remaining outstanding and unpaid); and (ii) the AMR Guaranty (except that if payment obligations of AMR (including its permitted successors pursuant to and under the AMR Guaranty as the Guarantor thereunder) thereunder with respect to the payment of principal, interest, purchase price or premium on the Bonds remain outstanding and unpaid, then upon the date when there are no such obligations remaining outstanding and unpaid);

(5) the date on which no Bonds shall be Outstanding;

(6) the expiration of the Reletting Election Period without the timely exercise by the Leasehold Mortgagee of its election to exercise its Reletting Rights by service of its Reletting Election Notice on the Port Authority in accordance with the terms hereof;

(7) the date of any written notice given by the Leasehold Mortgagee stating its election not to exercise its Reletting Rights hereunder;

(8) the effective date of the letting of the Mortgaged Premises hereunder, whether for the full Term or otherwise, to an Approved Successor Lessee, whether resulting from a foreclosure of the Leasehold Mortgage, the exercise by the Leasehold Mortgagee of its Reletting Rights, an assignment in lieu of foreclosure or otherwise without the occurrence of a Lease Assignment/Assumption Commencement Date, provided, however, nothing contained in this paragraph (e)(8) shall or shall be deemed to have changed any term or provision of this Section 92 including without limitation paragraph (t) hereof;

(9) the Lease Assignment/Assumption Commencement Date; and

(10) the expiration or earlier termination or cancellation of the Foreclosure Period.

(f) The Leasehold Mortgagee shall not assign or transfer the Leasehold Mortgage to any Person other than a Successor Trustee. Each Successor Trustee shall be obligated under this Section and also under the Consent Agreement, pursuant to the terms of Section 6.4 of the Consent Agreement, and shall hold the Leasehold Mortgage subject to all the terms and provisions of this Section as if it were the original Leasehold Mortgagee.

(g) Provided that nothing in this paragraph shall in any way impair or limit the rights of the Leasehold Mortgagee under this Section or the Leasehold Mortgagee's rights against the Lessee under the Leasehold Mortgage which shall be in accordance with and subject to this Section, and notwithstanding anything contained in the Leasehold Mortgage or any consent or approval of the Port Authority thereto, it is understood and agreed that the rights of the Leasehold Mortgagee shall in all respects be as specified in the Leasehold Mortgage (provided

that a copy of this Section and a copy of the Consent Agreement is attached thereto) and this Section, and shall be subject to, controlled by and dependent upon the terms, covenants, conditions and provisions set forth in this Lease and the Consent Agreement. The terms, covenants, conditions and provisions of this Lease shall govern as between the Port Authority and the Lessee. As between the Port Authority and the Leasehold Mortgagee, in the event of any inconsistency between the terms, covenants, conditions and provisions of this Lease and the terms, covenants, conditions and provisions of the Leasehold Mortgage or the Indenture or any of the other Financing Documents, the terms, covenants, conditions and provisions of this Lease shall control. Notwithstanding any provisions of the Leasehold Mortgage to the contrary, the Lessee for all purposes (except for purposes of paragraph (r) (2) of this Section) shall be deemed to be the Lessee hereunder (subject to the Leasehold Mortgagee's Reletting Rights herein granted) unless and until the Leasehold Mortgagee shall have obtained an Approved Successor Lessee.

(h) (1) Any approval or consent by the Port Authority hereunder whether to the Leasehold Mortgage or to any assignment thereof shall apply only to the specific transaction thereby authorized and shall not relieve the Lessee or the Leasehold Mortgagee from the requirement of obtaining the prior approval or consent of the Port Authority to each and every further assignment of the Leasehold Mortgage (except if otherwise expressly permitted hereunder without such approval).

(2) Neither this Section nor the Leasehold Mortgage shall prevent the Lessee hereunder from amending this Lease without the approval of the Leasehold Mortgagee, provided, however, that:

(i) until the Leasehold Mortgage shall have terminated as provided in paragraph (e) of this Section, no amendment shall be made to this Section 92 without the prior written consent of the Leasehold Mortgagee; and

(ii) until the Leasehold Mortgage shall have terminated as provided in paragraph (e) of this Section, no amendment which shall only affect an Approved Successor Lessee, without affecting the Lessee, shall be made to this Lease without the prior written consent of the Leasehold Mortgagee.

(i) (1) Except as expressly authorized in above paragraph (c) of this Section, the Lessee shall not mortgage the Lessee's interest in this Lease or the letting hereunder in whole or in part, or any portion of the Mortgaged Premises or the Lessee's subleasehold interests under the Subleases or either of them in whole or in part. The foregoing shall not prohibit the IDA's pledge, pursuant to the Indenture, of its interests under the IDA Sublease and the execution of any financing statements relating to the same.

(2) Neither the Approved Successor Lessee nor any other Person purchasing or succeeding to the leasehold hereunder shall have any right to pledge or mortgage the leasehold hereunder or any portion of the Premises.

(j) (1) On and after (but in no event before) the Reletting Rights Effective Date, the Port Authority shall send to the Leasehold Mortgagee a copy of each notice of default given under the Section of this Lease entitled 'Termination by the Port Authority' or otherwise at the same time as and whenever any such notice of default shall have been sent to the Lessee, and no notice of default given by the Port Authority from and after the Reletting Rights Effective Date shall be deemed to have been given by the Port Authority unless and until a copy thereof shall have been so given to the Leasehold Mortgagee. Effective as of the Reletting Rights Effective Date, but not before, the Lessee irrevocably directs that the Port Authority accept, and the Port Authority agrees to accept, the curing of such default with respect to the Mortgaged Premises by the Leasehold Mortgagee as if and with the same force and effect as though cured by the Lessee. Anything to the contrary herein notwithstanding, it is expressly understood and agreed that the right of the Port Authority to terminate the Lease based on the Wrongful Recording of Leasehold Mortgage shall not be subject to the Reletting Rights of the Leasehold Mortgagee or to the immediately preceding sentences of this paragraph (j), and that any notice of termination given by the Port Authority to the Lessee based on such right of termination shall not be required to be given to the Leasehold Mortgagee, and the Leasehold Mortgagee shall not have any rights to cure such default by the Lessee.

(2) The copies of notices of events of default to be sent to the Leasehold Mortgagee as provided in paragraph (j)(1) of this Section and all other notices to be given to the Leasehold Mortgagee pursuant to this Section, shall be sent to 101 Barclay Street, New York, New York 10286 or to such other address as The Bank of New York or a Successor Trustee shall have last furnished to the Port Authority in writing for the purpose of sending of notices to the Leasehold Mortgagee pursuant to this Section.

(k) The Leasehold Mortgagee shall not have any right in or to the occupancy or use of the Mortgaged Premises except (i) to the extent necessary to cure Lessee's default in accordance with paragraph (j) of this Section and (ii) to fulfill the Leasehold Mortgagee's obligations under paragraph (n)(3)(i) of this Section. The Leasehold Mortgagee shall not enter into or be entitled to enter into possession of the Mortgaged Premises under this Lease except to the extent afforded to it under this Lease.

(l) Lease Termination-Service of Notice of Termination:

(1) If on or after (but in no event shall the following apply before) the Reletting Rights Effective Date, the Port Authority shall elect to terminate the letting of the Premises under this Lease pursuant to Section 20 of this Lease entitled "Termination by the Port Authority", or otherwise, then, except as otherwise provided in subparagraph (1) of paragraph (j) of this Section 92 with respect to a Wrongful Recording of Leasehold Mortgage, the Port Authority shall at the same time send a copy of the written notice of such termination ('Notice of Termination') to the Leasehold Mortgagee (the date of the sending of such Notice of Termination to the Leasehold Mortgagee being herein called the 'Notice of Termination Service Date'). The Notice of Termination shall specify the effective time and date of such termination (the 'Notice of Termination Effective Date'), which time and date must not be before 11:59 p.m. New York City time on the thirtieth ($30^{th}$) day after the Notice of Termination Service Date, subject to extension as provided in paragraph (l)(2) below. If there is a first extension of the

Notice of Termination Effective Date pursuant to paragraph (l)(2) below, then the term 'Notice of Termination Effective Date' shall be deemed to then be the date which is the thirtieth (30th) day immediately succeeding the original Notice of Termination Effective Date; and if there is thereafter a second extension of the Notice of Termination Effective Date, then the 'Notice of Termination Effective Date' shall be deemed to be the date which is the sixtieth (60th) day immediately succeeding the original Notice of Termination Effective Date.

(2) Except as otherwise provided in subparagraph (1) of paragraph (j) of this Section 92, the serving of the Notice of Termination on or after (but in no event before) the Reletting Rights Effective Date by the Port Authority on the Leasehold Mortgagee in accordance with the foregoing shall trigger the Leasehold Mortgagee's Reletting Rights (solely with respect to the Mortgaged Premises) and the commencement of the Reletting Election Period (unless the Leasehold Mortgagee has previously exercised its Reletting Rights and the Reletting Election Period has previously commenced based on a Bonds Default pursuant to paragraph (m) of this Section or a Bankruptcy Rejection Date pursuant to paragraph (r) of this Section). The Leasehold Mortgagee shall have the right to extend the Notice of Termination Effective Date for a period of thirty (30) days beyond the original Notice of Termination Effective Date, but only if the Leasehold Mortgagee shall pay to the Port Authority, on or before the original Notice of Termination Effective Date, the Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees as set forth in the statement from the Port Authority referred to in the following sentence. For purposes of the making of said payment by the Leasehold Mortgagee, the Port Authority agrees to send to the Leasehold Mortgagee at least ten (10) days before the original Notice of Termination Effective Date a statement setting forth the Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees; provided, that such statement shall not be conclusive (except for purposes of determining the amount required to be paid pursuant to the preceding sentence) and shall not release or relieve the Lessee or the Leasehold Mortgagee from any amounts due for such period notwithstanding any failure to include amounts due and owing in the said statement nor preclude the Port Authority from rendering a billing for the same. In the event there is an extension of the Notice of Termination Effective Date in accordance with the two foregoing sentences, the Leasehold Mortgagee shall have the right to extend the Notice of Termination Effective Date for a period of sixty (60) days beyond the original Notice of Termination Effective Date, but only if the Leasehold Mortgagee shall pay to the Port Authority, on or before the thirtieth (30th) day after the original Notice of Termination Effective Date, the Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees, and any unpaid Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees, as set forth in the statement from the Port Authority referred to in the following sentence. For purposes of the making of said payment by the Leasehold Mortgagee, the Port Authority agrees to send to the Leasehold Mortgagee at least ten (10) days before the thirtieth (30th) day after the original Notice of Termination Effective Date a statement setting forth the Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees, and any unpaid Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees; provided, that such statement shall not be conclusive (except for purposes of determining the amount required to be paid pursuant to the preceding sentence) and shall not release or relieve the Lessee or the Leasehold Mortgagee from any amounts due for such period notwithstanding any failure to include amounts due and owing in the said statement nor preclude the Port Authority from rendering a billing for the same. The Notice of Termination Service Date

shall be the date of commencement of the Reletting Election Period (unless the Leasehold Mortgagee has previously exercised its Reletting Rights or the Reletting Election Period has previously commenced based on a Bonds Default pursuant to paragraph (m) of this Section or a Bankruptcy Rejection Date pursuant to paragraph (r) of this Section), which Reletting Election Period may extend to a maximum of ninety (90) days subject to and in accordance with the terms of this paragraph; provided, however, that there shall be no Reletting Rights prior to the Reletting Rights Effective Date. The Leasehold Mortgagee shall serve its Reletting Election Notice on the Port Authority on or prior to the Notice of Termination Effective Date, as such date may be extended as provided herein, stating the Leasehold Mortgagee's affirmative election to exercise its Reletting Rights with respect to the Mortgaged Premises and, provided, further, that the Leasehold Mortgagee simultaneously with the giving of its Reletting Election Notice to the Port Authority shall pay to the Port Authority the Leasehold Mortgagee's Foreclosure Period Commencement Payments as defined and set forth in paragraph (n)(1) of this Section. Neither the provisions of this paragraph (l) nor any statement given by the Port Authority pursuant to this paragraph (l) shall be deemed to impair, restrict, limit, alter or affect any claim, right or remedy of the Port Authority under the Lease or otherwise, including without limitation the right to serve a Notice of Termination under the Lease, or to limit the amounts forming the basis for any termination of the Lease by the Port Authority or for which the Lessee may be liable under Section 23 of the Lease entitled 'Survival of the Obligations of the Lessee', nor shall the same impose or create any liability on the Port Authority to, or be the basis of any claim against the Port Authority by, the Lessee, the Leasehold Mortgagee, the Bondholders, the IDA or any other party or Person with respect to any such statement provided the Port Authority has provided the same in good faith, nor shall any such statement be binding on the Port Authority or constitute or be deemed to constitute any waiver or estoppel of any claim, right or remedy of the Port Authority; provided that nothing in this sentence shall limit the rights of the Leasehold Mortgagee to extend the Notice of Termination Effective Date by paying the amount set forth in the applicable notice from the Port Authority as provided in this paragraph (l).

(3) In the event that prior to the Notice of Termination Service Date there has previously occurred a Bonds Default pursuant to paragraph (m) of this Section or a Bankruptcy Rejection Date pursuant to paragraph (r) of this Section, such subsequent occurrence of the Notice of Termination Service Date ('Subsequent Notice of Termination Service Date') shall not commence a new Reletting Election Period or, if applicable, a new Foreclosure Period, and the subsequent Notice of Termination ('Subsequent Notice of Termination') shall be deemed stayed during the balance of the previously commenced Foreclosure Period and such Foreclosure Period may continue (as the same may be extended under paragraph (n) of this Section) if and only if the Leasehold Mortgagee shall, in addition to its continued compliance with all of the Leasehold Mortgagee's Foreclosure Period Obligations including its continued payments of the Leasehold Mortgagee's Foreclosure Period Payments, pay to the Port Authority any applicable Foreclosure Period Extension Fees as set forth in paragraph (n) of this Section.

(m) Bonds Default:

(1) In the event on or after the Reletting Rights Effective Date a Bonds Default shall occur, the Leasehold Mortgagee's Reletting Election Period shall be deemed to

commence upon the date of said Bonds Default ('Bonds Default Date'), but only if such Bonds Default also constitutes an event of default under the Leasehold Mortgage giving the Leasehold Mortgagee the right to foreclose the Leasehold Mortgage. The Leasehold Mortgagee shall serve its Reletting Election Notice on the Port Authority prior to the expiration of said Reletting Election Period. Notwithstanding the foregoing, in the event either a Notice of Termination Service Date or a Bankruptcy Rejection Date occurs prior to a Bonds Default, such Bonds Default shall not trigger a new Reletting Election Period or Foreclosure Period.

(2) After the written request of the Leasehold Mortgagee to the Port Authority which may be made from time to time (but not more frequently than once per calendar month) during that portion of the term of the letting to the Lessee of the Mortgaged Premises from and after the Reletting Rights Effective Date up to the occurrence of the earlier of (i) a Notice of Termination Service Date and (ii) a Bankruptcy Rejection Date or (iii) a Bonds Default Date, the Port Authority shall promptly provide to the Leasehold Mortgagee a statement of amounts invoiced by the Port Authority to the Lessee during the sixty (60) day period preceding the date of each request and setting forth the unpaid amounts, if any, owing or estimated to be owing to the Port Authority by the Lessee under the Lease at the date of the request; provided that the Port Authority in supplying any such statement or statements to the Leasehold Mortgagee shall do so without any warranty or representation to the Leasehold Mortgagee and the Port Authority shall not be liable to the Leasehold Mortgagee, the Lessee, Bondholders or any of them, the IDA or any other party or person with respect to any information contained or not contained therein or the accuracy of the same provided it has submitted such information in good faith (each such statement of amounts invoiced, an 'Information Statement'). Neither the provisions of this paragraph (m) nor any Information Statement shall be deemed to impair, restrict, limit, alter or affect any claim, right or remedy of the Port Authority under the Lease or otherwise, including without limitation the right to serve a Notice of Termination under the Lease, or to limit the amounts forming the basis for any termination of the Lease by the Port Authority or for which the Lessee may be liable under Section 23 of the Lease entitled 'Survival of the Obligations of the Lessee', nor shall the same impose or create any liability on the Port Authority to, or be the basis of any claim against the Port Authority by, the Lessee, the Leasehold Mortgagee, the Bondholders or any of them, the IDA or any other party or Person with respect to the Information Statement provided the Port Authority has provided the same in good faith, nor shall any such Information Statement be binding on the Port Authority or constitute or be deemed to constitute any waiver or estoppel of any claim, right or remedy of the Port Authority.

(n) Leasehold Mortgagee's Foreclosure Period Obligations/Foreclosure Period Extensions

The Trustee as Leasehold Mortgagee shall have all of the following obligations upon the commencement of and during the Foreclosure Period including all extensions thereof (all of the following obligations herein collectively called the 'Leasehold Mortgagee's Foreclosure Period Obligations'):

(1) Leasehold Mortgagee's Foreclosure Period Commencement Payments- Delivery of Reletting Election Notice:

Any commencement of the Foreclosure Period, whether triggered by the delivery of a Reletting Election Notice following a Notice of Termination Service Date or a Bankruptcy Rejection Date or a Bonds Default, shall be further conditioned on the payment of the following by the Leasehold Mortgagee, and the Leasehold Mortgagee shall pay to the Port Authority simultaneously with the Leasehold Mortgagee's service of the Reletting Election Notice the following amounts ('Leasehold Mortgagee's Foreclosure Period Commencement Payments') (provided that the Port Authority shall be obligated to give the Leasehold Mortgagee at least ten (10) days' prior written notice of the amounts due under this subparagraph (n)(1) and all other subparagraphs under this paragraph (n) except as otherwise expressly provided herein):

(A) All amounts due and owing to the Port Authority under the Lease which have accrued for any and all periods up to the Reletting Election Notice Service Date, including without limitation, the Ground Rental, the Area IA and Area IB Building Rental, the Area I Building Rental, the Area II Building Rental, the Terminal Rental, the Extension Rentals, amounts for Hot Water and Chilled Water, the Cost of Assumable Maintenance and Repair, the Lessee's portion of the Costs of the Condition Survey, late charges, fees on In-Flight Meals, the Lessee's Parking Garage Contribution, handling fees, subletting fees, fees on consumer services, electrical, water, and other utility charges, extermination services and additional rental under Section 16 hereof; to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee prior to the commencement of the Foreclosure Period.

(B) All amounts due and owing by the Lessee to the Port Authority under the General Airport Agreement and any successor or replacement agreement or arrangement covering the payment of flight fees and fueling fees which have accrued for a period of sixty (60) days up to the Reletting Election Notice Service Date; to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee prior to the commencement of the Foreclosure Period.

(2) <u>Leasehold Mortgagee's Foreclosure Period Current Basis Payments From and After the First (1st) Day of the Foreclosure Period</u>:

After the initial commencement of the Foreclosure Period and at all times during the continuation of the Foreclosure Period including any and all extensions thereof (and in addition to the Foreclosure Period Commencement Payments set forth in subparagraph (1) of this paragraph (n) and in addition to the Foreclosure Period Extension Fees set forth in subparagraphs (5), (6) and (7) of this paragraph (n)) the Leasehold Mortgagee shall pay to the Port Authority the following amounts on a current basis (the 'Leasehold Mortgagee's Foreclosure Period Current Basis Payments'), as and when due under this Lease and under the General Airport Agreement (and any successor or replacement agreement or arrangement covering the payment of flight fees and fueling fees); to the extent such amounts are not paid by Lessee:

(A) All amounts due and owing to the Port Authority under this Lease on a current basis as the same become due and payable to the Port Authority under this Lease commencing as of the first day of the Foreclosure Period, including without limitation, the Ground Rental, the Area IA and Area IB Building Rental, the Area I Building Rental, the Area II Building Rental, the Terminal Rental, the Extension Rentals, amounts for Hot Water and Chilled

Water, the Cost of Assumable Maintenance and Repair, the Lessee's portion of the Costs of the Condition Survey, late charges, fees on In-Flight Meals, the Lessee's Parking Garage Contribution, handling fees, subletting fees, fees on consumer services, electrical, water, and other utility charges, extermination services and additional rental under Section 16 hereof, to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee.

(B) All amounts due and owing to the Port Authority by the Lessee under the General Airport Agreement and any successor or replacement agreement or arrangement covering the payment of flight fees and fueling fees on a current basis accrued on or after the commencement of the Foreclosure Period as the same become due and payable to the Port Authority commencing as of the first day of the Foreclosure Period; to the extent such amounts have not been paid to the Port Authority by the Lessee or the Leasehold Mortgagee.

(3) Other Leasehold Mortgagee's Foreclosure Period Obligations From and After the First (1st) Day of the Foreclosure Period:

(i) At all times during the Foreclosure Period the Leasehold Mortgagee shall use all reasonable efforts to preserve the value of the Mortgaged Premises hereunder until it has possession of the Mortgaged Premises under the Lease, and thereafter shall fulfill all obligations under the Lease with respect to the preservation of the Mortgaged Premises;

(ii) Immediately upon the commencement of the Foreclosure Period the Leasehold Mortgagee shall use commercially reasonable efforts to obtain an Approved Successor Lessee for the Mortgaged Premises for the balance of the term hereunder or such lesser term as it proposes to lease, subject to the consent of the Port Authority in accordance with and subject to paragraphs (t) and (u) of this Section; provided further, that if, within the Foreclosure Period, the Leasehold Mortgagee selects a Proposed Successor Lessee for the Mortgaged Premises it shall give prompt written notice thereof to the Port Authority including all information described in paragraph (t) of this Section (provided, however, that failure by the Leasehold Mortgagee to give such written notice promptly shall not be deemed to be a violation of the terms of this Section or the Consent Agreement and shall not be deemed to impair the Reletting Rights of the Leasehold Mortgagee except that there shall be no Approved Successor Lessee where the Port Authority is unable to make a determination under paragraph (t) (3) resulting from such failure of the Leasehold Mortgagee; provided, further, however, that such failure by the Leasehold Mortgagee to promptly give such notice and information to the Port Authority shall also mean that there shall be no tolling of the Foreclosure Period or of the Leasehold Mortgagee's obligation to pay the Foreclosure Period Extension Fees under paragraph (t) (3) hereof); it being understood and agreed that any such Approved Successor Lessee shall be obligated to pay to the Port Authority all the rentals, fees, charges and other amounts payable under the Lease, all of which shall be applicable to and paid by the Approved Successor Lessee during the reletting of the Mortgaged Premises to the Approved Successor Lessee, and shall be in addition to the Deferred Reletting Fee or the Deferred Reletting Fee Rental, as the case may be, required to be paid to the Port Authority as described in paragraph (u) of this Section.

(4) Initial Foreclosure Period - 91st to 180th days:

Upon any commencement of the Foreclosure Period, whether triggered by a Lease Default (Notice of Termination or Bankruptcy Rejection Date) or a Bonds Default, the Leasehold Mortgagee shall (to the extent permitted by law) promptly and diligently and in good faith commence and continue and seek to complete proceedings to foreclose upon the Leasehold Mortgage and, in the event the Lessee fails to vacate the Mortgaged Premises including eviction of the Lessee therefrom; provided that in the event the Leasehold Mortgagee continues diligently to continue and complete the foreclosure proceedings including eviction of the Lessee and, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee by 11:59 pm New York City time on the ninetieth (90th) day from the initial commencement of the Foreclosure Period, then, provided that not less than five (5) days prior to the expiration of said initial 90-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings and subject to the further condition set forth below, the initial Foreclosure Period shall be deemed extended for an additional ninety (90) days and shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) 11:59 p.m. New York City time on the date which constitutes the one hundred and eightieth (180th) day from the initial commencement of the Foreclosure Period subject to the extension under subparagraph (5) of this paragraph (n); subject, however, to the further condition that during the said 91st to 180th days of the Foreclosure Period the Leasehold Mortgagee shall perform and pay all the Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments.

(5) Initial Foreclosure Period - 181st to 270th Days:

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose upon the Leasehold Mortgage, including eviction of the Lessee, and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee by 11:59 p.m. New York City time on the 180th day from the commencement of the Foreclosure Period, then, provided that not less than five (5) days prior to the expiration of said 180-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, and subject to the further conditions set forth below, the Foreclosure Period shall be deemed extended for an additional 90 days which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) 11:59 p.m. New York City time on the date which constitutes the 270th day from the initial commencement of the Foreclosure Period); subject, however, to the following further conditions:

(i) that during the said 181st to 270th days of the Foreclosure Period the Leasehold Mortgagee shall perform and pay all the Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of all the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 181st to 270th day period a Foreclosure Period Extension Fee in the amount of Eight Million Ninety Thousand Dollars and No Cents ($8,090,000.00). The said Foreclosure Period Extension Fee shall be payable to the Port Authority in three equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next two installments shall be due and payable by the Leasehold Mortgagee on the 210th day and on the 240th day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other than the sole occurrence of a Bonds Default; however, the same shall be subject the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a 'Subsequent Non-Bonds Default' as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(6) Foreclosure Period Additional Extensions - To Maximum Aggregate Total of 720 days/Foreclosure Period Extension Fees:

Pre-conditions to additional extensions: It is expressly understood and agreed that unless each of the following conditions is satisfied prior to 11:59 p.m. New York City time on the 270th day of the Foreclosure Period (as extended under the foregoing subparagraph (5)) there shall be no further extension of the Foreclosure Period beyond the 270th day: (aa) the Leasehold Mortgagee has previously identified and proposed to the Port Authority a Proposed Successor Lessee pursuant to and in accordance with the terms and provisions of paragraph (t) of this Section and in full compliance with all of the requirements and conditions of said paragraph (t), (bb) such Proposed Successor Lessee meets all of the requirements for becoming an Approved Successor Lessee, as determined by, and to the satisfaction of, the Port Authority, (cc) such Proposed Successor Lessee, the Leasehold Mortgagee, the Lessee (if required pursuant to paragraph (t) (2) hereof) and the Port Authority have executed the Lease Assignment/Assumption and Consent Agreement subject to, and under which the Proposed Successor Lessee will become the Approved Successor Lessee commencing only upon, the successful completion by the Leasehold Mortgagee of the foreclosure and eviction proceedings prior to the expiration of the Foreclosure Period (if and as extended not to exceed an aggregate maximum total of 720 days). The foregoing pre-conditions shall be in addition to the conditions set forth below which the Leasehold Mortgagee must satisfy with respect to each of the following additional extensions of the Foreclosure Period.

(A) Foreclosure Period extension 271st to 360th days/Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the

Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Lessee from the Mortgaged Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee from the Mortgaged Premises by 11:59 p.m. New York City time on the 270th day from the commencement of the Foreclosure Period and the pendency of the foreclosure proceedings in the State of New York is the sole impediment to such completion, then, provided that not less than five (5) days prior to the expiration of said 270-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, the Foreclosure Period shall be deemed extended for an additional 90 days which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) 11:59 p.m. New York City time on the date which constitutes 360th day from the commencement of the Foreclosure Period; subject, however, to the following further conditions:

(i) that during the said 271st to 360th day extension of the Foreclosure Period the Leasehold Mortgagee shall perform and pay all of the Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of all the Leasehold Mortgagee's Foreclosure Period Current Basis Payments.

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 271st to 360th day extension a Foreclosure Period Extension Fee in the amount of [ . The said Foreclosure Period Extension Fee shall be payable to the Port Authority in three equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next two installments shall be due and payable by the Leasehold Mortgagee on the 301st day and on the 331st day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other than the sole occurrence of a Bonds Default; and the same shall be subject to the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a 'Subsequent Non-Bonds Default' as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(B) Foreclosure Period extension 361st to 540th days/Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently

continued proceedings to foreclose the Leasehold Mortgage and to evict the Lessee from the Mortgaged Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee from the Mortgaged Premises by 11:59 p.m. New York City time on the 360th day from the commencement of the Foreclosure Period and the pendency of the foreclosure proceedings in the State of New York is the sole impediment to such completion, then, provided that not less than five (5) days prior to the expiration of said 360-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, the Foreclosure Period shall be deemed extended for an additional period which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) 11:59 p.m. New York City time on the date which constitutes the 540th day from the initial commencement of the Foreclosure Period; subject, however, to the following further conditions:

(i) that during the said 361st to 540th day extension of the Foreclosure Period the Leasehold Mortgagee shall perform and pay all of the Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 361st to 540th day extension a Foreclosure Period Extension Fee in the amount of ). The said Foreclosure Period Extension Fee shall be payable to the Port Authority in six equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next five installments shall be due and payable by the Leasehold Mortgagee on the 39lst day, on the 421st day, on the 451st day, on the 481st day, and on the 511th day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other than the sole occurrence of a Bonds Default; and the same shall be subject to the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a 'Subsequent Non-Bonds Default' as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(C) Foreclosure Period final extension 541st to 720th days/Foreclosure Period Extension Fee:

In the event the Leasehold Mortgagee, during the initial 90 days of the

Foreclosure Period, as aforesaid, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Lessee from the Mortgaged Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete said foreclosure proceedings including eviction of the Lessee from the Mortgaged Premises by 11:59 p.m. New York City time on the 540th day from the commencement of the Foreclosure Period and the pendancy of the foreclosure proceedings in the State of New York is the sole impediment to such completion, then, provided that not less than five (5) days prior to the expiration of said 540-day period the Leasehold Mortgagee shall give written notice to the Port Authority, which notice shall contain the Leasehold Mortgagee's certification of the foregoing to the Port Authority including the status of the aforesaid foreclosure proceedings, the Foreclosure Period shall be deemed extended for a final period which shall expire on the earlier of (aa) the Lease Assignment/Assumption Commencement Date or (bb) 11:59 p.m. New York City time on the date which constitutes the 720th day from the initial commencement of the Foreclosure Period; subject, however, to the following further conditions:

(i) that during the said 541st to 720th day extension of the Foreclosure Period the Leasehold Mortgagee shall perform and pay all of the Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of all the Leasehold Mortgagee's Foreclosure Period Current Basis Payments; and

(ii) that the Leasehold Mortgagee shall pay to the Port Authority for the said 541st to 720th day extension a Foreclosure Period Extension Fee in the amount of ). The said Foreclosure Period Extension Fee shall be payable to the Port Authority in six equal 30-day installments; the first such installment shall be due and payable by the Leasehold Mortgagee at the same time the Leasehold Mortgagee delivers its aforesaid 5-day certification notice to the Port Authority; and the next five installments shall be due and payable by the Leasehold Mortgagee on the 571st day, on the 601st day, on the 631st day, on the 661st day, and on the 691st day of the Foreclosure Period; provided, however, that, subject to the provisions of subparagraph (2) of paragraph (t) of this Section, after the occurrence of the Lease Assignment/Assumption Commencement Date (as defined in subparagraph (2) of paragraph (t) of this Section) no installment(s) for any subsequent 30-day period of this extension shall be payable.

The foregoing Foreclosure Period Extension Fee payments shall apply as stated above where the Foreclosure Period initially commenced on any basis other than the sole occurrence of a Bonds Default; and the same shall be subject to the provisions of subparagraph (7) of this paragraph (n) in the event the Foreclosure Period initially commenced solely on the basis of a Bonds Default and thereafter a 'Subsequent Non-Bonds Default' as defined in subparagraph (7) of this paragraph (n) occurred during the Foreclosure Period.

(7) Foreclosure Period Extension Fees/initial Bonds Default followed by a Lease Termination or Bankruptcy Rejection Date.

(i) For purposes of this subparagraph (7) the term 'Subsequent Non-Bonds Default' shall mean the occurrence of either a Notice of Termination Service Date or a Bankruptcy Rejection Date (whichever is first to occur) subsequent to the initial commencement of the Foreclosure Period which commencement was based solely on the occurrence of a Bonds Default. In the event that the Foreclosure Period initially commences as a result solely of a Bonds Default, the Foreclosure Period Extension Fees shall not be payable unless and until there occurs a Subsequent Non-Bonds Default; provided that such Subsequent Non-Bonds Default shall neither commence a new Foreclosure Period nor extend the total aggregate Foreclosure Period (including all available extensions) beyond the allowable maximum aggregate total of 720 days. In the event of such Subsequent Non-Bonds Default the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees, set forth in subparagraphs (5) and (6) (A), (B) and (C) of this paragraph (n), shall be deemed to commence at the installment rate determined in accordance with the following: if the Subsequent Non-Bonds Default occurs during the initial 90 days after the commencement the Foreclosure Period the actual date of said Subsequent Non-Bonds Default shall be treated as day 1 of the Foreclosure Period and the Foreclosure Period Extension Fees set forth above shall commence on the 181st day following the date of said Subsequent Non-Bonds Default at the applicable 30-day installment rate in accordance with the subparagraph (5) of this paragraph (n); if such Subsequent Non-Bonds Default occurs after the 90th day of the Foreclosure Period the 90th day of the Foreclosure Period shall be treated as day 1 of the Foreclosure Period and the Foreclosure Period Extension Fees shall, where the Subsequent Non-Bonds Default occurs between the 91st and the 270th days of the Foreclosure Period, commence on the 271st day of the Foreclosure Period at the 30-day installment rate applicable on the 181st day thereof (271 minus 90); and where the Subsequent Non-Bonds Default occurs between the 271st and the 720th days of the Foreclosure Period the Foreclosure Period Extension Fees shall commence on the actual date of the Subsequent Non-Bonds Default at the 30-day installment rate applicable on the 90th day preceding such actual date.

*For illustrative purposes only the following two examples of the foregoing are provided:*

*Example 1. If the Foreclosure Period commenced based on a Bonds Default only and the Subsequent Non-Bonds Default occurred on the 20th day after such commencement of the Foreclosure Period, the 20th day of the Foreclosure Period would be treated as day 1 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence on the 200th day of the Foreclosure Period at the 30-day installment rate set forth in subparagraph (5) of this paragraph (n) (the 181st-270th day installment rate); alternatively, if the Subsequent Non-Bonds Default occurred on the 150th day after such commencement of the Foreclosure Period, the 90th day of the Foreclosure Period shall be treated as day 1 and said 150th day would be treated as day 60 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence 121 days thereafter (i.e. on the 271st day of the Foreclosure Period) at the 30-day installment rate applicable on the 181st day as set forth in subparagraph (5) of this paragraph (n) (the 181st-270th days rate) and continue thereafter during the Foreclosure Period and payable on the first day of each 30-day period thereafter occurring during the Foreclosure*

*Period at the 30-day installment rates set forth in subparagraphs (6) (A), (B) and (C) of this paragraph (n).*

*Example 2. If the Foreclosure Period commenced based on a Bonds Default only and the Subsequent Non-Bonds Default occurred on the 70th day after such commencement of the Foreclosure Period, the 70th day of the Foreclosure Period would be treated as day 1 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence on the 251st day of the Foreclosure Period at the 30-day installment rate set forth in subparagraph (5) of this paragraph (n) (the 181st-270th installment rate) and continue thereafter during the Foreclosure Period and payable on the first day of each 30-day period thereafter occurring during the Foreclosure Period at the 30-day installment rates set forth in subparagraphs (6) (A), (B) and (C) of this paragraph (n); alternatively, if the Foreclosure Period commenced based on a Bonds Default only and the Subsequent Non-Bonds Default occurred on the 600th day after such commencement of the Foreclosure Period, the 90th day of the Foreclosure Period shall be treated as day 1 and the said 600th day would be treated as day 510 for purposes of the determination of the applicable Foreclosure Period Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Foreclosure Period Extension Fees would commence on the 600th day of the Foreclosure Period at the 30-day installment rate which would be in effect on the 510th day as set forth in subparagraph (6) of this paragraph (n) (the 361st - 540th days rate) and continue thereafter during the Foreclosure Period and payable on the first day of each 30-day period thereafter occurring during the Foreclosure Period at the 30-day installment rates set forth in subparagraphs (6) (B) and (C) of this paragraph (n).*

(ii) The Leasehold Mortgagee shall pay to the Port Authority the Foreclosure Period Extension Fees in the monthly installments determined in accordance with the foregoing immediately upon the commencement date established in accordance with the foregoing and on the first day of each 30-day period thereafter occurring during the Foreclosure Period.

(iii) The foregoing provisions of this subparagraph (7), however, shall not in any event extend, or be construed to extend, the Foreclosure Period beyond the maximum permissible aggregate total of 720 days (including all extensions) but subject to the tolling of the running of the Foreclosure Period pursuant to paragraph (t)(3) of this Section 92 or from the suspension of the running of the Foreclosure Period pursuant to the last sentence of the definition of the Foreclosure Period or paragraph (r)(1)(ii)(b) of this Section 92) from the initial commencement date of the Foreclosure Period.

(o) (1) The failure of the Leasehold Mortgagee to pay the Foreclosure Period Commencement Payments when due shall result in the automatic cancellation of the Leasehold Mortgagee's Reletting Rights (and of any Foreclosure Period) and of the Leasehold Mortgage, such cancellation to be deemed effective as of the Reletting Election Notice Service Date and there shall be no further Reletting Rights or Leasehold Mortgage with respect to the Mortgaged Premises hereunder and any Notice of Termination previously stayed shall become fully effective as described below. The failure of the Leasehold Mortgagee to timely pay any of the

Leasehold Mortgagee's Foreclosure Period Payments or to fully and duly perform any of the Leasehold Mortgagee's Foreclosure Period Obligations shall result in the termination of the Foreclosure Period and the Reletting Rights and the Leasehold Mortgage automatically without any further act on the part of the Port Authority and any Notice of Termination previously stayed shall become fully effective as described below. The failure of the Leasehold Mortgagee to pay any Foreclosure Period Extension Fee when due shall result in the automatic termination and non-extension of the Foreclosure Period and the automatic termination of the Leasehold Mortgage and the Reletting Rights without any further act on the part of the Port Authority and any Notice of Termination previously stayed shall become effective as described below. Notwithstanding anything herein to the contrary but without limiting subparagraph (2) below or paragraph (s) of this Section, the sole right or remedy of the Port Authority for the failure of the Leasehold Mortgagee to pay the Leasehold Mortgagee's Foreclosure Period Payments shall be the cancellation or termination (including non-extension) of the Leasehold Mortgagee's Reletting Rights (and of any Foreclosure Period) and of the Leasehold Mortgage.

(2) Upon any such termination or cancellation of the Foreclosure Period or any non-extension of the Foreclosure Period, the Port Authority's termination under the Notice of Termination shall be deemed effective with respect to the Mortgaged Premises and the Lease with respect to the Mortgaged Premises shall be deemed terminated effective immediately on said expiration, termination or cancellation of the Foreclosure Period in accordance with the Section of the Lease entitled 'Termination by the Port Authority' and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Mortgaged Premises free of any claim, right or interest of the Lessee, the Leasehold Mortgagee, the IDA, the Trustee or the Bondholders.

(p) Without limiting the terms and conditions of Sections 45 and 46 hereof and in addition thereto, during the Foreclosure Period, as to any and all portions of the Mortgaged Premises which the Lessee has vacated or from which the Lessee has been evicted, the Port Authority, until such time as the Trustee obtains an Approved Successor Lessee, may use or grant the use of a portion or portions of the Mortgaged Premises on a temporary basis (subject to a thirty (30) day right of termination by the Port Authority without cause) to other Aircraft Operators who have not conducted scheduled passenger aircraft operations at the Airport within the immediately prior thirty-six (36) calendar months, which shall be deemed a subuse under this Lease and shall not impair or limit any of the obligations or liabilities of the Lessee or the Leasehold Mortgagee; any net amount received by the Port Authority (after deducting all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith) shall be credited, as the Port Authority shall determine, either to the obligations of the Lessee to the Port Authority under this Lease and/or those obligations set forth in paragraph (n)(2)(B) of this Section. No such subuse shall be or be construed to be an acceptance of a surrender or a waiver of any claims, rights or remedies of the Port Authority or to be a reletting by the Leasehold Mortgagee or to limit the Reletting Rights of the Leasehold Mortgagee under this Section.

(q) In the event that at the expiration of the Foreclosure Period the Trustee has

failed to obtain an Approved Successor Lessee for the Mortgaged Premises in accordance with and subject to paragraphs (t) and (u) of this Section, the Reletting Rights and the Leasehold Mortgage shall terminate automatically and the Trustee shall have no further rights or obligations with respect to reletting, the Port Authority's termination under the Notice of Termination shall be deemed effective with respect to the Mortgaged Premises and the Lease with respect to the Mortgaged Premises shall be deemed terminated effective immediately on said expiration of the Foreclosure Period in accordance with the Section of the Lease entitled 'Termination by the Port Authority' and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Mortgaged Premises free of any claim, right or interest of the Lessee, the Leasehold Mortgagee, the IDA, the Trustee or the Bondholders.

(r) Lease Default-Lessee Bankruptcy

(1) (i) In the event of the occurrence of a Lessee Bankruptcy on or after the Reletting Rights Effective Date and the Foreclosure Period has not previously commenced,

(A) if the Lessee as debtor in possession or the bankruptcy trustee assumes and assigns the Lease to an assignee which assignee also assumes the Lease subject to the encumbrance created by the Leasehold Mortgage (by operation of law or otherwise) (whether or not such assignee also assumes the Subleases and the Lessee's obligations to pay the principal, purchase price, redemption premium and interest on any of the Bonds) and there are then Bonds Outstanding then the Reletting Rights of the Leasehold Mortgagee and the Leasehold Mortgage shall continue to obtain and apply to the tenancy of said assignee of the assigned Lease of the Mortgaged Premises with Reletting Rights to a new Foreclosure Period as to such assignee in accordance with and subject to this Section;

(B) if the Lessee as debtor in possession or the bankruptcy trustee rejects the Lease, then the Reletting Election Period shall commence upon the Bankruptcy Rejection Date and the provisions of paragraphs (l)(2) and (n) hereof shall apply. For purposes hereof the term 'Bankruptcy Rejection Date' shall mean the later of (x) the date set forth in the order of the bankruptcy court as the effective date thereof for the rejection (or deemed rejection) of the Lease by the Lessee and (y) the actual date of such order of the bankruptcy court, and said Bankruptcy Rejection Date shall trigger the Reletting Election Period, provided, that the Leasehold Mortgagee shall submit to the Port Authority its Reletting Election Notice stating its election to exercise its Reletting Rights under this Lease, as above described, within the time provided in paragraph (l)(2) of this Section; and provided, further, however, that the foregoing shall not constitute any waiver, impairment or limitation of any claims, rights or remedies of the Port Authority with respect to such rejection of the Lease or the Lessee Bankruptcy. The foregoing shall not limit the rights granted hereunder to the Leasehold Mortgagee.

(ii) In the event of the occurrence of a Lessee Bankruptcy on or after the Reletting Rights Effective Date and the Foreclosure Period has previously commenced,

(A) if the Lessee as debtor in possession or the bankruptcy trustee assumes and assigns the Lease to an assignee which assignee also assumes the Lease

subject to the encumbrance created by the Leasehold Mortgage (by operation of law or otherwise) (whether or not such assignee also assumes the Subleases and the Lessee's obligations to pay the principal, redemption premium and interest on the Bonds) and there are then Bonds Outstanding then the Reletting Rights of the Leasehold Mortgagee and the Leasehold Mortgage shall continue to obtain and apply to the tenancy of said assignee of the assigned Lease of the Mortgaged Premises with Reletting Rights to a new Foreclosure Period as to such assignee in accordance with and subject to this Section;

(B) if the Lessee as debtor in possession or the bankruptcy trustee rejects the Lease, then the running of the previously commenced Foreclosure Period shall be deemed suspended as of the date of the Lessee Bankruptcy and shall resume as of the occurrence of a Bankruptcy Rejection Date; provided, however, that the foregoing shall not constitute any waiver, impairment or limitation of any claims, rights or remedies of the Port Authority with respect to such rejection of the Lease or with respect to a Lessee Bankruptcy. The foregoing shall not limit the rights granted hereunder to the Leasehold Mortgagee, provided that the Leasehold Mortgagee fulfills all Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Payments.

(2) Upon the Bankruptcy Rejection Date the Leasehold Mortgagee shall, for purposes of this Section only, be the 'deemed Lessee' under this Lease and shall simultaneously with the service of its Reletting Election Notice pay the Leasehold Mortgagee's Foreclosure Period Commencement Payments, if not already paid, and shall thereafter satisfy all of the Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Payments.

(s) In the event of the failure of the Leasehold Mortgagee to exercise its Reletting Rights by the timely service of its Reletting Election Notice and the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Commencement Payments in accordance with this Section, the Lease and the letting of the Mortgaged Premises shall be deemed terminated effective immediately on the Notice of Termination Effective Date (as such date may be extended subject to and in accordance with the terms of paragraph (l)(2) of this Section), or on the effective date of any other notice of termination served by the Port Authority in accordance with the Section of the Lease entitled 'Termination by the Port Authority', and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Mortgaged Premises free of any claim, right or interest of the Lessee, the Trustee, the Mortgagee, the IDA or the Bondholders.

(t) (1) No entity, party or person other than an Approved Successor Lessee shall be entitled to become the owner of or acquire any interest in this Lease pursuant to a judgment of foreclosure and sale or as a result of an assignment in lieu of foreclosure or as a result of the exercise by the Leasehold Mortgagee of its Reletting Rights or otherwise; and any entity, person or party proposed to become an Approved Successor Lessee ('Proposed Successor Lessee') shall become an Approved Successor Lessee only if the Leasehold Mortgagee duly exercises its Reletting Rights by submitting to the Port Authority its Reletting Election Notice stating its

election to exercise its Reletting Rights under this Lease (including as applicable the Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees and the Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees) and including therewith the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Commencement Payments and fulfills all the other Leasehold Mortgagee's Foreclosure Period Obligations, including without limitation, the payment to the Port Authority of the Leasehold Mortgagee's Foreclosure Period Payments, and said Proposed Successor Lessee receives the approval of the Port Authority in advance. In determining whether to approve or disapprove a Proposed Successor Lessee, the Port Authority shall consider all relevant factors, including but not limited to, the following factors, but it is agreed that the Port Authority shall analyze all such factors in a reasonable manner:

(i) whether the Proposed Successor Lessee will be able to fulfill all of the Lessee's obligations under this Lease with respect to the Mortgaged Premises throughout the balance of the term of the letting hereunder or such lesser term as it proposes to lease;

(ii) whether the financial standing of the Proposed Successor Lessee as of the effective date of its acquisition of the leasehold hereunder is sufficient, in the opinion of the Port Authority, to assure the Port Authority that the Proposed Successor Lessee is able to fulfill all of the Lessee's obligations with respect to the Mortgaged Premises under this Lease throughout the balance of the term of the letting of the Mortgaged Premises hereunder or such lesser term as it proposes to lease which shall constitute the term of the proposed reletting; including without limitation the submission to the Port Authority of such security or guaranty in such form and amount as the Port Authority may find satisfactory and shall also submit such financial statements and other financial information as the Port Authority may require;

(iii) whether the Proposed Successor Lessee and any officer, director or partner thereof and any person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the Proposed Successor Lessee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest has as of the date of the proposed assignment/assumption a good reputation for integrity and financial responsibility and has not been convicted of or under current indictment for any crime and is not currently involved in material civil anti-trust or fraud litigation (other than as a plaintiff); and

(iv) whether the Port Authority has had any 'unfavorable experience' with the Proposed Successor Lessee, or any of its officers, directors, or partners, or any person, firm or corporation (such officers, directors, partners, person, firm and corporation, being herein in this item (iv) individually and collectively referred to as a 'Reletting Party') having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the Proposed Successor Lessee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest; 'unfavorable experience' as used herein shall mean any one or more of the following: (A) a material default by said Proposed Successor Lessee or any such Reletting Party of any obligation (monetary or non-monetary) to the Port Authority; (B) any assertion made by said Proposed Successor Lessee or any such Reletting Party against the Port Authority in any frivolous, false, malicious, or

unsupportable claim, demand or allegation or suit or proceeding; (C) any act or omission of said Proposed Successor Lessee or any such Reletting Party causing or resulting in any loss, damage or injury to the Port Authority or the imposition or threatened imposition of any fine or penalty on the Port Authority or the commencement or threatened commencement of any action, suit or proceeding against the Port Authority; (D) any failure or refusal of said Proposed Successor Lessee or any such Reletting Party to comply with any law, governmental order, directive, ordinance or requirement, including without limitation, Environmental Requirements, at any Port Authority facility; (E) any failure to comply with, or breach of, the Port Authority's Code of Ethics and Financial Disclosure by said Proposed Successor Lessee or any such Reletting Party; or (F) any breach by said Proposed Successor Lessee or any such Reletting Party of any fiduciary obligation, trust, confidence or other duty to the Port Authority or of any confidentiality agreement with the Port Authority;

(v) whether the Proposed Successor Lessee or any officer, director or partner thereof or any Person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed assignee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest is in conflict of interest, as defined under the laws of the States of New York and New Jersey or Port Authority policy, with any Commissioner of the Port Authority as of the date of the proposed acquisition; and

(vi) whether the Proposed Successor Lessee or any officer, director or partner thereof or any Person, firm or corporation having an outright or beneficial interest in twenty percent (20%) or more of the monies invested in the proposed assignee, if said Proposed Successor Lessee is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest has filed a voluntary petition in bankruptcy or has been adjudicated a bankrupt within five (5) years prior to the date of the proposed acquisition.

Without limiting any other term or provision hereof, the Proposed Successor Lessee must also agree in the Lease Assignment/Assumption and Consent Agreement, to pay all of the rentals, fees, charges and other amounts payable under and in accordance with the Lease, including without limitation the amounts described in paragraph (n) (2) (A) of this Section, and the amounts set forth in paragraph (n)(2)(B) of this Section. The Proposed Successor Lessee shall use and occupy the Mortgaged Premises for the purposes set forth in Section 5 hereof and shall be a major domestic or international Scheduled Aircraft Operator or consortium thereof and shall agree (or, if a consortium, shall agree jointly and severally) in the Lease Assignment/Assumption and Consent Agreement to use and occupy the Mortgaged Premises in accordance with all the terms and conditions of this Lease.

(2) Notwithstanding the foregoing, no acquisition, assignment, sale or transfer pursuant to this paragraph (t) shall be effective, and no Proposed Successor Lessee shall become an Approved Successor Lessee, or have any right to possess, use or occupy the Mortgaged Premises unless and until an assignment and assumption agreement, in the event of an assignment in lieu of foreclosure, or an assumption agreement, in the event of a foreclosure, whereby the Proposed Successor Lessee, effective on a date prior to or simultaneously with the expiration of the Foreclosure Period, assumes the obligations of the Lessee as if it were the

original tenant hereunder, has been executed by the Port Authority, the Lessee (except in the case of an assumption agreement, in the event of a foreclosure, in which case the signature of the Lessee shall not be required and the Lessee hereby expressly so agrees), the Proposed Successor Lessee and the Leasehold Mortgagee (said fully executed agreement in either case, the 'Lease Assignment/Assumption and Consent Agreement'); subject to the payment of the Deferred Reletting Fee as set forth in paragraph (u) of this Section. The said effective date of the Lease Assignment/Assumption and Consent Agreement is herein referred to as the 'Lease Assignment/Assumption Commencement Date', provided that where the Leasehold Mortgagee has commenced proceedings to foreclose the Leasehold Mortgage, and for purposes of the continuation of the Foreclosure Period Extension Fees (as provided in paragraph (n) of this Section), such date shall be deemed to have occurred only upon the successful completion by the Leasehold Mortgagee prior to the expiration of the Foreclosure Period (subject to the aggregate total maximum of 720 days) (except as the running of said 720 day Foreclosure Period may be tolled as provided in paragraph (t)(3) of this Section or suspended as provided in the last sentence of the definition of the Foreclosure Period or paragraph (r)(1)(ii)(B) of this Section) of the foreclosure and eviction proceedings described in paragraph (n) (4) of this Section; provided, further, however, that in the event the Leasehold Mortgagee does not in fact successfully complete the foreclosure of the Leasehold Mortgage and eviction proceedings as described in paragraph (n) (4) of this Section prior to the expiration of the Foreclosure Period (subject to the aggregate total maximum of 720 days (except as the running of said 720 day Foreclosure Period may be tolled as provided in the last sentence of the definition of the Foreclosure Period or paragraph (t)(3) of this Section or suspended as provided in paragraph (r)(1)(ii)(B) of this Section) the Lease Assignment/Assumption and Consent Agreement shall be null and void and of no force or effect. The Lease Assignment/Assumption Agreement shall be substantially in the forms used by the Port Authority at the time of the foreclosure or assignment in lieu of foreclosure for the assignment and assumption or assumption, as the case shall be, of leases at the Airport and shall contain such other terms and conditions as the Port Authority may determine to be necessary or desireable to effectuate such assignment and assumption or assumption.

(3) It is understood and agreed that after the Leasehold Mortgagee has obtained a Proposed Successor Lessee and has promptly submitted to the Port Authority all required and necessary information and materials (provided, however, that failure by the Leasehold Mortgagee to give such written notice promptly shall not be deemed to be a violation of the terms of this Section or the Consent Agreement and shall not be deemed to impair the Reletting Rights of the Leasehold Mortgagee except that there shall be no Approved Successor Lessee where the Port Authority is unable to make a determination resulting from such failure of the Leasehold Mortgagee; provided, further, however, that such failure by the Leasehold Mortgagee to promptly give such notice and information to the Port Authority shall also mean that there shall be no tolling of the Foreclosure Period or of the Leasehold Mortgagee's obligation to pay the Foreclosure Period Extension Fees under this paragraph (t) (3)), in accordance with subparagraph (1) of this paragraph (t), to enable the Port Authority to determine whether it will approve such Proposed Successor Lessee as an Approved Successor Lessee (which determination includes the signing by the Port Authority, the Lessee (in the case of an assignment in lieu of foreclosure) and the Approved Successor Lessee of the Lease Assignment/Assumption and Consent Agreement), the running of the Foreclosure Period shall be

deemed tolled pending such determination by the Port Authority, such determination to be made promptly and reasonably by the Port Authority, provided, however, that no such tolling shall be effective unless the Leasehold Mortgagee promptly continues to submit such additional information and material as may be reasonably required by the Port Authority for its making of its determination. Such tolling shall also toll the Leasehold Mortgagee's obligation to pay the Foreclosure Period Extension Fees, but none of the other Leasehold Mortgagee's Foreclosure Period Obligations.

(u) Deferred Reletting Fee:

(1) Anything to the contrary herein notwithstanding, (i) no Port Authority consent shall be granted to any Approved Successor Lessee and no Proposed Successor Lessee or any other entity, person or party shall become an Approved Successor Lessee unless and until either (A) the Leasehold Mortgagee or the Proposed Successor Lessee shall pay to the Port Authority prior to the effective date of any right of the Approved Successor Lessee to possess or commence any use or occupancy of the Mortgaged Premises and prior to any such actual possession or commencement by any such Approved Successor Lessee in a single lump sum payment the full amount of the Deferred Reletting Fee, as defined below, or (B) at the election of the Approved Successor Lessee, in lieu of said single lump sum payment, the Approved Successor Lessee shall agree to pay the Deferred Reletting Fee over time in Deferred Reletting Fee Rental, as defined below, commencing as of the Lease Assignment/Assumption Commencement Date which election shall be stated in the Lease Assignment/Assumption and Consent Agreement subject to subparagraph (4) of this paragraph (u); and (ii) in the case of the foregoing (i) (B), any such Port Authority consent to any Approved Successor Lessee is and shall be expressly conditioned on the agreement of the Proposed Successor Lessee to make continuing payments to the Port Authority of the Deferred Reletting Fee Rental under subparagraph (4) of this paragraph (u); provided, however, that the Approved Successor Lessee shall also submit to the Port Authority such additional security as the Port Authority may reasonably require and in such amount and form as the Port Authority may determine to be appropriate to secure the obligation of the Approved Successor Lessee to pay said Deferred Reletting Fee Rental.

(2) 'Deferred Reletting Fee' shall mean the fee payable to the Port Authority in a single lump sum payment by the Leasehold Mortgagee or the Approved Successor Lessee, as aforesaid, and which shall be determined by applying the following formula:

**DRF = MA x Y x C**

Where DRF equals the Deferred Reletting Fee.

MA equals the Mortgage Amount hereunder.

Y equals a fraction the numerator of which shall be the greater of (i) the actual number of full years then remaining in the term of the letting of the Mortgaged Premises hereunder at the Reletting Election Notice Service Date and (ii) the number five (5), and the denominator of which shall be the total number of years between the Supplement One Effective Date, as defined in Supplement No. 1 of

this Lease and the earlier of (i) the day preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date or (ii) December 21, 2036.

C equals (i) 2% in the event the Foreclosure Period commenced on the basis of a Bonds Default, and a Subsequent Non-Bonds Default did not occur thereafter during the Foreclosure Period; (ii) 3% in the event the Foreclosure Period commenced on the basis of the occurrence of a Lease Termination or Bankruptcy Rejection Date, and a Bonds Default did not subsequently occur; or (iii) 4% in the event the Foreclosure Period commenced on the basis of a Bonds Default and thereafter a Subsequent Non-Bonds Default occurred, or the Foreclosure Period commenced on the basis of a Lease Termination or Bankruptcy Rejection Date, and thereafter a Bonds Default occurred.

(3) Subject to (4) below, the Deferred Reletting Fee shall be due and payable in full to the Port Authority by the Leasehold Mortgagee or the Approved Successor Lessee in a single lump sum payment on the Lease Assignment/Assumption Commencement Date (and in any event prior to any use, occupancy or possession of the Premises by the Approved Successor Lessee).

(4) In the event the Approved Successor Lessee elects to pay to the Port Authority the Deferred Reletting Fee in accordance with clause (i) (B) of subparagraph (1) of this paragraph (u) then the following provisions shall be and become immediately effective as part of the rental obligations of the Approved Successor Lessee as the lessee under the Lease and as part of the rental obligations assumed by the Approved Successor Lessee under the Lease Assignment/Assumption and Consent Agreement:

"(A) 1. 'Deferred Reletting Fee' shall have the meaning as defined in paragraph (u)(2) of Section 92 of the Lease.

2. 'Deferred Reletting Fee Rental Commencement Date' shall mean, with respect to the Deferred Reletting Fee Rental established on the basis of the Deferred Reletting Fee, the Lease Assignment/Assumption Commencement Date; provided, however, that if the Deferred Reletting Fee Rental Commencement Date shall occur on other than the first day of a calendar month, the Deferred Reletting Fee Rental Commencement Date shall mean the first day of the calendar month immediately following the month in which the aforesaid Lease Assignment/Assumption Commencement Date occurs.

3. 'Deferred Reletting Fee Rental Period' shall mean the period commencing on the Deferred Reletting Fee Rental Commencement Date and ending on the earlier of (i) the day preceding the tenth (10th) year anniversary of the Deferred Reletting Fee Rental Commencement Date and (ii) the expiration date of the then remaining term of the letting of the Mortgaged Premises after the Deferred Reletting Fee Rental Commencement Date.

4. 'Monthly Factor' shall mean the factor derived in accordance herewith by the application of the following formula:

$$\frac{1}{\frac{1}{i} - \frac{1}{i\,(1+i)^t}} = \text{Monthly Factor}$$

Where i is an annual percentage rate expressed in decimal form equal to the sum of (x) the Fixed RBI Rate (as herein defined in item 5 below) plus (y) 1.5% (150 basis points), divided by twelve (12); and where t (a power) equals the number of calendar months (expressed in whole numbers) from the Deferred Reletting Fee Rental Commencement Date to the earlier of (i) the day preceding the tenth ($10^{th}$) year anniversary of the Deferred Reletting Fee Rental Commencement Date and (ii) the expiration date of the then remaining term of the letting of the Mortgaged Premises after the Deferred Reletting Fee Rental Commencement Date.

5. 'Fixed RBI Rate' as applicable to and determined for the Deferred Reletting Fee Rental hereunder shall mean the percentage reported as the weekly index of the Bond Buyer Revenue Bond Index as reported in the publication 'The Bond Buyer' during the calendar week immediately preceding the Deferred Reletting Fee Rental Commencement Date. In the event that the Bond Buyer or its weekly Bond Buyer Revenue Bond Index shall be discontinued during the term of this Lease, a comparable substitute for such Index shall be mutually agreed upon in writing by the Lessee and the Port Authority within thirty (30) days after such discontinuance. In the event that the Lessee and the Port Authority shall fail to agree upon such a substitute within the time hereinabove specified then upon notice of either party such dispute shall be disposed of by arbitration in accordance with then existing rules of the American Arbitration Association or any successor association. One half of the cost of said arbitration shall be borne by the Port Authority and the other half of said cost shall be borne by the Lessee.

(B) Computation and Payment

Commencing on the Deferred Reletting Fee Rental Commencement Date the Lessee shall pay to the Port Authority a rental (herein called the 'Deferred Reletting Fee Rental') which Deferred Reletting Fee Rental shall be an amount payable on the first day of each and every calendar month during the Deferred Reletting Fee Rental Period which shall be equal to the product obtained by multiplying the Monthly Factor by the Deferred Reletting Fee (as defined in paragraph (u)(2) of this Section) as determined on the day immediately preceding the Deferred Reletting Fee Rental Commencement Date.

(C) The Deferred Reletting Fee Rental shall be payable in the same manner and collectible with like remedies as if the same were part of the Rentals (as defined in Section 4 of this Lease), except that such payment shall not be subject to abatement or suspension for any reason whatsoever.

(D) Notwithstanding any obligation of the Lessee to pay the Deferred Reletting Fee Rental as part of the rental obligations of the Lessee hereunder, the Lessee hereby, as a separate and independent covenant, agrees and promises to pay to the Port Authority the 'Deferred Reletting Fee Payment Amount' which for purposes hereof shall mean the total amount of installments and payments to be paid by the Lessee as Deferred Reletting Fee Rental to the extent not actually paid by the Lessee as Deferred Reletting Fee Rental as set forth above. The Deferred Reletting Fee Payment Amount shall be due and payable by the Lessee to the Port Authority immediately upon any termination, expiration, non-extension or cancellation of the Lease. Said obligation and agreement of the Lessee to pay the Deferred Reletting Fee Payment Amount to the Port Authority shall survive any termination, expiration, non-extension or cancellation of the Lease."

(v) The Leasehold Mortgagee shall not be entitled to foreclose its Leasehold Mortgage or to have the Lessee's interest assigned in lieu of such foreclosure unless at least thirty (30) days prior to commencing such foreclosure or requesting such assignment in lieu of foreclosure, the Leasehold Mortgagee shall have given the Port Authority written notice of its intention to foreclose or to have this Lease assigned with respect to the Mortgaged Premises which notice shall state the principal amount of the Bonds then Outstanding, the amount of accrued and unpaid interest thereon, and the per diem interest which will accrue on the principal amount of the Bonds then Outstanding from and after the giving of such notice. The Port Authority shall have the right, following the giving of such notice by the Leasehold Mortgagee, to tender to the Leasehold Mortgagee the total amount specified in such notice from the Leasehold Mortgagee, including per diem interest through the date of such tender, and upon such tender the Leasehold Mortgage shall terminate and be of no further force and effect. Promptly following the tender of such amount specified in such notice from the Leasehold Mortgagee by the Port Authority, the Lessee shall cause to be executed a satisfaction of the Leasehold Mortgage, cause the same to be filed in the Office of the City Register for Queens County and take all other and additional actions that are required in order to discharge the lien of the Leasehold Mortgage as of record. If the Port Authority shall fail to notify the Leasehold Mortgagee within the thirty (30) day period specified in the notice of its intention to terminate the Leasehold Mortgage the Leasehold Mortgagee shall be entitled with respect to the Mortgaged Premises to proceed to foreclose the Leasehold Mortgage or to accept an assignment in lieu of foreclosure in accordance with the provisions of this Lease.

(w) No sale, transfer or assignment by the Lessee of its interest in this Lease to the Port Authority shall create a merger between the estates of the Port Authority and the Lessee unless the Port Authority, the Lessee and the Leasehold Mortgagee shall specifically consent to such merger in writing, nor shall any such sale, transfer or assignment be deemed to affect or

diminish the liabilities of the Lessee named in this Lease, whether for survived damages or otherwise.

(x) Each and every provision stated herein to be or become a right or an obligation of the Trustee or of the Leasehold Mortgagee shall be included in the Consent Agreement (by reference to this Lease or otherwise) as among the rights and obligations of the Trustee, and in Leasehold Mortgage as among the rights and obligations of the Leasehold Mortgagee under the Leasehold Mortgage, and each and every provision stated herein to be or become an obligation of the Approved Successor Lessee shall be deemed included in the obligations assumed by the Approved Successor Lessee by its acquisition of the Mortgaged Premises, the Lease with respect thereto and by its execution of the Lease Assignment/Assumption and Consent Agreement.

(y) (1) If the Leasehold Mortgagee shall obtain an Approved Successor Lessee such Approved Successor Lessee shall acquire the Lease with respect to the Mortgaged Premises with no further right to mortgage or pledge the leasehold, and shall have no right to assign the Lease with respect to the Mortgaged Premises other than the limited right of assignment provided under Section 19 hereof.

(2) Nothing herein shall or shall be deemed to release or relieve the Lessee from any terms, provisions, covenants or conditions to be kept, performed or observed by the Lessee under this Lease or under the Consent Agreement.

(3) Nothing herein shall constitute or be deemed to constitute any waiver by the Port Authority of any of its rights or remedies to evict the Lessee in the event the Port Authority terminates the Lease pursuant to the Section of this Lease entitled 'Termination by the Port Authority' and the Leasehold Mortgagee fails to properly exercise its Reletting Rights or to obtain an Approved Successor Lessee in accordance with the provisions hereof.

(5) Except for the rights granted herein to the Leasehold Mortgagee, nothing herein shall constitute any waiver, impairment or limitation of any of claims, rights or remedies of the Port Authority based upon any event of default or based on any rejection of the Lease resulting from a Lessee Bankruptcy or based on any Lessee Bankruptcy.

(6) This Section and the right of the Lessee to grant the Leasehold Mortgage and the right of the Trustee to take the Leasehold Mortgage are and shall be rights granted and effective only as to the Lessee hereunder and are exercisable one time only as above provided, and shall not extend, obtain or apply to any Approved Successor Lessee or other entity or Person who may become a tenant or lessee of the Premises or any portion thereof with no further right to grant a Leasehold Mortgage. Any Scheduled Aircraft Operator, including without limitation any Section 19 Assignee, to which the Lease is assigned with the consent of the Port Authority shall take the Lease subject to this Section 92 and the prior exercise by the Lessee of said one time right to grant a Leasehold Mortgage and shall not have any further right to grant a Leasehold Mortgage.

(7) Neither this Section nor anything contained herein nor any action taken or

not taken hereunder shall impair, restrict or limit the rights of the Port Authority under Section 46 hereof.

(z) Notices, statements and requests by or to the Trustee (Leasehold Mortgagee) under the provisions of this Section shall be governed by Section 32 of the Lease entitled 'Notices' and shall be given to the Trustee at its address specified in paragraph (j)(2) of this Section.

"Section 93. No Third Party Beneficiary

There shall be no third-party beneficiaries of this Agreement. This Agreement shall be effective only as between the parties hereto (and their successors and assigns, if, as and to the extent permitted under this Agreement), and shall not be construed as creating or conferring upon any Person or entity any right, remedy or claim under or by reason of this Agreement. Notwithstanding the foregoing, nothing in this Section 93 shall deprive the Leasehold Mortgagee of any of the rights granted to the Leasehold Mortgagee under Section 92 of the Lease."

"Section 94. Additional Lessee Covenants

(a) (1) The Lessee agrees that, except as provided in subparagraph (a)(2) below, that in negotiating the provisions of the City-American Lease with the City or its designee, which designee shall for the purposes of this Section 94 exclude the Port Authority, the Lessee will not, without the prior written permission of the Port Authority, execute the City-American Lease unless the term of the City-American Lease shall commence on the day first following the day after the Expiration Date and shall end on the earlier to occur of (i) the day immediately preceding the thirtieth ($30^{th}$) anniversary of the Redevelopment Work Completion Date or (ii) December 21, 2036.

(2) The Lessee further agrees that if the City and the Port Authority shall, either before or after the execution of the City-American Lease, reach mutual written agreement on a different date that the term of the City-American Lease shall commence, whether in the Basic Lease, the Airport Lease, a future agreement to enter into lease by another tenant with the City for a portion of the Airport, or some similar agreement affecting the Airport (which different date that the term of the City-American Lease shall commence is herein referred to as the 'New Commencement Date'), the Lessee will, at the written request of the City and the Port Authority, enter into an agreement or agreements amending the City Agreements to reflect that the commencement of the term of the City-American Lease shall be the New Commencement Date.

(b) (1) In the event that a deed is executed and delivered transferring fee title to the Airport to the Port Authority, the Lessee shall, at the written request of the City and the Port Authority, enter into an agreement or agreements providing, and/or furnish evidence satisfactory to the Port Authority, that each of the City Agreements and all other agreements relating to the Lessee's letting of the premises under this Lease with the City or its designee (excluding the Port

Authority) has been surrendered, cancelled, terminated or revoked or shall have expired, and are of no further force or effect.

(2) In the event that an Airport Lease Extension Agreement shall extend the Airport Lease to any date after the Final Lease Extension Date (as defined in Section 3 hereof), the Lessee agrees that it will at the written request of the City and the Port Authority, enter into an agreement or agreements amending the American-City Agreement and/or the City-American Lease or with respect to the American-City Agreement and/or the City-American Lease containing such terms and provisions as the City and the Port Authority shall both request in writing.

(c) (1) The Lessee agrees that in the event that after the commencement of the City-American Lease or after the Lessee has attorned to the City under the RNDA, if the City and the Port Authority come to an agreement and enter into an Airport Lease Extension Agreement (which includes the Premises), at the written request of the City and the Port Authority, the Lessee shall (i) enter into an agreement that confirms that the Lease continues, or is reinstated, as a Lease between the Lessee and the Port Authority on the terms set forth in the Lease without any modifications thereto and (ii) enter into any other agreement or agreements necessary to effectuate the purpose of such Airport Lease Extension Agreement (which includes the Premises).

(2) The Lessee agrees that in the event that after the commencement of the City-American Lease or after the Lessee has attorned to the City under the RNDA, a court of competent and final jurisdiction in the event that the City-American Lease has commenced, determines that the City-American Lease is not valid and that the Lease is still in full force and effect or in the event that the Lessee has attorned to the City under the RNDA, determines that the Airport Lease was not terminated, the Lessee shall (i) enter into an agreement that confirms that the Lease continues, or is reinstated, as a Lease between the Lessee and the Port Authority on the terms set forth in the Lease without any modifications thereto subject however to Section 3 (d) of this Lease and (ii) enter into any other agreement or agreements necessary to effectuate such final and non-appealable court decision.

(d) The Lessee agrees that it will not sell, convey, transfer, mortgage, pledge or assign any of the City Agreements unless the assignee agrees to be bound by the covenants contained in this Section 94. The Lessee further agrees that such assignment will provide that the term of the City-American Lease shall not be effective until the day first following the day after the Expiration Date, but if there is a New Commencement Date, then such assignment will provide that the term of the City-American Lease shall not be effective until the New Commencement Date.

(e) The Lessee agrees that if any of the City Agreements or such other lease have been recorded, the Lessee shall, if the City has consented in writing, cause to be recorded an amendment to each recorded City Agreement reflecting a New Commencement Date, or a release of such recorded City Agreement, as appropriate.

(f) The Lessee agrees that nothing contained in the City Agreements, or any

of them, or in Section 3 of this Lease, or in the First Supplemental Agreement, shall waive, relieve, excuse or forgive or shall be deemed to have waived, relieved, excused or forgiven the obligation of the Lessee to pay all rentals and other amounts payable to the Port Authority pursuant to this Lease.

(g) Without limiting the generality of the terms and conditions of Section 13 of the Lease entitled "Indemnity and Liability Insurance" or paragraph (e)(7) of Section 3 of this Lease, the Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's costs and expenses including legal expenses, whether those of the Port Authority's Law Department or otherwise, incurred in connection with the defense of) all claims and demands whatsoever including without limitation direct, indirect, consequential or unforeseen damages, of third persons, including without limitation the City, resulting from or in connection with any breach or default of the Basic Lease by the Port Authority or the City arising out of or in connection with the City Agreements or any of them, the Leasehold Mortgage or any of the terms and provisions thereof, or the terms and provisions of paragraph (e)(2)(iv) of Section 3 of the Lease. If so directed, the Lessee shall at its own expense defend any suit based upon any such claim or demand (even if such claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(h) The Lessee agrees that it shall not claim that the American-City Agreement constitutes or shall constitute or creates any estate or other property right or property interest in the Premises.

(i) Without limiting the generality of paragraph (h) of this Section 94, the Lessee further agrees that it shall not claim that the City Agreements constitute or create any estate, right or interest in the Premises subsequent to the Final Lease Extension Date.

(j) Paragraphs (a)(2), (b), (c)(1), (g) and (h) of this Section 94 shall survive the expiration or termination of this Lease."

5. Paragraph (a) of Section 19 of the Lease shall be amended to read as follows:

"(a) (1) (A) The Lessee covenants and agrees that it will not sell, convey, transfer, mortgage, pledge or assign this Agreement or any part thereof, or any rights created thereby or the letting thereunder or any part thereof without the prior written consent of the Port Authority; provided, however, that this Agreement may be assigned in its entirety (by operation of law or otherwise) without such consent to any successor in interest of the Lessee which is or is to be a Scheduled Aircraft Operator, and into which the Lessee may merge or with which the Lessee may consolidate, or which may succeed to the assets of the Lessee or the major portion of its assets related to its air transportation system, if immediately following the merger, consolidation or assignment either (i) the entity which then is the Lessee has a Tangible Net Worth equal to at least

95% of that of the Lessee immediately preceding the merger, consolidation or assignment or (ii) the entity which then is the Lessee has Debt (as defined below) that is rated by both Rating Agencies (as defined below) at or above Investment Grade (as defined below) provided that if the Lessee's Debt is then not rated by both Rating Agencies and is only rated by one of the Rating Agencies, the rating then given by that Rating Agency rating the Lessee's Debt shall be used (the tests stated in the foregoing clauses (i) and (ii) collectively the "Financial Tests"); or, in the event neither of the Financial Tests is satisfied, if the Lessee prior to the effectuation of such assignment submits to the Port Authority the Consent Security Deposit, but in any such events, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by aircraft, and provided, further, that such succeeding entity or purchaser executes and delivers to the Port Authority an instrument in a form satisfactory to the Port Authority assuming the obligations of the Lessee as if it were the original tenant hereunder; such assignee but only after it has executed and delivered the said instrument to the Port Authority and submitted to the Port Authority the Consent Security Deposit and in compliance with all of the foregoing shall then be deemed to be the 'Lessee' under this Lease and all references to the 'Lessee' shall be deemed to refer to such assignee and in accordance with the said assumption instrument.

(B) As used in the preceding subparagraph (A), the term "Tangible Net Worth" shall mean the difference between the Lessee's total assets and the sum of (i) the Lessee's intangible assets and (ii) the Lessee's total liabilities; the term "Debt" shall mean all obligations of the entity which then is the Lessee that are evidenced by indebtedness which are considered or known as senior unsecured long-term indebtedness; the term "Grade" shall mean that evaluation of the quality of such Debt as determined by the Rating Agencies (as hereinafter defined); the term "Rating Agencies" shall mean Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. and Moody's Investors Service, Inc. or, in the event of the cessation of business of either, another nationally recognized rating agency firm or firms which is in the business of evaluating the degree of financial risk associated with debt securities and makes such information available to the investment community and as may be designated as a rating agency at any such time during the term of this Agreement by the Port Authority; the term "Investment Grade" shall mean a Grade of "BBB-" or higher by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. or "Baa3" or higher by Moody's Investors Service, Inc. or such other equivalent designation that any of such Rating Agencies may use publicly in the future to designate the relative investment qualities of debt securities and to differentiate between those investments that are investment grade and those that are not;

(2) In the event that the Lessee becomes the possessor (surviving) corporation in a merger without the prior written approval of the Port Authority and neither of the Financial Tests is satisfied, the Lessee shall submit to the Port Authority within fifteen (15) days following such merger all appropriate information and documentation sufficient to allow the Port Authority to determine whether the Financial Tests are satisfied. Thereafter if the Port Authority determines that neither of the Financial Tests is satisfied the Port Authority shall by written notice advise the Lessee of the same and the Lessee shall submit the Consent Security Deposit to the Port Authority not later than fifteen (15) business days following said notice from the Port Authority (the 'Consent Security Deposit Delivery Date'). The Consent Security Deposit

required under subparagraphs (1) and (2) of this paragraph (a) shall be subject to the following subparagraphs (i) and (ii) as well as to subparagraph (4) below:

(i) Upon the Consent Security Deposit Delivery Date, the Lessee shall deposit with the Port Authority and shall keep deposited throughout the term of this Agreement, the Consent Security Deposit (as defined in subparagraph (3) hereof) in cash, or bonds of the United States of America, or of the Port Authority of New York and New Jersey, having a market value of that amount, as security for the full, faithful and prompt performance of and compliance with, on the part of the Lessee, all of the provisions, terms, covenants and conditions of this Agreement on its part to be fulfilled, kept, performed or observed and as security for the payment of all other rentals, fees, charges and obligations owed or which may become due and owing to the Port Authority arising from the Lessee's operations at the Airport, whether covered by a written agreement or otherwise the "Secured Obligations". Bonds qualifying for deposit hereunder shall be in bearer form but if bonds of that issue were offered only in registered form, then the Lessee may deposit such bond or bonds in registered form, provided, however, that the Port Authority shall be under no obligation to accept such deposit of a bond in registered form unless such bond has been reregistered in the name of the Port Authority (the expense of such re-registration to be borne by the Lessee) in a manner satisfactory to the Port Authority. The Lessee may request the Port Authority to accept a registered bond in the Lessee's name and if acceptable to the Port Authority the Lessee shall deposit such bond together with a bond power (and such other instruments or other documents as the Port Authority may require) in form and substance satisfactory to the Port Authority. In the event the Consent Security Deposit is returned to the Lessee, any expenses incurred by the Port Authority in re-registering a bond to the name of the Lessee shall be borne by the Lessee. In addition to any and all other remedies available to it, the Port Authority shall have the right, at its option, at any time and from time to time, with or without notice to use the said Consent Security Deposit or any part thereof in whole or partial satisfaction of any of its claims or demands against the Lessee. There shall be no obligation on the Port Authority to exercise such right and neither the existence of such right nor the holding of the Consent Security Deposit itself shall cure any default or breach of the Agreement on the part of the Lessee. In the event that the Port Authority shall at any time or times so use the Consent Security Deposit, or any part thereof, or if bonds shall have been deposited and the market value thereof shall have declined below the required amount of the Consent Security Deposit as specified in subparagraph (3) below, the Lessee shall, on demand of the Port Authority and within two (2) days thereafter, deposit with the Port Authority additional cash or bonds so as to maintain the Consent Security Deposit at all times to the full amount above stated, and such additional deposits shall be subject to all the conditions of paragraph (a)(2) of this Section 19. After the later to occur of (x) expiration or earlier termination of this Agreement or any extension thereof and (y) the cessation of activity of the Lessee at the Airport and upon condition that the Lessee shall then be in no wise in default under any part of this Agreement, as this Agreement may have been amended or extended, or other obligations to the Port Authority, arising from the Lessee's operations at the Airport and upon written request therefor by the Lessee, the Port Authority will return the said Consent Security Deposit to the Lessee less the amount of any and all unpaid claims and demands (including estimated damages) of the Port Authority by reason of any default or breach by the Lessee of this Agreement or any part thereof, or any other obligation of the Lessee to the Port Authority arising from the Lessee's operations at the Airport and less any other fees, charges and obligations owed to the Port Authority arising from the Lessee's

operations at the Airport. The Lessee agrees that it will not assign or encumber the said Consent Security Deposit and any such assignment or encumbrances shall be void as to the Port Authority. The Lessee may collect or receive annually any interest or income earned on bonds and interest paid on cash deposited in interest bearing bank accounts less any part thereof or amount which the Port Authority is or may hereafter be entitled or authorized by law to retain or to charge in connection therewith, whether as or in lieu of administrative expense or custodial charge, or otherwise, provided, however, that the Port Authority shall not be obligated by this provision to place or to keep cash deposited hereunder in interest bearing bank accounts. Without limiting the foregoing provisions of this Section, with respect to any bonds deposited by the Lessee, the Port Authority shall have the right, in order to satisfy any of its claims or demands against the Lessee, to sell the same in whole or in part, at any time and from time to time, with or without prior notice, at public or private sale, all as determined by the Port Authority together with the right to purchase the same at such sale free of any claims, equities or rights of redemption of the Lessee. The Lessee hereby waives all right to participate therein and all right to prior notice or demand of the amount or amounts of the Port Authority's claims or demands against the Lessee. The proceeds of any such sale shall be applied by the Port Authority first to the costs and expenses of the sale (including but not limited to any advertising or commission expenses) and then to the amounts due the Port Authority from the Lessee with respect to the Secured Obligations. Any balance remaining shall be retained in cash toward bringing the Consent Security Deposit to the sum specified in subparagraph (3) hereof provided that this shall not relieve the Lessee from maintaining the Consent Security Deposit in the full amount stated in subparagraph (3) hereof.

(ii) In lieu of the cash or bonds Consent Security Deposit described in paragraph (a)(2)(i) of this Section 19, the Lessee may, at its option cause to be delivered to the Port Authority on the Consent Security Deposit Delivery Date as security for the Secured Obligations, whether covered by a written agreement or otherwise, a clean irrevocable letter of credit issued to and in favor of the Port Authority, by a banking institution having an office within the Port of New York District and acceptable to the Port Authority, payable in the Port of New York District, in the amount of the Consent Security Deposit. The form and terms of such letter of credit, as well as the institution issuing it, shall be subject to the prior and continuing approval of the Port Authority. Such letter of credit shall provide that it shall continue during the term of this Agreement and for a period of not less than six (6) months thereafter; such continuance may be by provision for automatic renewal or by substitution of a subsequent satisfactory clean irrevocable letter of credit. If requested by the Port Authority, said letter of credit shall be accompanied by a letter expressing the opinion of counsel for the banking institution that the issuance of said clean, irrevocable letter of credit is an appropriate and valid exercise by the banking institution of the corporate power conferred upon it by law. Upon notice of cancellation of a letter of credit the Lessee agrees that unless, by a date twenty (20) days prior to the effective date of cancellation, the letter of credit is replaced by security in accordance with subparagraph (i) above or another letter of credit satisfactory to the Port Authority, the Port Authority may draw down the full amount thereof without statement of default and thereafter the Port Authority will hold the same as Consent Security Deposit under paragraph (a)(2)(i) of this Section 19. Failure to provide such a letter of credit, if required as the Consent Security Deposit, at any time during the term of this Agreement, valid and available to the Port Authority, including any failure of any banking institution issuing any such letter of credit previously

accepted by the Port Authority to make one or more payments as may be provided in such letter of credit shall be deemed to be a breach of this Agreement on the part of the Lessee. Upon acceptance of such letter of credit by the Port Authority, and upon request by the Lessee made thereafter, the Port Authority will return the Consent Security Deposit, if any, theretofore made under and in accordance with the provisions of paragraph (a)(2)(i) of this Section 19. The Lessee shall have the same rights to receive such Consent Security Deposit during the existence of a valid letter of credit as it would have to receive such sum upon expiration of the letting under this Agreement and fulfillment of the obligations of the Lessee hereunder and thereunder. If the Port Authority shall make any drawing under a letter of credit held by the Port Authority hereunder, the Lessee on demand of the Port Authority and within two (2) days thereafter, shall bring the letter of credit back up to its full amount. No action by the Port Authority pursuant to the terms of any letter of credit, or receipt by the Port Authority of funds from any bank issuing any such letter of credit, shall be or be deemed to be a waiver of any default by the Lessee under the terms of this Agreement and all remedies of this Agreement and of the Port Authority consequent upon such default shall not be affected by the existence of a recourse to any such letter of credit.

(iii) For purposes of the foregoing, the Lessee hereby certifies that its I.R.S. Employee Identification No. is Ex. 1 ; and in the event of a change in said I.R.S. Employee Identification No. resulting from a merger the Lessee shall immediately certify its new I.R.S. Employee Identification No. in writing to the Port Authority.

(3) For purposes of this paragraph (a) the term 'Consent Security Deposit' shall mean an aggregate amount equal to (x) the sum of all of the monetary obligations (including without limitation rent, fees, and charges of any type whatsoever) payable to the Port Authority by the Lessee arising out of or in connection with or due from its activities, operations, leases, permits or other agreements at the Airport, during the twelve (12) calendar month period immediately preceding the calendar month of the date of the merger, consolidation or assignment, such sum under this clause (x) being limited however to the aggregate of the three (3) highest monthly totals of said monetary obligations for any three (3) calendar months during said twelve (12) calendar month period with said sum to be determined by the Port Authority; plus (y) the sum of all of the monetary obligations (including without limitation rent, fees, and charges of any type whatsoever), if any, payable to the Port Authority by the entity with which the Lessee merges or consolidates or to which the Lease is assigned arising out of or in connection with or due to its activities, operations, leases, permits or other agreements, if any, at the Airport, during the twelve (12) calendar month period immediately preceding the calendar month of the date of the merger, consolidation or assignment, such sum under this clause (y) being limited however to the aggregate of the three (3) highest monthly totals of said monetary obligations for any three (3) calendar months during said twelve (12) calendar month period, with said sum to be determined by the Port Authority. In the event the Consent Security Deposit is delivered pursuant to subparagraph (1) above, the terms, provisions and conditions governing the use of said Consent Security Deposit shall be set forth in the assumption instrument referred to therein.

(4) In the event that a Consent Security Deposit is required to be posted under this Lease and at any time thereafter the entity which is then the Lessee does satisfy either of the Financial Tests and provides to the Port Authority satisfactory evidence thereof, the Port Authority promptly shall refund the Consent Security Deposit to the Lessee, less any amounts then due and unpaid by the Lessee under the Lease beyond the due date thereof."

6. The definition of "Lease AYB-085 Premises" set forth in Section 91 of the Lease is hereby amended as follows: the word "cross hatching" on the first line of said definition shall be deemed amended to read "stipple diagonal hatching".

7. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this First Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all Persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this First Supplemental Agreement.

8. No Commissioner, director, officer, agent or employee of any party to this First Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this First Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted breach thereof.

9. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

10. This First Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this First Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

Assistant Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

Francis DiMola

(Title) Assistant Director - Aviation

(Corporate Seal)

ATTEST:

Secretary

AMERICAN AIRLINES, INC.

By

(Title) President

(Corporate Seal)

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

By_____

(Title)_____

(Corporate Seal)

ATTEST:

AMERICAN AIRLINES, INC.

Secretary

By Beverly Jones
Vice President

(Corporate Seal)

ACKNOWLEDGEMENT

**FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

STATE OF NEW YORK )
)ss.
COUNTY OF NEW YORK )

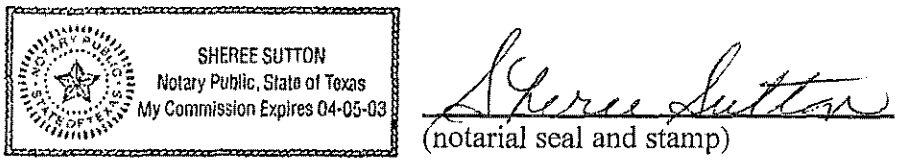
On the 29th day of July in the year 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Francis DiMola, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

TIMOTHY G. STICKELMAN
Notary Public, State of New York
No. 01ST4817298
Qualified in Suffolk County
Commission Expires March 30, 2003

**FOR AMERICAN AIRLINES, INC.**

STATE OF TEXAS )
)ss.
COUNTY OF TARRANT )

On the 29th day of July in the year 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Beverly K. Goulet, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.




(notarial seal and stamp)

**EXHIBITS**
**3.1**
**3.2**

**refer to items**

**#4 - Agreement Towards Entering into a Lease**
**and**
**#5 - Recognition, Non-Disturbance and Attornment Agreement**

**of the records of proceedings**

AGREEMENT TOWARDS ENTERING INTO A LEASE

Agreement Towards Entering into a Lease (this "Agreement") made as of July 31, 2002 by and between THE CITY OF NEW YORK, a municipal corporation of the State of New York, acting by and through its Department of Business Services, having its offices at 110 William Street, New York, New York 10038 (the "City"), and AMERICAN AIRLINES, INC., a corporation organized under the laws of the State of Delaware, having an address at MD 5317, 4333 Amon Carter Boulevard, Fort Worth, Texas 76155 ("American").

WITNESSETH:

WHEREAS, the City has leased the John F. Kennedy International Airport, located in Queens, New York (the "Airport" or "JFK") to The Port Authority of New York and New Jersey (the "Port Authority") pursuant to that certain Agreement with respect to Municipal Air Terminals, dated April 17, 1947, and thereafter amended and supplemented from time to time (said Agreement, as so amended and supplemented, the "Port Authority Lease");

WHEREAS, the Port Authority Lease, by its present terms, expires on December 31, 2015;

WHEREAS, American is the lessee and operator of the air passenger terminal facility located on that certain site more fully described in Section 1 of the American Lease (as hereinafter defined) at JFK, and more fully described below;

WHEREAS, American is engaged in the development, construction and operation of air passenger terminal facilities and wishes to substantially redevelop, renovate, expand and improve the existing air passenger terminal on the American Site (as hereinafter defined) and to construct certain additional improvements on the American Site and the Airport, all of which are

more fully described in the American Lease (said redevelopment, renovation, expansion, improvement, construction and operation, being the "Project");

WHEREAS, in furtherance of the foregoing, (a) American has entered into a certain agreement of lease with the Port Authority dated as of August 1, 1976, bearing Port Authority Lease No. AYB-085 (the "Lease AYB-085"), pursuant to which a certain portion of the American Site was demised to American (the "Lease AYB-085 Premises"), as more particularly described in Lease AYB-085 and shown on Exhibit 1.1 of the Amended and Restated Lease AYB-085R (as hereinafter defined); and (b) American has entered into a certain Amended and Restated Agreement of Lease with the Port Authority dated as of December 22, 2000, bearing Port Authority Lease No. AYB-085R (the "Amended and Restated Lease AYB-085R"), pursuant to which (i) the Port Authority continued to let the Lease AYB-085 Premises to American, less certain portions of the Lease AYB-085 Premises more particularly shown in crosshatching on Exhibit 1.1 to the Amended and Restated Lease AYB-085R (the "Surrendered Premises"), and (ii) the Port Authority demised to American certain additional land at the Airport more particularly shown in stippled-diagonal hatching on said Exhibit 1.1 (the "Additional Premises"), together with, inter alia, all improvements, buildings and structures which were erected thereon by American under Lease AYB-085 and certain Former Agreements (as defined in the Amended and Restated Lease AYB-085R) (the Lease AYB-085, as amended, supplemented and restated by the Amended and Restated Lease AYB-085R, and as further amended and supplemented by a certain First Supplemental Agreement between the Port Authority and American dated as of July 31, 2002 being the "American Lease"; and the Lease AYB-085 Premises (less the Surrendered Premises) and the Additional Premises constituting and being, the "American Site"), such American Site being more particularly shown on the two maps

which are each entitled, "Terminals 8 and 9 Lease Line Modification (American Airline)", each dated September 27, 1999, and each prepared by the Aviation Department and Project Management and Technical Services Division of the Port Authority (copies of which maps are attached hereto, collectively, as Schedule A);

WHEREAS, in furtherance of the Project, American has leased certain improvements on the American Site to the IDA (as hereinafter defined) pursuant to and as more fully provided in a Company Sublease Agreement between the IDA and American of even date herewith;

WHEREAS, the American Lease expires (the "Expiration Date") by its terms on December 30, 2015, but is subject to, provided there is an Airport Lease Extension Agreement (as defined in the American Lease), extension to a date which is the first to occur of (i) the day immediately prior to the date of expiration of the Applicable Airport Lease Extension Agreement (as defined in the American Lease) and (ii) December 21, 2036 and (iii) the day immediately preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date (as defined in the American Lease);

WHEREAS, the American Lease is subject to earlier termination in the event that, inter alia, the Port Authority Lease is terminated prior to its stated expiration date;

WHEREAS, American is financing the development and construction of the Project in part through the issuance by the New York City Industrial Development Agency (the "IDA") of its Special Facility Revenue Bonds in a series of yet undetermined tranches, which tranches in an aggregate principal amount shall not exceed two billion three hundred million dollars ($2,300,000,000) and the last stated maturity date of any such tranche shall not be after December 1, 2036 (said IDA Special Facility Revenue Bonds being hereinafter collectively

referred to as the "Bonds"). All of the Bonds are being issued under and secured by a Master Indenture of Trust (as the same may be amended, modified, supplemented or restated from time to time) by and between the IDA and The Bank of New York, as Trustee (the "Trustee") (the "Indenture"), and the repayment of which is provided for by, inter alia, an IDA Lease Agreement (as the same may be amended, modified, supplemented or restated from time to time) by and between the IDA, as lessor, and American, as lessee (the "IDA Lease Agreement");

WHEREAS, to facilitate the financing of the Project, American has requested that the City enter into this Agreement pursuant to which the City agrees, under the circumstances and on the terms described in this Agreement, to act in good faith to negotiate a lease with American to provide to American the right to possession and occupancy of the American Site as of January 1, 2016 (or the day first following the day after such later date to which the City and the Port Authority have extended the term of the Port Authority Lease), but in no event beyond the earlier to occur of (i) the day immediately preceding the thirtieth ($30^{th}$) anniversary of the Redevelopment Work Completion Date and (ii) December 21, 2036 (such earlier date being referred to herein as the "Maximum American Lease Expiration Date");

WHEREAS, the City submitted an application under the City's Uniform Land Use Review Procedure ("ULURP") seeking authorization for the disposition of the American Site for airport terminals and uses ancillary thereto, which ULURP application was certified by the Department of City Planning on December 6, 1999 and given number C-000187PPQ, was unanimously approved by the New York City Planning Commission on May 3, 2000 and was not "called up" by the City Council within the applicable time period and is therefore deemed approved by the City Council.

NOW, THEREFORE, the parties hereby agree as follows:

1. Agreement to Act in Good Faith to Enter into Lease.

a. On or before October 31, 2013 (said date, as it may be extended pursuant to the provisions of this Subsection 1(a), being referred to herein as the "Draft Delivery Date"), and provided that all of the Conditions Precedent (as hereinafter defined) have been met (it being understood that the City, may at its option and in its sole and absolute discretion, waive the satisfaction of one or more Conditions Precedent), the City shall deliver or cause to be delivered to American a draft, without prejudice, of a new lease or sublease for the American Site (the "Proposed New American Lease"), which Proposed New American Lease shall contain the terms and conditions set forth on Exhibit A hereto (the "Basic Terms"), as well as, at the option of the City, and/or its Designee (as hereinafter defined), more particular terms and conditions with respect to such Basic Terms, as well as additional terms and conditions, in either case, as the City, or its Designee, as the case may be, deems appropriate in good faith. Upon delivery of the Proposed New American Lease, American shall promptly advise the City and/or its Designee, if any, of any objections American has in good faith to the Proposed New American Lease. American shall act in good faith, and, if all Conditions Precedent have been satisfied except such as may be waived in the City's sole and absolute discretion, the City and/or its Designee, as the case may be, shall act in good faith, to (x) negotiate and (y) execute and deliver on or before December 31, 2014 (said date, as it may be extended pursuant to the provisions of this Subsection 1(a) being referred to herein as the "Proposed Lease Execution Date"), a lease or sublease for the American Site in recordable form containing the Basic Terms and such more particular and additional terms as the parties determine to be appropriate (said proposed lease, as negotiated, executed and delivered by American and the City and/or its Designee, being referred to herein as the "New American Lease"). It is understood and agreed

that during the negotiation period of the Proposed New American Lease, no term or condition thereof shall operate to bar or estop American, the City and/or its Designee, as the case may be, from seeking, in good faith, different or additional terms or conditions (other than the Basic Terms). In the event the City and the Port Authority (each, directly or through one or more entities or affiliates) enter into an extension or renewal of the Port Authority Lease, or new lease of the Airport, including the American Site, whereby the term of the letting of the Airport (including the American Site) to the Port Authority continues without interruption and is extended to a date subsequent to December 31, 2015, the Draft Delivery Date and the Proposed Lease Execution Date shall be extended to dates which are 26 months and 12 months, respectively, before the stated expiration date of such extended, renewed or new lease (such extended, renewed or new lease being referred to herein as the "Extended Port Authority Lease"), provided, however, that in no event shall the City be obligated to deliver or cause to be delivered a Proposed New American Lease on or at any time after the date which is 26 months prior to the Maximum American Lease Expiration Date, nor shall the parties be required to negotiate, execute or deliver a New American Lease after the date which is 12 months prior to the Maximum American Lease Expiration Date. In all events, the term of the New American Lease shall commence and expire on the dates described in Exhibit A hereto. Nothing in this Agreement shall in any way be construed to convey hereby a leasehold estate to American or other right of use or occupancy of the American Site by American, which may be conveyed solely pursuant to the mutual execution and delivery of the New American Lease. In the event that agreement on the terms of the New American Lease is unable to be reached and/or the New American Lease is not executed and delivered in recordable form by the Proposed Lease Execution Date (the "Failure to Enter into a New American Lease Termination Event"), this

Agreement shall terminate at the City's option as provided in Section 5(c)(i) herein. As used herein, the City's "Designee" shall mean the City's designee, of which the City shall give American written notice.

b. "Conditions Precedent" shall mean each of the following:

(i) no Extended Port Authority Lease shall have been entered into, the stated expiration date of which is on or after the Maximum American Lease Expiration Date, or if an Extended Port Authority Lease shall have been entered into with a shorter stated expiration date, the American Lease shall have been extended to a date which is one day before such shorter stated expiration date of the Extended Port Authority Lease;

(ii) the City shall not have transferred fee title and ownership of the Airport, including the American Site, to the Port Authority, or any affiliate thereof, directly or indirectly, through one or more entities;

(iii) all applicable governmental approvals for the New American Lease shall have been granted;

(iv) the American Lease shall not have terminated prior to the Expiration Date and American is in possession of the American Site as tenant thereunder (provided that for purposes of this subparagraph (iv), (A) the American Lease shall be deemed not to have been terminated solely because of a termination of the Port Authority Lease if the Fee Owner (as defined in the "RNDA", said term being hereinafter defined) has recognized American as its direct tenant, and (B) American has attorned to the Fee Owner as its direct landlord under the American Lease pursuant to the RNDA;

(v) no default or event which would permit termination of the American Lease or the exercise by the landlord of any dispossess remedy at law or equity (or,

but for cure or other rights of the IDA Mortgagee (as hereinafter defined) would permit such termination or dispossession) or the commencement of the exercise of any Reletting Rights (as defined in the American Lease) on notice or otherwise and no event of default and no Triggering Event (as defined in the American Lease) (hereinafter, each individually referred to as an "American Lease Event of Default" and collectively as "American Lease Events of Default") shall have occurred which has not been remedied (provided that no waiver of the underlying circumstances thereof without City consent shall be effective);

(vi) there shall not be outstanding any material default under the American Lease, or any event which, upon the giving of notice and/or the passage of time would ripen into an American Lease Event of Default, nor shall American have committed or permitted any act or omission which would have constituted a material default under the American Lease or an American Lease Event of Default had the Port Authority not waived (whether by express waiver or by failure to give notice) such default, event or the underlying circumstances thereof without the City's written consent, which waiver may reasonably have a material adverse effect on the City, the American Site or JFK at any time during the term of the New American Lease;

(vii) no "Event of Default" (herein an "IDA Financing Event of Default") shall have occurred under the Indenture, the IDA Lease Agreement, or any other documents or instruments securing and/or evidencing any of the Bonds (the "IDA Bond Documents") which has or could have resulted in an acceleration of any of the Bonds and which has not been remedied (other than "Events of Default" under any of said IDA Bond Documents caused solely by a wrongful failure of the IDA to perform any covenant, condition or agreement in the Indenture);

(viii) the execution and delivery of the New American Lease, and the performance by American of its obligations thereunder, would not constitute a breach of any covenant, representation or condition of the American Lease;

(ix) the Project shall have been completed, all of the Required Conditions, as defined in the American Lease, shall have been met and American shall have invested, or have caused to have been invested, at least (A) (Ex. 2.a.)

) by not later than December 21, 2003, and (B) (Ex. 2.a.)

by not later than December 31, 2008 (through Bond proceeds or equity) in the Project on the American Site, subject to Force Majeure (hereinafter defined) delays (such Force Majeure delays not to exceed, in the aggregate, four years). As used herein, "investment" or "invested" shall include, without limitation, all payments to independent contractors for work performed and labor and materials furnished, including applicable sales and use taxes, and soft costs directly associated with construction, including, but not limited to, engineering, architectural and other professional and consulting services, and the supervision of construction in connection therewith, but shall not include soft costs not directly associated with construction, including, without limitation, underwriter's discount and fees, legal fees (except those directly related to construction), IDA's fees, IDA debt service and IDA debt service reserves. "Force Majeure" means delays in construction caused by circumstances beyond the control of American or its affiliates (including, but not limited to, environmental remediation of site conditions predating the date as of which American had possession and control of any portion of the American Site and litigation not resulting from the fault of American or its affiliates) of which American gives the City notice within thirty (30) days after the occurrence of such Force

Majeure event; Force Majeure does not include the financial condition or financial circumstances of American or any other person, firm or entity;

(x) if the improvements of the American Site shall have suffered major damage or destruction, such improvements shall have been restored, or American shall be proceeding with restoration with all due diligence to the reasonable satisfaction of the City provided that, completion of the restoration at American's expense and to the reasonable satisfaction of the City, shall be a requirement and covenant of American in the New American Lease, breach of which, with applicable default cure periods, shall be a ground for the termination of the New American Lease by the landlord thereof;

(xi) no representation or warranty under this Agreement shall have been false or incomplete in any material respect when made, nor shall there have occurred any "Event of Default" (as hereinafter defined) under this Agreement, nor shall there be existing any uncured default under this Agreement for which American has received written notice from the City and the cure for which is pending during the applicable cure period (provided, that if such default is cured prior to the expiration of the applicable cure period, then this condition set forth in this subparagraph (xi) shall be deemed satisfied with respect to such prior default); and

(xii) no "Change in Control" shall have occurred since the date hereof without the City's prior written consent. As used herein, the term "Change in Control" shall have the meaning ascribed to it in the American Lease, except that wherever "20%" is used in such definition in the American Lease, it shall be deemed to be "10%" for purposes hereof.

2. Basic Terms and American Lease. American represents and warrants to the City that the Basic Terms are not more favorable to American than those provisions of the American Lease respecting similar substantive matters. No amendment of or supplement to or

waiver of any terms of the American Lease by any party thereto or otherwise shall affect the terms of this Agreement without the consent of the City in its sole and absolute discretion. Without limiting the foregoing, at the City's option, any amendment, supplement or waiver of the American Lease, or any terms thereof, which affects or impacts the provisions of the American Lease governing the substantive areas covered by the Basic Terms, may be incorporated into the New American Lease.

3. Ownership of American.

(a) American represents and warrants to the City that (i) American is a corporation organized and validly existing under the laws of the State of Delaware and is in good standing and authorized to do business in the State of New York, and (ii) the information submitted to IDA in connection with VENDEX (which, in American's case was limited to certain Securities Exchange Act of 1934 filings) without limitation, with respect to ownership of American, was true and complete as of the date submitted, and to the extent of any material changes or updated information as to which American and/or its parent corporation would be required to make filings or submissions under the Securities Exchange Act of 1934, American has made additional submissions to IDA so that as of the date hereof, IDA has complete and accurate copies of all filings and disclosures required to be made by American and/or its parent corporation under the Securities Exchange Act of 1934.

(b) From time to time during the term of this Agreement and/or prior, and as a condition, to the execution of the New American Lease by the City, the City may require background investigations (or updates of background investigations) of American, or any Principal or Officer of American or any of its partners or their respective Principals, or any person or entity whose relationship to American is such that a background investigation of such

person or entity would be customary under the City's policies (collectively, the "Material Persons"). "Principal" and "Officer" are defined in Exhibit D attached hereto.

4. Possession; Obligation to Pay Rental; Independent Covenants.

(a) The City shall have no liability for damages or restitution to American or any person or entity succeeding to the interests of American under the New American Lease if the City is unable to deliver possession of the American Site, or is unable to perform its obligations under the New American Lease, because the Port Authority or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority continues to use or occupy the American Site or any portion thereof after the stated expiration of the Port Authority Lease or otherwise continues to use or possess or refuses to surrender or vacate the Airport or any portion thereof, including without limitation the American Site, after the stated expiration of the Port Authority Lease. The foregoing does not constitute the City's agreement that the Port Authority has permission to use or occupy the American Site or any portion thereof after the stated expiration of the Port Authority Lease or otherwise continue to use, or occupy or possess the Airport or any portion thereof, including, without limitation, the American Site, after the stated expiration of the Port Authority Lease.

(b) American shall be obligated to pay all rental and impositions under the New American Lease, notwithstanding any failure by the City to give possession of the American Site to American or to perform its obligations under the New American Lease, and the obligations of American to pay any and all such rental to the City and all such impositions under the New American Lease shall be independent of and not conditional upon the City's delivery of possession of the American Site to American or the City's performance of its obligations under the New American Lease, if the City is unable to deliver such possession or perform such

obligations because the Port Authority or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority continues to use, occupy or possess the American Site or any portion thereof after the stated expiration or earlier termination of the Port Authority Lease or otherwise continues to use, possess or occupy or refuses to surrender or vacate the Airport or any portion thereof, including without limitation the American Site, after the stated expiration or earlier termination of the Port Authority Lease.

(c) The New American Lease shall contain covenants, terms and conditions to the effect set forth in subparagraphs 4(a) and (b) as the City may require in order to effectuate the intent of such provisions.

(d) Upon request of American, the City will enter into a recognition, nondisturbance and attornment agreement (the "RNDA") with American, substantially in the form attached hereto as Exhibit E, pursuant to which, subject to the terms of the RNDA, the Fee Owner will recognize American as its direct tenant, and American will attorn to the Fee Owner, as the direct landlord of American, under the American Lease, in the event that the Port Authority Lease is terminated prior to its stated expiration, all as more fully set forth in the RNDA.

5. Events of Default; Remedies; Certain Terminations.

(a) The following constitute events of default (collectively, "Events of Default", and each, an "Event of Default") under this Agreement:

(i) if American shall fail to observe or perform one or more of the terms, conditions, covenants or agreements of this Agreement or the RNDA, as the same may be supplemented, and such failure shall continue for a period of thirty (30) days after receipt of written notice from the City of such failure, or if such failure shall not be capable of being

remedied within such thirty (30) day period, if American shall not be proceeding with all diligence to cure such failure; or

(ii) if any material representation or warranty made by American herein is incomplete or incorrect in any material respect as of the time made or, with respect to continuing representations or warranties as of the time to which it speaks; or

(iii) to the extent permitted by law, if American shall make an assignment for the benefit of creditors; or

(iv) to the extent permitted by law, if American shall file a voluntary petition under Title 11 of the United States Code, or if such petition shall be filed against American and an order for relief therein shall be entered, or if American shall file a petition or an answer seeking, consenting to, or acquiescing in, any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or other bankruptcy or insolvency statute or law, or shall seek, or consent to, or acquiesce in, or suffer the appointment of, any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of American, or of all or any substantial part of its properties, or of the American Site or any interest of American therein, or if American shall take any membership, partnership or corporate action in furtherance of any action described in Sections 5(a)(iii), (a)(iv), (a)(v) or (a)(viii) of this Agreement; or

(v) to the extent permitted by law, if within sixty (60) days after the commencement of a proceeding against American seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal,

state or other bankruptcy or insolvency statute or law, such proceeding shall not be dismissed, or if, within one hundred twenty (120) days after the appointment, without the consent or acquiescence of American, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of American, or of all or any substantial part of its properties, or of the American Site or any interest of American therein, such appointment shall not be vacated or stayed on appeal or otherwise, or if, within one hundred twenty (120) days after the expiration of any such stay, such appointment shall not be vacated; or

(vi) if (A) the American Lease has been terminated prior to the Expiration Date, provided, however, that the American Lease shall be deemed not to have been terminated solely because of a termination of the Port Authority Lease if pursuant to the RNDA, American has been recognized by the Fee Owner as its direct tenant and American has attorned to such Fee Owner as its direct landlord pursuant to the RNDA, or (B) an American Lease Event of Default shall have occurred which has not been remedied (provided that no waiver of the underlying circumstances thereof without the City's consent shall be effective), or (C) there shall be outstanding any material default under the American Lease, or any other event, which upon the giving of notice and/or the passage of time could ripen into an American Lease Event of Default (provided, however, that American shall have the right to cure such default or event under any applicable cure period, provided that no such cure period shall extend beyond the Draft Delivery Date), or (D) American shall have committed or permitted any act or omission which would constitute a material default under the American Lease or an American Lease Event of Default had the Port Authority not waived (whether by express waiver or by failure to provide notice) same or the underlying circumstances thereof without the City's consent, which waiver may reasonably have a material adverse effect on the City, the American Site or JFK at any time

during the term of the New American Lease and which default or event is not, after notice from the City, remedied within the applicable time period permitted to cure such default or event under the American Lease, provided, however, that no such cure period shall extend beyond the Draft Delivery Date; or

(vii) if an IDA Financing Event of Default shall have occurred and not been cured, remedied or waived; or

(viii) to the extent permitted by law, if American shall admit, in writing, that it is unable to pay its debts as such debts become due; or

(ix) (A) if a levy under execution or attachment shall be made against the American Site or any part thereof, the income directly attributable thereto, this Agreement or the rights created hereby and such execution or attachment shall not be vacated or removed by court order, bonding or otherwise within a period of one hundred twenty (120) days from American's receipt of notice thereof; or (B) if a levy under execution or attachment in an amount equal to or greater than shall be made against American or any of its properties (other than the American Site or any part thereof, the income therefrom or the rights created hereby) and such execution or attachment shall not be vacated, discharged, dismissed or removed by court order, bonding or otherwise within a period of one hundred twenty (120) days from American's receipt of notice thereof; or

(x) (A) any of the Material Persons fails to submit to or cooperate with any investigation or update as required pursuant to Section 3(b) of this Agreement, or (B) the City determines pursuant to any such investigation or update that any of the Material Persons is a Prohibited Person pursuant to Exhibit B hereto, or (C) any ten (10%) percent or greater shareholder of American is an, or is wholly or substantially owned directly or

indirectly by one or more, airline companies that are not permitted to operate as such in the United States. As used herein, the terms "Principal", "Officer" and "Prohibited Person" shall have the meanings ascribed to them in Exhibit D attached hereto; or

(xi) if American shall fail to have invested or shall fail to have caused to have been invested, at least (A) (Ex. 2.a.)

by not later than December 21, 2003; and (B) (Ex. 2.a.)

by not later than December 31, 2008 (through Bond proceeds or equity) in the Project on the American Site, subject to Force Majeure delays (such Force Majeure delays not to exceed, in the aggregate, four years). As used herein, "invested" and "Force Majeure" shall have the meanings ascribed to them in Section 1(b)(ix) hereof; or

(xii) if American shall fail to complete the construction of the Project within the time provided for pursuant to the American Lease.

(b) If an Event of Default occurs, the City, in addition to any other remedy available to it, may elect to proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by American of the applicable provisions of this Agreement for breach thereof.

(c) (i) If (A) subject to the rights of the IDA Mortgagee pursuant to Section 6 hereof with respect to an Event of Default occurring and continuing during the Mortgagee Rights Period, an Event of Default shall have occurred, or (B) a Nonapproved Successor Lessee Event (as hereinafter defined) shall have occurred, or (C) the City and American shall have entered into a New American Lease, or (D) a Failure to Enter into a New Lease Termination Event shall have occurred, then the City may, at its option, terminate this Agreement upon written notice to American to such effect, and this Agreement shall expire and

terminate upon delivery of such notice to American. A "Nonapproved Successor Lessee Event" is hereby defined as an event pursuant to which, without the prior written consent of the City (such consent, during the Mortgagee Rights Period (as hereinafter defined), not to be arbitrarily or capriciously withheld) any person, firm or entity becomes or has the right to become an Approved Successor Lessee (as defined in the American Lease) or otherwise has the right to become the owner of or acquire any interest in all or any portion of American's interest in the American Lease or the leasehold estate created thereby pursuant to a judgment of foreclosure and sale or as a result of an assignment in lieu of foreclosure or as a result of the exercise by the mortgagee of any reletting or surrender rights or otherwise or as the result of the purchase of a mortgage.

(ii) If (A) an Extended Port Authority Lease shall have been entered into, the stated expiration date of which is on or after the Maximum American Lease Expiration Date or (B) the City has transferred fee title and ownership of the Airport, including the American Site, to the Port Authority, or any affiliate thereof, directly or indirectly, through one or more entities or (C) by the Proposed Lease Execution Date, the New American Lease shall not have been fully executed and delivered as provided in this Agreement or (D) the Port Authority has exercised its rights to terminate the Leasehold Mortgage by tendering payment to the Leasehold Mortgagee (as defined in the American Lease) of the total amount (including principal and interest to the date of payment) of the Bonds then outstanding, then this Agreement shall automatically expire and terminate without further notice.

(iii) Upon any expiration or termination of this Agreement (whether on account of any reason permitted or enumerated by this Agreement or by operation of law or equity), all rights of American, of any IDA Mortgagee, and of any person, firm or entity

claiming by, through or under American or any IDA Mortgagee (including, without limitation, any City Approved Successor Lessee, as hereinafter defined), and all obligations of and restrictions on the City hereunder or by reason hereof, shall terminate, except such as shall survive by their express terms, and the City shall have the right to dispose, convey, lease, assign or transfer the American Site or enter into any agreement to do so without any restriction or limitation on or liability to the City whatsoever (subject to the provisions of the New American Lease if this Agreement was terminated pursuant to clause (i)(C) of this Section 5(c) and subject to the provision of Section 6(g), if applicable upon a termination of this Agreement pursuant to clause (i) of this Section 5(c)).

(d) Each right and remedy of the City provided for in this Agreement shall be cumulative and shall be in addition to every other right or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the City of any one or more of the rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the City of any or all other rights or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise.

(e) The parties expressly acknowledge that the City is under no obligation to extend or renew the Port Authority Lease beyond its expiration date of December 31, 2015.

6. IDA Mortgagee Rights.

(a) Definitions.

(i) "IDA Mortgage" means a mortgage lien on all of American's interest in the American Lease and the leasehold estate created thereby which is (i) made to secure payment of all or any portion of the Bonds pursuant to the guaranty of payment thereof of American and the guaranty of payment thereof of AMR Corporation, (ii) complies with the provisions of paragraph (j) of this Section 6, and (iii) shall in no event attach to or encumber the leasehold estate or be otherwise effective unless and until the Reletting Rights Effective Date (as defined in the American Lease) has occurred. Further, to constitute an "IDA Mortgage" the lien shall not attach or encumber the leasehold estate or be otherwise effective before said Reletting Rights Effective Date, if any, and shall terminate and shall in no event extend beyond the first to occur of (i) the date of the redemption, cancellation, defeasance, discharge or payment of those Bonds, the repayment, or guarantee of repayment, of which has been secured by said mortgage, (ii) the date of termination, cancellation, extinguishment, ending, discharge or release of the lien or the instrument creating the lien (*e.g.* the Leasehold Mortgage, as defined in the American Lease), (iii) the termination, expiration or ending of the Reletting Rights (as defined in the American Lease or the Leasehold Mortgage), (iv) the date of termination or expiration of the American Lease (unless, with respect to a termination described in this subsection (iv) such termination is solely the result of the termination of the Port Authority Lease, and the Fee Owner, pursuant to the RNDA, has recognized the American Lease and the rights of American thereunder, including its right to mortgage its leasehold pursuant to the IDA Mortgage to secure repayment, or the guarantee of repayment, of the Bonds), and (v) the date of commencement of the New American Lease (such period of time being referred to herein as the "Mortgagee Rights Period").

(ii) "IDA Mortgagee" means the holder of an IDA Mortgage, provided such holder is either The Bank of New York or another trustee (who is not a Prohibited Person) who has been appointed pursuant to and in accordance with the Indenture and to whom the prior IDA Mortgagee has assigned or transferred the IDA Mortgage.

(b) Effectiveness of Section 6; Mortgagee Rights Period; IDA Mortgagee's Rights Not Greater than American's. Notwithstanding anything to the contrary in this Agreement, the provisions of Section 6 of this Agreement and any other provisions of this Agreement intended to be for the benefit of the IDA Mortgagee and/or any City Approved Successor Lessee (i) shall not become effective, and shall not apply, unless and until (A) the Reletting Rights Effective Date has occurred and (B) notice of the occurrence of the Reletting Rights Effective Date has been given to the City by the IDA Mortgagee in the manner set forth in Section 19 hereof, which notice shall set forth the address to which notices and other communications shall be given to the IDA Mortgagee, (ii) shall only be effective and applicable during the Mortgagee Rights Period, and (iii) shall expire and be of no force and effect at the end of the Mortgagee Rights Period; provided, however, that with respect to the provisions of Sections 6(g) and 6(h) hereof, the Mortgagee Rights Period shall not be deemed to have terminated, expired or ended solely by reason of a termination of the Leasehold Mortgage or the Reletting Rights (or the termination, cancellation, extinguishment, ending, discharge or release of the lien created thereby) due solely to the letting of the American Site pursuant to the American Lease to an Approved Successor Lessee, who is also a City Approved Successor Lessee and in possession of the American Site as tenant under the American Lease, whether from a foreclosure of the Leasehold Mortgage, exercise by the Leasehold Mortgagee of its Reletting Rights, an assignment in lieu of foreclosure or otherwise. With the exception of the rights

granted to the IDA Mortgagee pursuant to the provisions of paragraphs (c) through (g) of this Section 6, the execution and delivery of an IDA Mortgage shall not give nor shall be deemed to give the IDA Mortgagee (or any City Approved Successor Lessee, as the case may be) any greater rights against the City than those granted to American hereunder.

(c) Notice to IDA Mortgagee. The City shall give to the IDA Mortgagee, at the address of the IDA Mortgagee provided as above, or in any subsequent notice given by the IDA Mortgagee to the City in such manner, a copy of each notice of default at the same time as it gives notice of default to American, and no such notice of default shall be deemed effective unless and until a copy thereof shall have been so given to the IDA Mortgagee.

(d) No Consensual Termination. The City and American agree that unless expressly waived in writing by the IDA Mortgagee, American shall not be entitled to terminate this Agreement, and the City shall not accept such termination, unless same has been consented to by the IDA Mortgagee except for a termination by reason of the failure of the City, its Designee and/or American to negotiate, execute or deliver the New American Lease as provided for in this Agreement. The foregoing shall not affect or impair the City's rights to terminate this Agreement.

(e) Acceptance of Recognized Mortgagee's Performance. The City shall accept performance by the IDA Mortgagee of any covenant, condition or agreement on American's part to be performed hereunder, except for the obligation to negotiate, execute and deliver the New American Lease, with the same force and effect as though performed by American, provided that such performance by the IDA Mortgagee constitutes performance in full of such covenant, condition or agreement, with no allowances being made for the fact that the IDA Mortgagee may not have possession of the American Site.

(f) Notice of Termination for Certain Events of Default. If, during the Mortgagee Rights Period, this Agreement is terminated solely by reason of an Event of Default (except by reason of a failure of the City, its Designee and/or American to negotiate, execute or deliver the New American Lease as provided for in this Agreement), the City shall give prompt notice thereof to the IDA Mortgagee. Such termination shall not be effective until thirty (30) days after delivery of such notice to the IDA Mortgagee, and, if such Event of Default is capable of cure by the IDA Mortgagee without possession of the American Site and the IDA Mortgagee notifies the City in writing within such thirty (30) day period that it intends to cure such Event of Default or cause such Event of Default to be cured, then this Agreement shall not terminate and the IDA Mortgagee shall have sixty (60) days to cure or cause the cure of such Event of Default from the date it delivers the latter notice to the City. If such Event of Default is not cured within such sixty (60) day period afforded to the IDA Mortgagee, then the City may terminate this Agreement upon written notice to the IDA Mortgagee and American (the "Section 6(f) Termination Notice") and upon such delivery of such notice this Agreement shall terminate.

(g) Request for and Execution of New Agreement. If, within twenty four (24) months after the receipt (as shown on proof of service or return receipt) of the Section 6(f) Termination Notice, the IDA Mortgagee shall request the City to enter into a new Agreement with a City Approved Successor Lessee, (provided that during said period of 24 months the IDA Mortgagee has performed all of American's obligations hereunder and under Section 92 of the American Lease (to the extent not performed by American)) then, within sixty (60) days after the City shall have received such request, the City shall execute and deliver a new Agreement to the City Approved Successor Lessee and the IDA Mortgagee shall cause the City Approved Successor Lessee to do the same. The new Agreement shall contain all of the

covenants, conditions, limitations and agreements contained in this Agreement (including, without limitation, the obligation to enter into a new RNDA) (with such reasonable modification thereof to reflect the fact that the Agreement and RNDA are with a successor lessee as well as the fact that the IDA Mortgagee no longer has any rights), provided, however, that the City shall not be deemed to have represented or covenanted that such new Agreement or new RNDA shall be superior to claims of American, its other creditors or a judicially appointed receiver or trustee for American. In no event shall the City be required to (A) enter into a new Agreement or new RNDA (i) after the date which is ninety (90) days before the Draft Delivery Date or (ii) with any person, firm or entity which does not have possession of the American Site as tenant under the American Lease or (iii) if an event has occurred (other than the event that caused the termination of this Agreement to begin with) which has or would permit (or would have permitted if this Agreement were still in effect) termination of this Agreement or such new Agreement or RNDA or (iv) if the Mortgagee Rights Period has terminated or expired or (v) after a New American Lease has been entered into (even if the letting thereunder is not yet effective), or (B) enter into a new RNDA after the Port Authority Lease has terminated. The provisions of this Section 6(g) shall survive any termination of this Agreement solely pursuant to Section 6(f) hereof which termination occurs during the Mortgagee Rights Period, but only for the duration of the Mortgagee Rights Period.

(h) Conditions Precedent to the City's Execution of New Agreement. The provisions of paragraph (g) of this Section 6 notwithstanding, the City shall not be obligated to enter into a new Agreement with a City Approved Successor Lessee unless the City Approved Successor Lessee (i) except in the case of an Event of Default described in Sections 5(a)(ii) (which is particular to American), 5(a)(iii) through 5(a)(v) and 5(a)(vii) through 5(a)(x) and

5(a)(xii) hereof, shall promptly after receipt from the City of its statement of the default(s) required to be cured, cure all such default(s) (which is capable of being cured by someone other than American) then existing under this Agreement (as though this Agreement had not been terminated), or if such default is not capable of prompt cure, shall diligently prosecute cure of such default, as applicable, and (ii) shall deliver to the City a statement, in writing, acknowledging that the City, by entering into such new Agreement with such City Approved Successor Lessee shall not have or be deemed to have waived any defaults or Events of Default then existing under this Agreement or existing immediately before termination of this Agreement (other than the defaults or Events of Default described in Sections 5(a)(ii) (which are particular to American), 5(a)(iii) through 5(a)(v) and 5(a)(vii) through 5(a)(x) and 5(a)(xii) hereof which the City shall be deemed to have waived as against the City Approved Successor Lessee but as to which the City's recourse shall be against American), notwithstanding that any such defaults or Event of Default existed prior to the execution of such new Agreement and that the breached obligations which gave rise to the defaults or Event of Default are also obligations under such new Agreement. The provisions of this Section 6(h) shall survive any termination of this Agreement solely pursuant to Section 6(f) hereof which termination occurs during the Mortgagee Rights Period, but only for the duration of the Mortgagee Rights Period.

(i) Definition of City Approved Successor Lessee. The term "City Approved Successor Lessee" shall mean an Approved Successor Lessee under and as defined in the American Lease, who is not a Prohibited Person (or other person, firm or entity with whom or which the City will not then generally do business), approval of whom or which has been sought by the IDA Mortgagee at least sixty (60) days prior to the appointment of such Approved Successor Lessee, and written approval of whom or which has been given by the City and

delivered to the IDA Mortgagee (at the address given to the City in the notice seeking approval), it being understood and agreed that the City shall not arbitrarily or capriciously withhold, or unreasonably delay (a period of less than sixty (60) days after receipt of all reasonably relevant information being considered reasonable), its approval. Any City Approved Successor Lessee shall have no greater rights against the City than those granted to American hereunder.

(j) Certain Additional Requirements of an "IDA Mortgage". In order to constitute an "IDA Mortgage," the mortgage by its terms shall not extend to or affect, or represent a lien or encumbrance on, the estate or interest of the City in the American Site or any property located therein or thereon. Additionally, the mortgage document creating the mortgage lien shall include a provision stating that "This instrument does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of fee owner of the premises that are the subject of the instrument or any property therein or thereon, and in the event of any inconsistent provision in this instrument, this provision shall prevail."

7. Indictment.

(a) If any grand jury impaneled by any federal or state court files an indictment with such court charging American or any Principal or Officer of American (such indicted Person, the "Indicted Party") with having committed an intentional felony in connection with the Project or any other related matter, then the City shall convene a hearing (the "Hearing") before a panel of three persons consisting of (x) the City's Deputy Mayor for Economic Development and Rebuilding, (y) the President of the New York City Economic Development Corporation, and (z) the Corporation Counsel of the City, or a duly authorized designee of any of then, or such substitute persons as the City's Mayor may designate (the "Hearing Officers"). Such hearing shall be held upon not less than forty-five (45) days' written

notice to the Indicted Party and American for the purpose of determining whether it is in the best interest of the City to require the Indicted Party to assign its interest in this Agreement or in American, as the case may be. At the Hearing, American and the Indicted Party shall have the opportunity to be represented by counsel and to make a presentation to the Hearing Officers orally and in writing. The Hearing Officers shall consider and address in reaching their determination (x) the nexus of the conduct charged in the indictment to this Agreement, (y) the deleterious effect which an assignment of the Indicted Party's interest in this Agreement or in American, as the case may be, would have on the economic interests of the City which this Agreement is intended to promote, and (z) any other relevant matters. The Hearing Officers shall render a decision in writing within twenty (20) days of the last day of the Hearing. If the Hearing Officers decide by a majority vote that it is in the best interest of the City to require an assignment by the Indicted Party, then the City shall notify the Indicted Party and American of the Hearing Officers' decision within five (5) days of the date thereof. The Indicted Party shall assign its interest in this Agreement or in American, as the case may be, within six (6) months of the date of the notice of such decision by the Hearing Officers to an Assignee Reasonably Satisfactory to the City (as hereinafter defined). The Indicted Party may receive the consideration for such assignment in installment payments, provided that such consideration shall be for a sum certain (if paid in money) and that following such assignment the Indicted Party shall have no further interest in the Project or in any profits therefrom.

(b) Any failure of (i) the Indicted Party to assign its interest in this Agreement or in American, as the case may be, or (ii) an Assignee Reasonably Satisfactory to the City, acting as a trustee (as contemplated below), to assign the Indicted Party's interest in this Agreement or in American, as the case may be, following a Conviction (as hereinafter defined)

within the time and in the manner provided hereunder, shall be deemed to be a default by American hereunder. Upon the occurrence of such default, the City and, during the Mortgagee Rights Period, the IDA Mortgagee, shall have all of the rights and remedies provided hereunder in the case of a default by American. As used herein: an "Assignee Reasonably Satisfactory to the City" shall mean any person or entity who is (x) the IDA Mortgagee or (y) neither (i) a Prohibited Person nor (ii) controlled by, controlling, or under common control with an Indicted Party and who is either (A) a person or entity (including an affiliate of the Indicted Party) who is financially capable of performing the Indicted Party's obligations as set forth hereunder or (B) a Person (other than an affiliate of the Indicted Party) who is acting in a fiduciary capacity as an independent trustee for the benefit of the Indicted Party for the purpose of actively managing this Agreement or the Indicted Party's interest in American, as the case may be. The trust agreement between the Indicted Party and the trustee shall provide in substance, inter alia, as follows:

(i) If (x) the Indicted Party is found not guilty of the felony for which it is indicted by a court of competent jurisdiction or (y) the felony charges against such Indicted Party are dismissed, then the trustee shall reassign the Indicted Party's interest in American or in this Agreement, as the case may be, to the Indicted Party.

(ii) If (x) the Indicted Party is found guilty of the felony for which it is indicted by a court of competent jurisdiction and such verdict is affirmed by the court having ultimate jurisdiction to hear an appeal of such conviction or the period of appeal expires or the Indicted Party waives any right to appeal such determination or (y) the Indicted Party pleads guilty to the felony for which it is indicted (either (x) or (y) above, a "Conviction"), then the trustee shall assign this Agreement or the Indicted Party's interest in American, as the case

may be, within six months of the date of the Conviction to an Assignee Reasonably Satisfactory to the City pursuant to the first paragraph of this Section 7(b).

(c) During the pendency of any such trust, the Indicted Party shall exercise no control over the Project, but may make contributions to the Project and receive distributions therefrom.

8. MacBride Principles; Refusal to Testify. The MacBride Principles Rider, and the Refusal to Testify Rider attached hereto as Exhibit C, and Exhibit D, respectively, are hereby incorporated into this Agreement, and form a part of this Agreement as if fully set forth herein.

9. Reports; Studies. From time to time upon request of the City, American shall provide to the City true copies of such reports and information within the control of American or any of its affiliates relating to the lease of the American Site and operations thereat as the City shall reasonably request. To the extent such reports and information contain confidential business data of American which is not available elsewhere, then any release of such data by the City (provided such data is identified in writing by American as "confidential") subject to applicable law (including, without limitation, the provisions of the Freedom of Information Law and subpoenas), shall be subject to a confidentiality agreement to be negotiated between the parties. Notwithstanding anything herein to the contrary, nothing herein shall limit the rights of the Comptroller of the City (the "Comptroller") under applicable law.

10. Disposition of JFK; Continued Operation of JFK.

(a) American agrees that the City (i) may transfer, sell, lease, assign, grant, dispose of or license any interest in, and/or make alternative arrangements for the operation and/or management of, all or any portion of JFK, including, without limitation, that

portion of JFK which includes the American Site, provided, however, that if this Agreement has not terminated such transferee, vendee, lessee, assignee, grantee, licensee, manager or operator shall take its interest subject to this Agreement for the period of this Agreement, and (ii) may assign or delegate to another person or entity succeeding to the rights or interests of the City with respect to the American Site (a "Successor Entity"), without recourse, all or any of the rights and obligations of the City under this Agreement, provided, however, that if this Agreement has not terminated such Successor Entity shall take its interest subject to this Agreement for the period of this Agreement. Nothing contained in this Agreement shall be construed to limit the City's right to effect such transfer, sale, lease, assignment, grant, disposition or license of any interest in and/or alternative arrangement with regard to JFK, and American agrees to recognize the rights assigned and/or to accept performance of the obligations delegated by the City to any such Successor Entity.

(b) American recognizes that the City is under no obligation to continue to operate JFK, or cause JFK to be operated, as an airport.

11. Certain Representations, Warranties, Covenants and Agreements.

(a) American represents, warrants, covenants and agrees that no representations, statements, or warranties have been made by, or on behalf of, the City with respect to the American Site or the transaction contemplated by this Agreement, the status of title to the American Site or the physical condition thereof, and that American agrees to take same, if at all, in "as-is" condition. American hereby waives any claim against the City on account of any defect in title to the American Site or any defect, whether latent or patent, in the physical condition of the American Site. This Section 11(a) shall survive the termination of this Agreement.

(b) American stipulates and agrees that the City has been out of possession and control of the Airport, inclusive of the American Site, and that the Port Authority has been in possession and control of the Airport, since the commencement of the Port Authority Lease, and that such possession and control by the Port Authority will continue until the surrender by the Port Authority of the Airport to the City. Further, American represents, warrants, stipulates and agrees that American has been in possession and control of terminal 8 on the American Site since April 11, 1956 and of terminal 9 on the American Site since December 1, 1989 and that such possession and control will continue throughout the term of the American Lease and throughout the term of the New American Lease. This Section 11(b) shall survive the termination of this Agreement.

(c) American represents and warrants to the City that (w) American is a corporation formed under the laws of the State of Delaware and is in good standing and authorized to do business in the State of New York, and (x) all consents and approvals required to be obtained for (i) the leasing of the American Site, (ii) the entry into and performance of this Agreement and the entry into and performance of the RNDA, and (iii) the Project, including the required approvals (if any) from the Federal Aviation Authority, have been obtained and, further represents, warrants and covenants that as and when additional approvals or consents are required, same will be obtained in a timely fashion, and (y) as of the date hereof (i) except for those instruments listed on Schedule B, the American Lease and the Consent Agreement (as defined in the American Lease) are the only instruments to which the Port Authority and American (or any of their respective affiliates) are parties relating to the American Site, and (ii) the instruments listed on Schedule B are all subleases or concessions of portions of the American Site and do not materially adversely affect the City's rights under the Port Authority Lease and

are all subordinate to the American Lease and with respect to which the only remuneration paid to or on account of the Port Authority is a fee paid for approval of such sublease or concession by the Port Authority, and (z) neither this Agreement nor the New American Lease nor the RNDA is or will be in violation of the American Lease. American further stipulates and agrees that the City makes no representation or warranty of the legality of the use of the American Site for the purposes contemplated in the American Lease or herein, or that all discretionary or non-discretionary public approvals necessary for the City to execute and deliver the New American Lease or the RNDA have been obtained or that all procedures requisite to such execution and delivery have been satisfied. American further stipulates and agrees that the City makes no representation or warranty (i) regarding as to which, if any, public approvals, whether discretionary or otherwise, are requisite to the execution and delivery of the New American Lease or the RNDA, and (ii) that any necessary public approvals, whether discretionary or otherwise, have been obtained or shall be obtainable for the execution and delivery of the New American Lease or the RNDA. This Section 11(c) shall survive the termination of this Agreement.

(d) American represents, warrants, covenants and agrees to and with the City that it will invest, or cause to have been invested, at least (A) (Ex. 2.a.)

by not later than December 21, 2003; and (B) (Ex. 2.a.)

by not later than December 31, 2008 (through Bond proceeds or equity) in the Project on the American Site, subject to Force Majeure delays (not to exceed, in the aggregate, four years). As used herein, (I) "invest" or "invested" shall have the meanings ascribed to the terms "investment" or "invested" set forth in Section 1(b)(ix); and (II) "Force Majeure" shall have the meaning ascribed to it in Section 1(b)(ix) hereof. American further

represents, warrants, covenants and agrees that the development and construction of the Project shall be financed only by (i) American's own equity, (ii) the Bonds and (iii) general corporate debt which is unsecured by the Project. This Section 11(d) shall survive the termination of this Agreement.

(e) American represents and warrants that attached hereto as Exhibit F is a true, correct and complete copy of the American Lease. American covenants and agrees that it will promptly deliver a true, correct and complete copy of any modification, amendment, correction, supplement or restatement of the American Lease promptly after execution and delivery of same by the Port Authority and American, together with a certification by a duly authorized officer of American that same is a true, correct and complete copy of such modification, amendment, correction, supplement or restatement, as the case may be. This Section 11(e) shall survive the termination of this Agreement.

(f) American covenants and agrees that it shall cooperate in studies conducted by the City and with City proposals to mitigate impacts of the Project at the environs of the Airport, including without limitation, traffic on surrounding streets and highways. This Section 11(f) shall survive the termination of this Agreement for so long as American is in possession of the American Site.

(g) American represents and warrants that it has obtained (i) an owner controlled contractors pollution legal liability policy for environmental liabilities for the period of construction of the Project and (ii) a pollution legal liability site policy for environmental liabilities at the American Site. American covenants to cause The City of New York to be named as an additional insured on such policies and to supply to the City, at the time of IDA Bond closing, copies of such policies or binders and certificates of insurance therefor, reasonably

satisfactory to the City. American covenants that it shall comply with the terms and conditions of the American Lease relating to environmental matters at the American Site, including, without limitation, those set forth in Sections 59 and 65 of the American Lease, the terms of which are hereby incorporated by reference as if fully set forth herein, for the benefit of the City. This Section 11(g) shall survive the termination of this Agreement for so long as (x) American is in possession of the American Site or (y) any Bonds are outstanding or (z) the IDA Mortgagee has any rights under this Agreement.

(h) It is expressly understood between the parties that the City makes no representations or warranties during the term of this Agreement, nor shall it make any representations or warranties in or during the term of the New American Lease, as to the condition or state of title with respect to the Premises (as defined in Exhibit A hereto) or any portion thereof, including, without limitation, the existence or non-existence of any liens or encumbrances or conditions or defects in title. American expressly agrees that it shall take its leasehold interest under the New American Lease subject to the then existing state of title. This Section 11(h) shall survive the termination of this Agreement.

(i) The parties covenant and agree to cooperate in good faith with each other to obtain all applicable governmental approvals for the New American Lease, it being understood that such covenant and agreement on the part of the City is made, and such cooperation will be, solely in its proprietary capacity and not in its governmental capacity.

(j) American agrees to provide the City with written notice of any events or notices which could materially affect this Agreement, the RNDA or the New American Lease, or the rights or obligations of the City under any of same including by way of example but not limitation, the occurrence of (i) any American Lease Event of Default or IDA Financing

Event of Default (or any notice which could result in an American Lease Event of Default or IDA Financing Event of Default), (ii) the Redevelopment Work Completion Date, (iii) the Reletting Rights Effective Date (and any notices and certificates that are conditions thereto), (iv) any Notice of Proposed Successor Lessee (as defined in the American Lease), (v) any Reletting Election Notice (as defined in the American Lease), or (vi) any significant casualty or loss, etc. This Section 11(j) shall survive the termination of this Agreement.

(k) American represents and warrants that the Leasehold Mortgage is an IDA Mortgage and is, and will continue to be, held only by an IDA Mortgagee. This Section 11(k) shall survive the termination of this Agreement.

12. Non-liability of Individuals. No member, director, official, officer, agent or employee of any party hereto shall be charged personally or held contractually liable by or to the other party hereto under any term or provision of this Agreement, or of any other agreement, document or instrument executed in connection therewith, or of any supplement, modification, or amendment to this Agreement, or to such other agreement, document or instrument, or because of any breach or alleged breach of this Agreement, or such other agreement, document or instrument, or because of its or their execution or attempted execution. This Section 12 shall survive the termination of this Agreement.

13. Brokerage. American agrees to indemnify and hold the City harmless from and against any damages, expenses (including reasonable attorneys' fees) and liability arising from the claims of any broker, finder, consultant, person, firm or corporation, based upon or alleging negotiations, dealings or communications with American or its representatives. This Section 13 shall survive the termination of this Agreement.

14. Indemnification. American shall forever defend, indemnify and hold harmless the City, and its officials, officers, agents, representatives and employees from and against any and all liabilities, claims, demands, penalties, fines, settlements, damages, costs, expenses and judgments of whatever kind or nature, known or unknown, contingent or otherwise (a) except to the extent of gross negligence or intentional misconduct on the part of the City, for injury to any person or persons, including death, or any damage to property of any nature in connection with or arising out of in whole or in part, (i) any event which occurs on or at the American Site during the term of this Agreement, or (ii) any act(s) or omission(s) of American or of the employees, guests, contractors, subcontractors, representatives or agents of American occurring on or in connection with the American Site, including but not limited to, public ways, taxi lanes, pedestrian walkways, runways and common areas, or (iii) this Agreement, including, without limitation, any liability which the City may have to the Port Authority on account of the City's entering into this Agreement or the RNDA or the New American Lease or the City's or American's performance of any obligation under this Agreement, the RNDA or the New American Lease, or (b) arising out of, or in any way related to, the presence, storage, transportation, disposal, release or threatened release of any Hazardous Materials (as hereinafter defined) over, under, in, on, from or affecting the American Site or any persons, real property, personal property, or natural substances thereon or affected thereby during the term of this Agreement. For purposes of this paragraph "Hazardous Materials" means (i) any "hazardous waste" as defined under the Resource Conservation and Recovery Act, 42 U.S.C. Section 5101 et seq., or (ii) "hazardous substance" as defined under the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq., or (iii) "hazardous materials" as defined under the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101

et seq., or (iv) "hazardous waste" as defined under New York Environmental Conservation Law Section 27-0901 et seq., or (v) "hazardous substance" as defined under the Clean Water Act, 33 U.S.C. Section 1321 et seq. The provisions of this Section 14 shall survive the termination of this Agreement.

15. No Recording of this Agreement; Recording of Release. Neither this Agreement nor any memorandum thereof shall be recorded by or through, or on behalf of, American, in the Register's Office of Queens County or any other recording office. Without limiting the foregoing, American shall pay any and all transfer and document taxes and charges in connection with the execution of this Agreement. Upon the expiration or earlier termination of this Agreement for any reason whatsoever (including failure of the parties to execute and deliver the New American Lease by the Proposed Lease Execution Date), American covenants, upon demand by the City, to execute in recordable form an instrument (the "Release") prepared by the City in which American represents, stipulates and agrees for itself and anyone claiming by, through or under it, that this Agreement is terminated and does not encumber or burden the American Site or any other premises affected by this Agreement. The City at its option may record the Release against the American Site or any other affected premises. American further covenants to execute and deliver such other instruments as may be necessary in order to record the Release against the American Site or such premises. If American fails to execute and deliver to the City such instrument in recordable form within ten (10) days after being furnished with same by the City, the City may execute same on behalf of American, and American hereby irrevocably and conclusively appoints the City as its attorney in fact to execute the Release, and such other instruments as may be necessary to record the Release, on behalf of American. American further agrees to provide such further assistance as may be necessary or convenient in

order to effectuate the purposes of this Section 15. This Section 15 shall survive the termination of this Agreement.

16. Books and Records; Audit Rights.

(a) Maintenance of Books and Records. During the term of this Agreement, and for a period extending twelve (12) months beyond the term of this Agreement, American shall keep and maintain at an office in the City (or at its corporate headquarters if it produces copies thereof in the The City of New York at the request of the City) complete and accurate books and records of accounts of the operations at the American Site, and shall preserve such records for a period of at least six (6) years beyond the term of this Agreement. However, if, at the expiration of such six (6) year period, the City is auditing the books and records of American as provided in subsection (b) below, American shall preserve such records until the conclusion of such audit.

(b) Inspection and Audits of Books and Records. Commencing as of the date hereof and for a period extending six (6) years beyond the term of this Agreement, the City, the Comptroller and/or the agents or representatives of the City shall have the right from time to time during regular business hours, upon twenty-four (24) hours notice, to inspect, copy and audit and, at its option, duplicate, all of American's books and records relating in any manner to this Agreement (but in any event excluding information which American is required to keep confidential pursuant to law, such as information relating to employees). American shall produce all such books and records in The City of New York, upon request of the City, the Comptroller and/or the agents and representatives of the City during the term of this Agreement. The foregoing notwithstanding, if on the date which is six (6) years beyond the term of this Agreement the City or the Comptroller and/or the agents and representative or the City are

conducting an audit, then this Section 16 shall remain effective until the conclusion of such audit.

(c) Nothing in this Section 16 shall limit the rights of the Comptroller. Section 16 shall survive the termination of this Agreement.

17. Intentionally Left Blank.

18. Counterparts. This Agreement may be executed in one or more counterparts which, when together, shall constitute one and the same document.

19. Notices; Service.

(a) Whenever it is provided herein that notice, demand, request, consent, approval or other communication shall or may be given to, or served upon, either of the parties by the other, or whenever either of the parties desires to give or serve upon the other any notice, demand, request, consent, approval or other communication with respect hereto or to the American Site, each such notice, demand, request, consent, approval or other communication shall be in writing and shall be effective for any purpose only if given or served as follows:

(i) If to American, by hand with proof of delivery or by mailing the same to American by express or certified mail, postage prepaid, return receipt requested, addressed to:

American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5317
Forth Worth, Texas 76155
Attention: Vice-President, Corporate Real Estate

with a copy to:

American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5618
Fort Worth, Texas 76155
Attention: General Counsel

or to such other address as American may from time to time designate by notice given to the City by express or certified mail, return receipt requested.

(ii) If to City, by hand with proof of delivery or by mailing the same to City by express or certified mail, postage prepaid, return receipt requested, one addressed to:

The City of New York
City Hall
New York, New York 10007
Attention: Deputy Mayor for Economic Development and Rebuilding

and one to:

The City of New York Department of Business Services
110 William Street, Third Floor
New York, New York 10038
Attention: Commissioner

and one to:

New York City Economic Development Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to:

The New York City Law Department
100 Church Street
New York, New York 10007
Attention: Chief, Economic Development Division

or to such other address(es) and attorneys as City may from time to time designate by notice given to American by express or certified mail, return receipt requested.

(b) Every notice, demand, request, consent, approval or other communication hereunder shall be deemed to have been given or served three (3) days after the time that the same shall have been actually deposited in the United States mails, postage prepaid,

as aforesaid, except that notice by express or certified mail, return receipt requested, shall be deemed effective on the date such receipt is dated by the Post Office or express mail carrier, as the case may be, and notice by hand shall be effective upon delivery, as evidenced by a signed receipt.

20. No Assignment by American. Except as otherwise expressly provided in this Section, this Agreement shall not be assigned, transferred, pledged or otherwise encumbered by American without the written consent of the City, which consent shall be given or withheld in the City's sole and absolute discretion, provided, however, that this Agreement may be assigned in its entirety without such consent to any successor in interest of American who becomes tenant under the American Lease and which is or is to be a Scheduled Aircraft Operator (as hereinafter defined), and with or into which American has merged or consolidated, or which has succeeded to the assets of American or the major portion of its assets related to its air transportation system, but in any such event, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by Aircraft (as defined in the American Lease), and provided, further, that such succeeding entity or purchaser (whether it be American or any other entity or purchaser) satisfies the Financial Tests in Section 19 of the American Lease, and/or provides the Consent Security Deposit to the Port Authority, as required, and executes and delivers to the City an instrument in a form satisfactory to the City assuming the obligations of American as if it was the original party to this Agreement. The term "Scheduled Aircraft Operator" shall have the meaning ascribed to it in the American Lease, except that it shall be an additional requirement that such operator shall not be a Prohibited Person.

21. Specific Performance. The parties agree that damages would not be an adequate remedy for the failure of either party to perform its respective obligations hereunder,

and therefore, this Agreement and the covenants and agreements set forth herein shall be subject to specific performance. This shall not limit the right of the City or any Successor Entity to terminate this Agreement in accordance with the terms hereof. This Section 21 shall survive termination of this Agreement.

22. No Consent; Mortgages Not Recognized.

(a) It is hereby agreed, recognized and understood that in entering into this Agreement and the RNDA, the City is not in any manner whatsoever approving, recognizing or consenting or acquiescing to, any use, grant of use, occupancy, possession, right, claim, interest, tenancy or estate in or with respect to the Airport, or any portion thereof, including, without limitation, the American Site, by the Port Authority or which the Port Authority may assert, with respect to any period of time beyond the stated expiration date or earlier termination of the Port Authority Lease, notwithstanding any term or provision of the American Lease or any other document to the contrary or otherwise. Nothing contained in this Agreement or the RNDA shall be deemed to operate as a consent to any breach of the Port Authority Lease or any waiver of any of the City's rights and remedies under or pursuant to the Port Authority Lease. The City has not consented to the American Lease or the Consent Agreement or the Leasehold Mortgage, nor any other mortgage, lien, pledge, encumbrance or security interest in connection with the American Lease; none of the American Lease, the Consent Agreement or the Leasehold Mortgage, and no other mortgage, lien, pledge or encumbrance on or in connection with the American Lease shall be effective with respect to, or shall encumber or burden, any New American Lease, the estate or interest of the City in the American Site, or any property located therein or thereon, nor shall the City be required to recognize or permit any of the foregoing. The foregoing shall not limit the Fee Owner's obligations, if any, under the RNDA to recognize

American or recognize a Qualified Mortgage (as defined in the RNDA) in the circumstances and on the terms provided therein.

(b) This Section 22 shall survive termination of this Agreement.

23. There shall be no third-party beneficiaries of this Agreement. This Agreement shall be effective only as between the parties hereto (and their successors and assigns, if, as and to the extent permitted under this Agreement), and shall not be construed as creating or conferring upon any person or entity any right, remedy or claim under or by reason of this Agreement. Notwithstanding the foregoing, nothing in this Section 23 shall deprive the IDA Mortgagee of any of the rights granted to the IDA Mortgagee under Section 6 of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names and on their behalf by their duly authorized officers, all as of the date, first above written.

Approved as to Form

Acting Corporation Counsel

THE CITY OF NEW YORK

By:
Name: Robert Walsh
Title: Commissioner of the Department of Business Services

AMERICAN AIRLINES, INC.

By: Leslie M Benners
Name:
Title:

Leslie M. Benners
Managing Director
Corporate Finance & Banking

# SCHEDULE A

(MAPS - SEPARATE ATTACHEMENT)

Legal Description

All that certain plot, piece or parcel of land, situate, lying and being in the Borough and County of Queens, City and State of New York being a portion of Lot 1 in Block 14260 of Section 58 as shown on the Tax Map of the City of New York for the Borough of Queens, said premises being a part of the John F. Kennedy International Airport designated as Terminals 8 and 9 and more particularly delineated on the maps attached hereto.

# SCHEDULE B

(SEPARATE ATTACHMENT)

| Tenant Name | Leas Ref | Leas Desc | Leas Start Date | Leas Expiry Date |
|---|---|---|---|---|
| THE HERTZ CORPORATION (FEE) | JFK8166 | BLDG 57 1 WALL PHONE 2 SPACE | 02/01/60 | #EMPTY |
| AVIS RENT A CAR SYSTEM, INC. ( | JFK8167 | BLDG 57 WALL PHONE 2 SPACE | 06/01/80 | #EMPTY |
| NATIONAL CAR RENTAL SYSTEM, IN | JFK8637 | BLDG 57/1 WALLPHONE 2 SPACE | 06/01/80 | #EMPTY |
| BUDGET RENT A CAR | JFK8647 | BLDG 57 WALL PHONE 2 SPACE | 06/01/80 | #EMPTY |
| DOLLAR-RENT-A-CAR (FEE) | JFK8658 | BLDG 57 TERM 8/1 WALLPHONE | 06/01/82 | #EMPTY |
| SKY CHEFS, INC. | JFK8944 | [AYA-707] Hangar 10 Kitchen | 04/01/87 | #EMPTY |
| ROCKWELL COLLINS | JFK8982 | BLDG 57 RAMP LEVEL GATE 12 | 06/01/88 | #EMPTY |
| PORT AUTHORITY ($0) | JFK9020 | BLDG 57 GRND TRANSP COUNTER | 05/18/87 | #EMPTY |
| AMERICAN EXPRESS TRVL RELATED | JFK9086 | [AYB-172] BLDG 57 COIN-OP | 08/01/76 | #EMPTY |
| SKY SITES, INC. | JFK9105 | AYC-7 BLDG 57 INCLUDES JFK9151 | 08/01/90 | 12/31/05 |
| OGDEN NEW YORK SERVICES, INC. | JFK9153 | BLDG 57 SERVICING AIRCRAFT | 06/01/91 | #EMPTY |
| DOLLAR RENT-A-CAR | JFK9157 | BLDG 56 WALL PHONE SPACE | 06/01/91 | #EMPTY |
| NATIONAL CAR RENTAL SYSTEM, IN | JFK9158 | BLDG 56 WALLPHONE SPACE | 06/01/91 | #EMPTY |
| BUDGET RENT-A-CAR SYSTEMS INC. | JFK9179 | BLDG 56 WALL PHONE 1 SPACE | 06/01/91 | #EMPTY |
| AVIS RENT-A-CAR SYSTEM, INC. | JFK9180 | BLDG 56 WALL PHONE SPACE | 06/01/91 | #EMPTY |
| THE HERTZ CORPORATION (FEES) | JFK9181 | BLDG 56/1 WALL PHONE 2 SPACES | 06/01/92 | #EMPTY |
| AMERICAN EXPRESS TRAVEL RELATE | JFK9267 | [AYC-261] BLDG 57 TRAVEL CHECK | 06/01/92 | #EMPTY |
| SKY CHEFS, INC. | JFK9293 | SUBLEASE STORAGE/OFFICE SPACE | 06/01/94 | #EMPTY |
| AFFILIATED COMPUTER SERVICES, | JFK9297 | BLDG 57; ATM MACHINE @ ADM | 07/01/94 | #EMPTY |
| Worldwide Flight Services | JFK9324 | INTERIM AGMT CONSENTS FOR | 01/01/94 | #EMPTY |
| WRAP RITE INT'L BAGGAGE PROTEC | JFK9356 | [AYC-520] BAG PROTECTION | 06/20/94 | #EMPTY |
| SKY CHEFS, INC. | JFK9409 | CONSENT CONCESSION AGMT | 08/01/76 | #EMPTY |
| MEEGAN SERVICES, INC. | JFK9491 | HOTEL DESK PERMIT/BLDGS 8 | 03/01/97 | #EMPTY |
| FEDERAL EXPRESS CORPORATION | JFK9516 | PLACEMENT AGREEMENT | 05/01/97 | #EMPTY |
| MR. EMIDIO RIVIELLO | JFK9527 | SHOE SHINE STAND AT JFK | 10/01/96 | #EMPTY |
| CYBER EVENTS & ADV. CORP. | JFK9266 | INTERIM CONCESSION AGMT 56/57 | 01/01/94 | #EMPTY |
| AA FEDERAL CREDIT UNION | JFK9253 | CREDIT UNION: HANGAR 10 | 01/01/94 | #EMPTY |
| AMERICAN EAGLE AIRLINES, INC. | JFK9166 | BLDG 56 HOLDROOM/OPERATIONS | 06/01/91 | #EMPTY |
| AA FEDERAL CREDIT UNION | JFK9323 | ATM: BLDG 57 BAGCLAIM FACILITY | 02/01/94 | #EMPTY |
| AERONAUTICAL RADIO INC. | JFK8414 | ROOM M-311, 312 | 08/01/76 | #EMPTY |
| SKY MARKETING LTD. | JFK9589 | PUBLIC PAY FAX MACHINES AT JFK | 10/15/98 | #EMPTY |
| AT&T WIRELESS SERVICES | JFK9524 | SUBLEASE JFK EAST END HANGAR | 05/01/98 | #EMPTY |
| QANTAS AIRWAYS | JFK9506 | TERMINAL 9 OFFICE SPACE | 04/01/97 | #EMPTY |
| MATSUSHITA AVIONICS SYSTEMS CO | JFK9590 | HANGAR 10/ROOM 202 ADMIN OFC | 09/08/98 | #EMPTY |
| ROLLS-ROYCE, INC. | JFK9088 | HANGAR 10 STORAGE | 03/01/91 | #EMPTY |
| SKY CHEFS, INC. | JFK9317 | (AYC-462)CONCESSION AGMT | 12/31/95 | 12/30/06 |

**EXHIBIT A**

**to**

**AGREEMENT TOWARDS ENTERING INTO A LEASE ("Agreement")**

**SUMMARY OF TERMS OF THE NEW AMERICAN LEASE**

Unless otherwise defined or specified below, capitalized terms used in this Summary shall have the meanings ascribed to them in the Agreement.

Landlord: The City of New York, acting by and through its Department of Business Services, or The City of New York's successor in interest, assignee, or direct or indirect lessee (sometimes referred to as the "City" or "Landlord").

Tenant: American Airlines, Inc., a corporation organized and existing under the laws of the State of Delaware, or any permitted successor in interest to American (sometimes referred to as "Tenant").

Premises: Certain land at the Airport as more specifically described in Lease AYB-085 and more specifically shown on Exhibit 1.1 to the Amended and Restated Lease AYB-085R, less the Surrendered Premises and together with the Additional Premises, and together with all structures, improvements, additions, fixtures and buildings (including without limitation, the air passenger terminal facility) located, constructed or installed, or which may be located, constructed or installed therein, thereon or thereunder and the equipment permanently affixed or permanently located therein ("Equipment") such as electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch-basins constructed thereon, therein or thereunder (all of the foregoing, the "Premises"), such Premises being more particularly shown on the two maps which are each entitled, "Terminals 8 and 9 Lease Line Modification (American Airline)", each dated September 27, 1999, and each prepared by the Aviation Department and Project Management and Technical Services Division of the Port Authority (copies of which maps are attached hereto, collectively, as Schedule A), provided, however, that the AirTrain, the Cogeneration Facility, the Traffic Systems and the Distribution Portion of the System (as such capitalized terms are defined in the Amended and Restated Lease AYB-085R) are not a part of the Premises. The Tenant shall also have such non-exclusive rights, determined in the City's or any Successor Entity's discretion, as may be necessary for access to, egress from, provision of utilities to, and operation of, the facilities located, constructed or installed at the Premises. In addition, The City of New York, or at its option, Landlord and/or fee owner if different, shall have rights of ingress and egress to, from and across the Premises for airport, emergency and inspection purposes. The City may relocate or alter the means of Tenant's access to and egress from the Premises provided reasonably comparable substitution is made therefor. Title to all structures, improvements, additions, Equipment, fixtures and buildings shall be held by IDA or the City, provided that upon the expiration or termination of the New American Lease, title shall be in The City of New York, or, at its option, in Landlord or fee owner if different. Except to the extent required for the

performance of any of the obligations of Tenant with respect to the operation or maintenance of the facilities located, constructed or installed on the Premises pursuant to the American Lease, the City shall not grant Tenant any rights whatsoever in the air space above the height of such facilities.

Use: The Premises shall be used as a passenger facility terminal and for activities ancillary thereto and any other purpose or activity which Landlord may authorize in writing in its sole and absolute discretion, and for no other use or purpose, and in no event other than as provided for in the applicable ULURP.

Term: Commencing on the day first following the day after the expiration, but not the earlier termination, of American's interest under the American Lease, and ending on the earlier to occur of (i) the day immediately preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date (as defined in the American Lease) and (ii) December 21, 2036.

Rentals: Tenant shall be required to pay to the City rent during the term of the New American Lease in advance on the first day of each month. Ground rent shall be in the amount payable immediately prior to the expiration of the American Lease (but not less than the amount to be then paid under the American Lease as is set forth therein on the date of the Agreement), increased annually, starting as of the commencement date of the New American Lease by an amount equal to the greater of (a) four percent (4%) or (b) one-half (1/2) of the increase in the Consumer Price Index (All Urban Consumers, New York-Northeastern New Jersey-Long Island) ("CPI") over the immediately preceding lease year. Tenant shall also pay Landlord rental on improvements located at the Premises, e.g., Area I Building Rental, Area II Building Rental and Terminal Rental, as the case may be, in the same amounts as would have been payable under the American Lease if the American Lease had been extended and was still in effect (including, without limitation, any increases or decreases which would have been required to be made if the American Lease was so extended and in effect), provided however, that in no event shall rental on the improvements be less than the fair market rental thereof, determined by appraisal, and abated, or escalated, by the same percentage which rental would have been abated or escalated, if any, if the American Lease had been extended and was still in effect. The methodology for the appraisal shall be negotiated in good faith prior to execution and delivery of the New American Lease. Tenant shall also be required to pay to the City all other types of rental payable under the American Lease (including, without limitation, handling fees, Lessee's Unamortized Redevelopment Investment (as defined in the American Lease), and all rental associated with advertising, concessions, the retail program, and the Consumer Services (as defined in the American Lease)), in amounts not less than such amounts to be then paid under the American Lease for such periods as is set forth therein on the date hereof or such higher amounts as shall be provided in any amendments.

Real Estate Taxes and Impositions: If during the period of the New American Lease it is customary for ground tenants or ground subtenants of air passenger terminals at the Airport, or for persons otherwise having occupancy rights at terminals at JFK which rights are of comparable magnitude as Tenant's rights under the New American Lease, to pay real property taxes or to make payments in lieu of real property taxes, then Tenant shall pay (as rental or as otherwise directed by the City) to The City of New York all real property taxes assessed and levied against the Premises or, if the Premises are exempt from the payment of real property

taxes, payments in lieu thereof, in the full amount which would have been payable as real property taxes if the Premises were not exempt from real estate taxes. Similarly, if it is customary for such ground tenant, subtenant or person to pay any Impositions or make payments in lieu thereof, Tenant shall pay said Impositions or make payments in lieu thereof in the full amount thereof. "Impositions" is hereby defined as all real property general and special assessments (without duplication of payments of real estate taxes or payments in lieu of real estate taxes); personal property taxes; occupancy and rent taxes; water, water meter and sewer rents, rates and charges; excises, levies; license and permit fees; service charges with respect to police and fire protection, street and highway construction, maintenance and lighting, sanitation and water supply; any fines, penalties and other similar or governmental charges applicable to the foregoing, together with any interest or costs with respect to the foregoing; and any other governmental levies, fees, rents, assessments or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, together with any fines and penalties and any interest or costs with respect thereto, which at any time during the Term are assessed, levied, confirmed, imposed upon, grow out of, or become due and payable out of or in respect of, or would be charged in respect of, (1) the Premises or any portion thereof or (2) the sidewalks or streets in front of or adjoining the Premises or any portion thereof, or (3) any vault, passageway or space in, over and under such sidewalk or street or (4) any other appurtenances of the Premises or any portion thereof, or (5) any personal property, equipment or other facility used in the operation of the Premises, or (6) the rental and other payments, or any portion thereof, payable by Tenant under the New American Lease.

Abatements: The New American Lease shall provide for appropriate rent abatement in the event of substantial restrictions on use or reduction in the size of the Premises, as a consequence of condemnation or governmental action over which Tenant has no control.

Compliance with Law: Tenant shall comply with all applicable laws, including all building codes and permit requirements, all FAA rules and the Landlord's rules respecting similar facilities at the Airport. Without limiting the foregoing, Tenant shall operate the property in a non-discriminatory manner and shall continue the affirmative action program under applicable federal law and regulations. Further, and without limiting the foregoing, the New American Lease will contain terms under which Tenant will be required to render the Premises legal for occupancy in accordance with applicable law within definitive time periods as shall be set forth in the New American Lease.

Maintenance of Premises: Tenant shall repair, clean and maintain the Premises or cause them to be repaired, cleaned and maintained, including, without limitation, landscaping, utility service lines, obstruction lights, painting, paving, removal of snow and ice, fire and life safety equipment and systems and access roads. At Landlord's option, condition surveys of the Premises will be performed by Tenant, the frequency and scope of which, as well as the determination of a qualified third party to conduct the survey, shall be negotiated by the parties in good faith and included in the New American Lease. Tenant agrees to comply with all recommendations in said surveys and Tenant agrees to be responsible for the cost of preparing the condition surveys.

Condemnation, Casualty or Destruction: The New American Lease shall contain condemnation, casualty and destruction provisions, without limitation, that are then usual and customarily included in leases from Landlord to a tenant for similar IDA bond-financed projects, including,

without limitation, the City's agreement to make any insurance proceeds available to, at the City's option, either (a) restore the Premises or (b) if the New American Lease is terminated, retire or defease the Bonds.

Insurance and Indemnity: The New American Lease shall contain insurance and indemnity provisions and coverage amounts which are appropriate in Landlord's determination for the size and nature of the operations being conducted at the American Site as well as Landlord's potential liability or financial exposure. In reaching such determination, Landlord shall act in good faith. Such insurance and indemnity provisions to be included in the New American Lease shall be at least as protective of Landlord as such provisions are protective of the Port Authority in the American Lease, it being understood and agreed, however, that Landlord is not agreeing to such provisions and reserves the right to reject any of them in whole or in part. To the extent the insurance and indemnity provisions are more protective of the Landlord than of the Port Authority in the American Lease, and the added cost thereof is prohibitive or, in Tenant's good faith judgment, not reasonably supportable economically by the Project, the parties may treat the New American Lease negotiations as having failed after good faith efforts, thereby terminating the Agreement as provided therein.

Sale, Assignment, Subleasing, Leasehold Mortgage: Reference is made to the penultimate sentence of Section 22(a) of the Agreement, the provisions of which are incorporated into and made a part of this Exhibit A. Tenant shall not sell, convey, transfer, mortgage, pledge, assign or sublet the leasehold or the Premises, except for assignments and sublets made with Landlord's prior written consent in its sole and absolute discretion. Notwithstanding the foregoing, and provided that (i) the Reletting Rights Effective Date, as defined in the American Lease, occurred under the American Lease, (ii) the Leasehold Mortgage and/or the Reletting Rights, both as defined in the American Lease, have not terminated, expired or ended under the American Lease, and (iii) the Mortgagee Rights Period did not terminate or expire prior to the expiration of the American Lease, Landlord agrees not to unreasonably withhold its consent to a leasehold mortgage and associated reletting rights in favor of The Bank of New York, as Trustee or its successor trustee (who is not a Prohibited Person) who has been approved pursuant to and in accordance with the Indenture to secure repayment or the guarantee of repayment of the Bonds, which leasehold mortgage meets the requirements to be negotiated in good faith as part of the negotiation for the New American Lease, it being understood that Landlord may in good faith have different, but reasonable requirements, than the Port Authority's requirements and/or may, at its option, insist on any or all of the provisions of the Leasehold Mortgage and Reletting Rights and on all or any of the protections afforded the Port Authority in connection with the Leasehold Mortgage and associated Reletting Rights in its Consent to Subleases and Mortgage Agreement or elsewhere. Any consent by Landlord to a leasehold mortgage, reletting rights, or the exercise of such rights, shall require payment of various fees to Landlord, including but not limited to those payments, in substantially the same terms and amounts, as set forth and defined in the American Lease as Deferred Reletting Fee or Deferred Reletting Fee Rental and Deferred Reletting Fee Payment Amount, Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees, Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees, and Leasehold Mortgagee's Foreclosure Period Payments including Leasehold Mortgagee's Foreclosure Period Commencement Payments, Leasehold Mortgagee's Foreclosure Period Current Basis Payments and Foreclosure Period Extension Fee. Landlord may require fees as a condition of its approval of any proposed sublease. Reasonable exceptions for

assignments to affiliates and as a result of mergers/consolidations to be included, it being understood that the City's provisions regarding Prohibited Persons and persons with whom the City will not generally do business will be adhered to at City's option. Security Deposits shall be required for all assignments not meeting minimum financial conditions, all as to be more particularly specified in the New American Lease.

Change of Tenant's Ownership: Tenant shall not permit a Change in Control without Landlord's prior written consent.

Events of Default; Right to Terminate: The New American Lease shall contain default provisions setting forth the rights and remedies of the City in the event of any breach, fault or default of Tenant under the New American Lease and/or the IDA Bond Documents. Such provisions shall include, with respect to monetary defaults, a cure period of twenty (20) days after receipt of written notice from Landlord and, with respect to non-monetary defaults (other than insolvency and bankruptcy types of defaults as to which there may be no notice or cure period), a cure period of thirty (30) days after receipt of written notice from Landlord (which cure period, if such default, other than for bankruptcy or insolvency types of defaults, is not susceptible of cure within said thirty (30) day period, may be extended to the extent necessary to complete such cure provided that Tenant shall have commenced such cure within said thirty (30) day period and shall be diligently pursuing such cure to completion). If Tenant fails to cure any default within the applicable periods, Landlord shall have the right, without limitation, to terminate the New American Lease and Tenant's rights thereunder.

Tenant's Covenant to Maximize Operations: Tenant shall seek to maximize its use of the air passenger facility at the Premises (based on then current levels at the Airport) and shall seek to keep the Premises fully occupied and used.

Landlord Services: Landlord shall have the right, but not the obligation, to sell and furnish to Tenant, or cause to be sold and furnished to Tenant, electricity, water, and sewage services. If the same is not supplied by Landlord, Tenant shall arrange for such services directly with the provider of same. Tenant shall be responsible for costs of all underground utilities affected by the Project and the cost of any additional capacities required to be installed by the City or its successors in connection with American's operations at, or use or possession of, the Premises.

Environmental Obligations: Tenant shall comply with any applicable governmental or regulatory environmental requirements with respect to the operation of the Premises and with respect to any hazardous materials introduced in or on the Premises from and after the date on which possession of the Premises was initially delivered to Tenant. Tenant shall deliver to Landlord prior to execution of New American Lease a complete environmental report with respect to the environmental condition of the Premises. Tenant shall comply with all its environmental obligations contained in the American Lease. Tenant shall provide the City with an appropriate environmental indemnity.

Retail Program: Tenant shall operate a "premier world class" retail program defined as one that consistently scores within the top ten percent of industry recognized surveys. If Tenant has an asset manager or retains a developer of its concessions program, it will absorb all associated costs. In such event, the asset manager or developer and any of its affiliates may not operate or

have an equity ownership in any concession at the Premises. Tenant shall deliver the Premises to all future concessionaires inclusive of utilities brought to the site and demising walls. The City and Tenant shall conduct an annual joint review of its comprehensive retail plan, including the determination as to appropriate modifications.

Customer Service: Tenant shall actively participate in any customer service initiatives that the City may undertake. Tenant shall provide services at the Premises for the benefit of the traveling public in a manner consistent with any airport standards which developed by the City in consultation with the airlines for first-class airport terminals ("Airport Standards"). Tenant will cooperate with the City and other airlines serving the traveling public at the Airport in maintaining these Airport Standards through working groups and other means to be negotiated by the parties.

Pricing. American shall ensure that during the term of the New American Lease, through the enforcement of contractual provisions and all other commercially reasonable efforts, the prices for goods at concessions and elsewhere, including food and beverage and retail items, at the American Site are not set at a premium and are the same as for those sold off the American Site in the City at comparable retail establishments (i.e., "street pricing").

Utilities: To the extent not done prior to commencement of the New American Lease, Tenant will be responsible for relocating all underground utilities affected by its operations at, or use or possession of, the Premises and the cost of any additional capacities required to be installed. Utilities will be at Tenant's expense and of a nature and from a source to be negotiated by the parties in light of the then existing utilities structure at the Airport.

Light Rail System (or successor or additional mass transit system(s): Tenant agrees to the construction and operation of a passenger station on the Premises. Tenant will permit the construction of the station, connector and guideway structures on the Premises. Tenant will provide and be responsible for the vertical circulation in or adjacent to the Terminal and appropriate signage in the Terminal and Premises which shall be appropriate to the operation of AirTrain or any other means of mass transit to be developed for the Airport. Tenant also agrees to use the system (or any such successor) when it is completed. Any changes to the station/connector design will be at Tenant's expense.

Non-Discrimination/Affirmative Action: Tenant will comply with any FAA and City requirements.

Frontage Control: Frontage control will conform to City, if any, and FAA requirements.

Ground Transportation Information: Tenant will arrange for ground transportation information services providing communication links to City designated limousine, courtesy vehicle, hotel and charter bus dispatch operations.

Underutilization: The City retains the right to require Tenant to permit use of the Premises by additional airlines, under reasonable circumstances to be determined, in the event the Premises is underutilized. Such determination will be on the basis of revenue seats daily average. Tenant agrees, if its schedule permits, to make space available to a requesting airline and will charge reasonable fees.

Rules and Regulations: The City's airport rules and regulations will be applicable to the Premises.

Books and Records: Complete books and records relating to the Premises to be maintained in the City of New York; Landlord to have full copy and audit rights.

Parking Garage: If the Parking Garage referred to in Section 90 of the American Lease is not built and Landlord decides to build a garage the benefits of which to Tenant would be substantially similar, Tenant agrees that it will pay one-third of the cost thereof as additional rental.

Conditions Precedent: The New American Lease shall also contain conditions (waivable in the City's sole and absolute discretion) which must be satisfied by American at all times after execution and immediately prior to the effectiveness of the letting under said New American Lease, it being understood that such conditions shall be substantially similar to the Conditions Precedent (as defined in the Agreement) with such reasonably appropriate modifications and supplements as the City reasonably deems necessary in light of then existing circumstances.

## EXHIBIT B

"Prohibited Person" shall mean:

(i) Any Person (A) that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or the New York City Economic Development Corporation ("EDC"), or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or EDC, unless such default or breach has been waived in writing by the City or EDC, as the case may be.

(ii) Any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than any felony conviction of AMR Corporation (American's parent corporation) arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-Highsmith) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than any felony conviction of AMR Corporation (American's parent corporation) arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-Highsmith) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

(iii) Any government, or any Person that is directly or indirectly controlled (rather than only regulated) by a government, that is finally determined to be in violation of (including, but not limited to any participant in an international boycott in violation of) the Export Administration Act of 1979, as amended, of any successor statute, or the regulations issued pursuant thereto, or any government that is, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government that is subject to the regulations or controls thereof.

(iv) Any government, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government, the effects or the activities of which are regulated or controlled pursuant to regulations of the United States Treasury Department or executive orders of the President of the United States of America issued pursuant to the Trading with the Enemy Act of 1917, as amended.

(v) Any Person that is in default in the payment to the City of any real estate taxes, sewer rents or water charges totaling more than $10,000 (or any Person that directly controls, is controlled by, or is under common control with a Person in such default), unless such default is then being contested in good faith and with due diligence in accordance with the law.

(vi) Any Person (A) that has owned at any time in the preceding three (3) years any property which, while in the ownership of such Person, was acquired by the City by in rem tax foreclosure, other than a property in which the City has released or is in the process of releasing its interest to such Person pursuant to the Administrative Code of the City or (B) that, directly or indirectly, controls, is controlled by, or is under common control with such a Person.

The determination as to whether any Person is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or directly or indirectly controls, is controlled by, or is under common control with a Person that is an organized crime figure or is reputed too have substantial business or other affiliations with an organized crime figure shall be within the sole discretion of the City exercised reasonably and in good faith.

## EXHIBIT C

## MACBRIDE PRINCIPLES RIDER

### ARTICLE I. MACBRIDE PRINCIPLES

### PART A

The contractor stipulates that such contractor and any individual or legal entity in which the contractor holds a ten percent or greater ownership interest and any individual or legal entity that holds a ten percent or greater ownership interest in the contractor either (a) have no business operations in Northern Ireland, or (b) shall take lawful steps in good faith to conduct any business operations they have in Northern Ireland in accordance with the MacBride Principles, and shall permit independent monitoring of their compliance with such principles.

### PART B

For purposes of this section, "MacBride Principles" shall mean those principles relating to nondiscrimination in employment and freedom of workplace opportunity which require employers doing business in Northern Ireland to:

(1) increase the representation of individuals from underrepresented religious groups in the work force, including managerial, supervisory, administrative, clerical and technical jobs;

(2) take steps to promote adequate security for the protection of employees from underrepresented religious groups both at the workplace and while traveling to and from work;

(3) ban provocative religious or political emblems from the workplace;

(4) publicly advertise all job openings and make special recruitment efforts to attract applicants from underrepresented religious groups;

(5) establish layoff, recall and termination procedures which do not in practice favor a particular religious group;

(6) abolish all job reservations, apprenticeship restrictions and different employment criteria which discriminate on the basis of religion;

(7) develop training programs that will prepare substantial numbers of current employees from underrepresented religious groups for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade and improve the skills of workers from underrepresented religious groups;

(8) establish procedures to assess, identify and actively recruit employees from underrepresented religious groups with potential for further advancement; and

(9) appoint a senior management staff member to oversee affirmative action efforts and develop a timetable to ensure their full implementation.

ARTICLE II. ENFORCEMENT OF ARTICLE I.

The contractor agrees that the covenants and representations in Article I above are material conditions to this contract. In the event the contracting entity receives information that the contractor who made the stipulation required by this section is in violation thereof, the contracting entity shall review such information and give the contractor an opportunity to respond. If the contracting entity finds that a violation has occurred, the entity shall have the right to declare the contractor in default and/or terminate this contract for cause and procure the supplies, services or work from another source in any manner the entity deems proper. In the event of such termination, the contractor shall pay to the entity, or the entity in its sole discretion may withhold from any amounts otherwise payable to the contractor, the difference between the contract price for the uncompleted portion of this contract and the cost to the contracting entity of completing performance of this contract either itself or by engaging another contractor or contractors. In the case of a requirements contract, the contractor shall be liable for such difference in price for the entire amount of supplies required by the contracting entity for the uncompleted term of its contract. In the case of a construction contract, the contracting entity shall also have the right to hold the contractor in partial or total default in accordance with the default provisions of this contract, and/or may seek debarment or suspension of the contractor. The rights and remedies of the entity hereunder shall be in addition to, and not in lieu of, any rights and remedies the entity has pursuant to this contract or by operation of law.

(Note: for purposes of this rider, the "contractor" means American Airlines, Inc. and the "contracting entity" means The City of New York)

## EXHIBIT D

Background Investigation; Refusal to Testify.

American agrees to cooperate fully and faithfully with any investigation, audit or inquiry conducted by the City of New York (the "City") or the State of New York (the "State") or any governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the inspector general of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

If:

(i) any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, State, or any political subdivision or public authority thereof, or The Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State, or;

(ii) any person refuses to testify for a reason other than the assertion of his or her privilege against self incrimination in an investigation, audit or inquiry conducted by the City or State or any governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the inspector general of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, State, or any political subdivision thereof or any local development corporation within the City;

then the commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five days written notice to the parties involved, to determine if any penalties should attach for the failure of a person to testify.

If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending final determination pursuant to this Section without the City incurring any penalty or damages for delay or otherwise.

The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(I) the disqualification for a period not to exceed five years from the date of an adverse determination of any person, or any entity of which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(II) the cancellation or termination of any and all existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination. Monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

The commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (1) and (2) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (3) and (4) below in addition to any other information which may be relevant and appropriate.

(1) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(2) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(3) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(4) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under this Section, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in this Section gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

As used in this Section, the term (i) "Principal" means an individual, partnership, joint venture or corporation which holds a 10% or greater ownership interest in the entity of which it is a Principal, and (ii) "Officer" means any individual who serves as chief executive officer, chief financial officer or chief operating officer by whatever title known, (iii) "Prohibited Person" has the meaning set forth in Exhibit B hereto, (iv) "license" or "permit" means a license,

permit, franchise or concession not granted as a matter of right, (v) "person" means any natural person doing business along or associated with another person or entity as a partner, director, officer, principal or employee, (vi) "entity" means any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City or otherwise transacts business with the City, and (vii) "member" means any person associated with another person or entity as a partner, director, officer, principal or employee.

This Exhibit D shall apply only for so long as the City or an agency or instrumentality thereof shall be the lessor under or a party to this Agreement.

**EXHIBIT E**

RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This Recognition, Non-Disturbance and Attornment Agreement (this "Agreement"), dated as of the 31st day of July, 2002 between THE CITY OF NEW YORK, a municipal corporation of the State of New York, acting by and through its Department of Business Services, having its offices at 110 William Street, New York, New York 10038 (the "City"), and AMERICAN AIRLINES, INC., a corporation organized under the laws of the State of Delaware, having an address at MD 5317, 4333 Amon Carter Boulevard, Fort Worth, Texas 76155 ("American").

WITNESSETH:

WHEREAS, the City has leased John F. Kennedy International Airport located in the County of Queens, State of New York (the "Airport" or "JFK") to The Port Authority of New York and New Jersey (the "Port Authority") pursuant to that certain Agreement with respect to Municipal Air Terminals, dated April 17, 1947, and thereafter amended and supplemented from time to time (said Agreement, as so amended and supplemented, or as amended or supplemented or replaced by an Applicable Airport Lease Extension Agreement (as defined in the American Lease (hereinafter defined)), being referred to herein as the "Port Authority Lease") (the City, or its successor-in-interest, including, without limitation, any tenant under a lease for the Airport, into which the City hereafter enters (but in any event excluding the Port Authority, its affiliates and their respective successors-in-interest) is hereinafter referred to as "Fee Owner");

WHEREAS, American is the lessee and operator of the air passenger terminal facility located on that certain site more fully described in the American Lease (as hereinafter defined) at JFK;

WHEREAS, American is engaged in the development, construction and operation of air passenger terminal facilities and wishes to substantially redevelop, renovate, expand and improve the existing air passenger terminal on the American Site (as hereinafter defined) and to construct additional improvements on the American Site and the Airport, all of which are more fully described in the American Lease (said redevelopment, renovation, expansion, improvement, construction and operation being the "Project");

WHEREAS, in furtherance of the foregoing, (a) American has entered into a certain agreement of lease with the Port Authority dated as of August 1, 1976, bearing Port Authority Lease No. AYB-085 (the "Lease AYB-085"), pursuant to which a certain portion of the American Site was demised to American (the "Lease AYB-085 Premises"), as more particularly described in Lease AYB-085 and shown on Exhibit 1.1 of the Amended and Restated Lease AYB-085R (as hereinafter defined); and (b) American has entered into a certain Amended and Restated Agreement of Lease with the Port Authority dated as of December 22, 2000, bearing Port Authority Lease No. AYB-085R (the "Amended and Restated Lease AYB-085R"), pursuant to which (i) the Port Authority continued to let the Lease AYB-085 Premises to American, less certain portions of the Lease AYB-085 Premises more particularly shown in crosshatching on Exhibit 1.1 to the Amended and Restated Lease AYB-085R (the "Surrendered Premises"), and (ii) the Port Authority demised to American certain additional land at the Airport more particularly shown in stippled-diagonal hatching on said Exhibit 1.1 (the "Additional Premises"), together with, inter alia, all improvements, buildings and structures which were erected thereon by American under Lease AYB-085 and certain Former Agreements (as defined in the Amended and Restated Lease AYB-085R) (the Lease AYB-085, as amended, supplemented and restated by the Amended and Restated Lease AYB-085R, and as further

amended and supplemented by a certain First Supplemental Agreement between the Port Authority and American dated as of July 31, 2002, being the "American Lease"; and the Lease AYB-085 Premises (less the Surrendered Premises) and the Additional Premises constituting and being, the "American Site"), such American Site being more particularly shown on the two maps which are each entitled, "Terminals 8 and 9 Lease Line Modification (American Airline)", each dated September 27, 1999, and each prepared by the Aviation Department and Project Management and Technical Services Division of the Port Authority (copies of which maps are attached hereto, collectively, as Schedule A);

WHEREAS, in furtherance of the Project, American has leased certain improvements on the American Site to the IDA (as hereinafter defined) pursuant to and as more fully provided in a Company Sublease Agreement between the IDA and American of even date herewith;

WHEREAS, the American Lease expires (the "Expiration Date") by its terms on December 30, 2015, but is subject to, provided there is an Airport Lease Extension Agreement (as defined in the American Lease), extension to a date which is the first to occur of (i) the day immediately prior to the date of expiration of the Applicable Airport Lease Extension Agreement and (ii) December 21, 2036 and (iii) the day immediately preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date (as defined in the American Lease);

WHEREAS, the American Lease is subject to earlier termination in the event that, inter alia, the Port Authority Lease is terminated prior to its stated expiration date;

WHEREAS, American is financing the development and construction of the Project in part through the issuance by the New York City Industrial Development Agency (the "IDA") of its Special Facility Revenue Bonds in a series of yet undetermined tranches, which

tranches in an aggregate principal amount shall not exceed two billion three hundred million dollars ($2,300,000,000) and the last stated maturity date of any such tranche shall not be after December 1, 2036 (said IDA Special Facility Revenue Bonds being hereinafter collectively referred to as the "Bonds"). All of the Bonds are being issued under and secured by a Master Indenture of Trust (as the same may be amended, modified, supplemented or restated from time to time) by and between the IDA and The Bank of New York, as Trustee (the "Trustee") (the "Indenture"), and the repayment of which is provided for by, inter alia, an IDA Lease Agreement (as the same may be amended, modified, supplemented or restated from time to time) by and between the IDA, as lessor, and American, as lessee;

WHEREAS, the City and American have entered into a certain Agreement Towards Entering Into A Lease (the "ATEIL") pursuant to which they have agreed in the circumstances and on the terms set forth therein to act in good faith to negotiate a New American Lease as defined therein; and

WHEREAS, American wishes to protect its interest in the American Site in the event of the termination (but not expiration) of the Port Authority Lease prior to the stated expiration date of the Port Authority Lease (the "Fixed Expiration Date") (it being understood that as of the date hereof, said Fixed Expiration Date is December 31, 2015), and prior to the Expiration Date.

NOW THEREFORE, in consideration of the mutual covenants contained below, the parties covenant and agree as follows:

1. Subject to the other provisions of this Agreement, in the event of a termination (but not expiration) of the Port Authority Lease prior to the Fixed Expiration Date thereof and prior to the Expiration Date, the American Lease shall thereafter continue in full

force and effect as a direct lease between American and Fee Owner, upon all the terms and conditions of the American Lease, and the American Lease shall not be deemed terminated for any purpose other than as regards the Port Authority, or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority (other than Fee Owner) (provided that at the time of such termination of the Port Authority Lease, unless waived by the City in its sole and absolute discretion, no default exists under the American Lease on the part of American and no event exists which would permit the Port Authority, as landlord thereunder, to terminate the American Lease or to exercise any dispossess remedy provided for therein or at law or in equity and provided, further, that American has possession of the American Site as tenant under the American Lease and no event has occurred which would permit the commencement of the exercise of the Reletting Rights (as defined in the American Lease) on notice or otherwise and no Approved Successor Lessee (as defined in the American Lease) has been appointed and no Triggering Event (as defined in the American Lease) has occurred), and Fee Owner agrees in which case to recognize the American Lease and the rights of American thereunder (including without limitation its rights to mortgage its leasehold as provided therein to secure repayment, or the guarantee of repayment, of the Bonds (a mortgage thus granted for such purpose being referred to herein as a "Mortgage")) and not to disturb the possession of American in and to the American Site, all in accordance with the terms and conditions of the American Lease as limited by this Agreement. Fee Owner agrees not to join American as a party defendant in any action or proceeding to terminate the Port Authority Lease or to recover possession of the American Site unless such joinder shall be required under applicable law, in which case such joinder shall not seek to disturb American's rights under this Agreement or American's possession of the American Site pursuant to this Agreement. Such recognition by Fee Owner shall be effective

and self-operative as of the date of termination of the Port Authority Lease without the execution of any further instrument. It is understood and agreed that for purposes of this Agreement, the Port Authority Lease shall not be deemed to have terminated, and no recognition or attornment shall take place, by reason of any termination of the Port Authority Lease simultaneously with a new lease, or agreement conferring a new lease, whereby the Port Authority continues as the lessee of the Airport without interruption or in the event of a Fee Transfer Date (as defined in the American Lease).

2. In the event of a termination of the Port Authority Lease as described in Section 1 hereof, then American shall attorn to Fee Owner and recognize Fee Owner as its landlord, and Fee Owner shall accept such attornment, and the American Lease shall continue as a direct lease between Fee Owner and American in accordance with its terms. Such attornment shall provide Fee Owner with all rights of the Port Authority under the American Lease, and American shall be obligated to Fee Owner to perform all of the obligations of American thereunder. In addition, American shall provide or cause to be provided to Fee Owner all the rights and protections afforded the Port Authority (when it was lessor under the American Lease) under the Leasehold Mortgage (as defined the American Lease) and under the Consent Agreement (as defined in the American Lease) (collectively, the "Mortgage and Consent Protections"). Such attornment by American and the Mortgage and Consent Protections shall be effective and self-operative as of the date of the termination of the Port Authority Lease as described in Section 1 hereof without the execution of any further instrument.

3. The other provisions of this Agreement notwithstanding, upon recognition and attornment by Fee Owner and American, respectively, as provided herein or otherwise, neither Fee Owner, nor anyone claiming by, through, or under Fee Owner shall be:

(i) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord) under the American Lease except for acts or omissions which are then continuing and are subject to being cured by Fee Owner; or

(ii) subject to any counterclaims, offsets or defenses which American may have against the prior landlord (including, without limitation, the then defaulting landlord) under the American Lease; or

(iii) bound by any payment of rent or other charges payable under the American Lease which American might have paid for more than one month to any prior landlord (including, without limitation, the then defaulting landlord) under the American Lease or to any other person; or

(iv) bound by any obligation to make any payment to American under the American Lease except with respect to (a) any amount payable from a fund, reserve, deposit, credit, receipt or other amount if actually held or received by Fee Owner for such purpose, or (b) any obligation which arises after attornment; or

(v) bound by any modification or amendment of the American Lease which reduces the rent payable under the American Lease or any other charges payable under the American Lease or shortens or lengthens the term thereof, or otherwise adversely affects the rights of the landlord thereunder or amends the Reletting Rights or similar rights afforded to any mortgagee, unless Fee Owner shall

have theretofore received a copy of the same and given its written consent thereto; or

(vi) liable for any underground storage tanks, asbestos or other hazardous or toxic substance present at the American Site; or

(vii) in the event of any condemnation, obligated to repair or restore the American Site or any part thereof; or

(viii) subject to any right of cancellation or termination which requires payment by the landlord thereunder of a charge, fee or penalty for such cancellation or termination, except if Fee Owner voluntarily exercises such right of cancellation or termination other than as a result of a casualty or condemnation; or

(ix) obligated to recognize, permit or be subject to, (A) any mortgage, lien, claim, encumbrance or security interest which is not a Qualified Mortgage (as hereinafter defined) or any rights or purported rights thereunder or (B) any Reletting Rights or similar type of rights other than by a Permitted Mortgagee (as hereinafter defined) in connection with a Qualified Mortgage held by such Permitted Mortgagee; or

(x) obligated to recognize any rights of American, or anyone claiming by, through or under American, (including without limitation, any mortgagee) after the first to occur of (A) the Fixed Expiration Date of the Port Authority Lease and (B) a Fee Transfer Date (as

defined in the American Lease) and (C) the Expiration Date, subject to earlier termination.

Upon the request of either American or Fee Owner, American or Fee Owner, as the case may be, shall promptly execute and deliver to the other an agreement or other instrument in recordable form which may be necessary or appropriate to evidence the recognition and attornment under this Agreement. In addition, upon the request of Fee Owner, American shall, and shall cause the IDA, AMR Corporation and The Bank of New York to, execute and deliver an agreement in recordable form necessary or appropriate to evidence the Mortgage and Consent Protections.

4. Notwithstanding anything set forth herein to the contrary, Fee Owner, if Fee Owner is the City or any of its agencies or instrumentalities, shall not be required to recognize American, or its otherwise permitted successor-in-interest, if any, as the direct tenant of Fee Owner under the American Lease if American or such otherwise permitted successor-in-interest, as the case may be, is a "Prohibited Person", as described in Exhibit A attached hereto.

5. It is hereby agreed, recognized and understood that in entering into this Agreement, Fee Owner is not in any manner whatsoever approving, recognizing or consenting or acquiescing to, any use, right to grant any use, occupancy, possession, right, claim, interest, tenancy or estate in or with respect to the Airport, or any portion thereof, including, without limitation, the American Site, by the Port Authority (or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority other than American) or which the Port Authority (or any such person or entity) may assert, with respect to any period of time beyond the termination of the Port Authority Lease, notwithstanding any term or provision of the American Lease to the contrary or otherwise.

6. Notwithstanding anything set forth herein to the contrary, Fee Owner shall have no liability for damages or restitution to American or any person or entity succeeding to the interests of American under the American Lease if Fee Owner is unable to deliver possession of the American Site, or is unable to perform its obligations under the American Lease, because the Port Authority or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority continues to use or occupy the American Site or any portion thereof after the termination of the Port Authority Lease or otherwise continues to use or possess or refuses to surrender or vacate the Airport or any portion thereof, including without limitation the American Site, after the termination of the Port Authority Lease. The foregoing does not constitute Fee Owner's agreement that the Port Authority (or any such person or entity) has permission to use or occupy the American Site or any portion thereof after the termination of the Port Authority Lease or otherwise continue to use, or occupy or possess the Airport or any portion thereof, including, without limitation, the American Site, after the termination of the Port Authority Lease. American shall be obligated to pay to Fee Owner all rental and other charges and all impositions to the appropriate regulatory authority under the American Lease, notwithstanding any failure by Fee Owner to give possession of the American Site to American or to perform its obligations under the American Lease, and the obligations of American to pay any and all such rental and other charges to Fee Owner and all such impositions to the appropriate regulatory authority under the American Lease shall be independent of and not conditional upon Fee Owner's delivery of possession of the American Site to American or Fee Owner's performance of its obligations under the American Lease, if Fee Owner is unable to deliver such possession or perform such obligations because the Port Authority or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority continues

to use, occupy or possess the American Site or any portion thereof after the termination of the Port Authority Lease or otherwise continues to use, possess or occupy or refuses to surrender or vacate the Airport or any portion thereof, including without limitation, the American Site, after the termination of the Port Authority Lease.

7. This Agreement shall automatically terminate if Fee Owner has transferred fee title and ownership of the Airport, including the American Site, to the Port Authority, or any affiliate thereof, directly or indirectly, through one or more entities. This Agreement shall also automatically terminate upon the commencement of the New American Lease (as defined and provided for in the ATEIL). Additionally, this Agreement shall terminate at Fee Owner's option, upon written notice to American, upon any termination of the ATEIL for any other reason whatsoever, other than solely because of the entry into a New American Lease or an Extended Port Authority Lease (as defined in the ATEIL) with an expiration date which is on or after the Maximum American Lease Expiration Date (as defined in the ATEIL). Further, in the event this Agreement survives the termination of the ATEIL due solely to such entry into a New American Lease or Extended Port Authority Lease with an expiration date which is on or after the Maximum American Lease Expiration Date, this Agreement shall nevertheless terminate at the City's option upon notice to American if an event occurs thereafter which would have permitted termination of the ATEIL, or this Agreement, if the ATEIL were still in effect, or an event occurs permitting termination (or constituting a failure of a condition to the effectiveness) of the New American Lease. Upon any expiration or termination of this Agreement, all rights and obligations hereunder, shall terminate, and the City's right to dispose, convey, lease, assign or transfer the American Site or enter into any agreement to do so shall not

be restricted or limited by this Agreement or any agreement or instrument entered into pursuant to or to evidence the terms of this Agreement.

8. This Agreement shall inure to the benefit of Fee Owner, American and their respective permitted successors-in-interest and their permitted successors and assigns and shall be binding upon the successor-in-interest of the parties hereto and their permitted successors and assigns. Except as otherwise expressly provided in this Section, this Agreement shall not be assigned, transferred, pledged or otherwise encumbered by American without the written consent of the City, which consent shall be given or withheld in the City's sole and absolute discretion, provided, however, that this Agreement may be assigned in its entirety without such consent to any successor in interest of American which becomes tenant under the American Lease is or is to be a Scheduled Aircraft Operator (as hereinafter defined), and with or into which American has merged or consolidated, or which has succeeded to the assets of American or the major portion of its assets related to its air transportation system, but in any such event, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by Aircraft (as defined in the American Lease), and provided, further, that such succeeding entity or purchaser (whether it be American or any other entity or purchaser) satisfies the Financial Tests in Section 19 of the American Lease, and/or provides the Consent Security Deposit as required, and executes and delivers to the City an instrument in a form satisfactory to the City assuming the obligations of American as if it was the original party to this Agreement. The term "Scheduled Aircraft Operator" shall have the meaning ascribed to it in the American Lease, except that it shall be an additional requirement that such operator shall not be a Prohibited Person.

9. As used in this Agreement, the term "Qualified Mortgage" means a Mortgage which is an IDA Mortgage (as defined in the ATEIL) and (i) which by its terms does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of Fee Owner in the American Site or any property located therein or thereon, (ii) which includes a provision stating that "This instrument does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of the fee owner of the premises that are the subject of this instrument or any property located therein or thereon, and in the event of any inconsistent provision in this instrument this provision shall prevail", (iii) is held by a Permitted Mortgagee, and (iv) which is not subject to any rights of the Port Authority, and its successors and assigns (other than Fee Owner) and under or with respect to which the Port Authority, and its successors and assigns (other than Fee Owner), do not have any rights. A Permitted Mortgagee is defined as The Bank of New York or another trustee who is not a Prohibited Person (as described in Exhibit A hereto) who has been appointed pursuant to and in accordance with the Indenture and to whom the prior Permitted Mortgagee has assigned or transferred the Qualified Mortgage.

10. Nothing contained in this Agreement shall be deemed to operate as consent to any breach of the Port Authority Lease or any waiver of the City's rights and remedies pursuant to the Port Authority Lease.

11. No member, director, official, officer, agent or employee of any party hereto shall be charged personally or held contractually liable by or to the other party hereto under any term or provision of this Agreement, or of any other agreement, document or instrument executed in connection therewith, or of any supplement, modification, or amendment to this Agreement, or to such other agreement, document or instrument, or because of any breach or alleged breach of this Agreement, or such other agreement, document or instrument, or

because of its or their execution or attempted execution. This Section 11 shall survive the expiration or termination of this Agreement.

12. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original.

13. This Agreement shall be recorded in full by or through, or on behalf of, American, in the Register's Office of Queens County at the sole cost and expense of American. Without limiting the foregoing, American shall pay any and all transfer and document taxes and charges in connection with the execution of this Agreement. Fee Owner agrees to join in the execution of such forms as the be necessary in order to record this Agreement. Upon the expiration or earlier termination of this Agreement for any reason whatsoever, American covenants, upon demand by the City, to execute in recordable form an instrument (the "Release") prepared by the City in which American represents, stipulates and agrees that this Agreement is terminated and does not encumber or burden the American Site or any other premises affected by this Agreement. The City at its option may record the Release against the American Site or any other affected premises. American further covenants to execute and deliver such other instruments as may be necessary in order to record the Release against the American Site or such premises. If American fails to execute and deliver to the City such instrument in recordable form within ten (10) days after being furnished with same by the City, the City may execute same on behalf of American, and American hereby irrevocably and conclusively appoints the City as its attorney in fact to execute the Release, and such other instruments as may be necessary to record the Release, on behalf of American. American further agrees to provide such further assistance as may be necessary or convenient in order to effectuate the purposes of this Section 13. This Section 13 shall survive the expiration or termination of this Agreement.

14. It is expressly understood and agreed that the City (i) may transfer, sell, lease, assign, grant, dispose of or license any interest in, and/or make alternative arrangements for the operation and/or management of, all or any portion of JFK, including, without limitation, that portion of JFK which includes the American Site, provided, however, that if this Agreement has not terminated such transferee, vendee, lessee, assignee, grantee, licensee, manager or operator shall take its interest subject to this Agreement for the period of this Agreement, and (ii) may assign or delegate to another person or entity succeeding to the rights or interests of the City with respect to the American Site (a "Successor Entity"), without recourse, all or any of the rights and obligations of the City under this Agreement, provided, however, that if this Agreement has not terminated such Successor Entity shall take its interest subject to this Agreement for the period of this Agreement. Nothing contained in this Agreement shall be construed to limit the City's right to effect such transfer, sale, lease, assignment, grant, disposition or license of any interest in and/or alternative arrangement with regard to JFK, and American agrees to recognize the rights assigned and/or to accept performance of the obligations delegated by the City to any such Successor Entity. Furthermore, American recognizes that the City is under no obligation to continue to operate JFK, or cause JFK to be operated, as an airport.

15. Whenever in this Agreement it is provided herein that notice, demand, request, consent, approval or other communication shall or may be given to, or served upon, either of the parties by the other, or whenever either of the parties desires to give or serve upon the other any notice, demand, request, consent, approval or other communication with respect hereto or to the American Site, each such notice, demand, request, consent, approval or other communication shall be in writing and shall be effective for any purpose only if given or served as follows:

(i) If to American, by hand with proof of delivery or by mailing the same to American by express or certified mail, postage prepaid, return receipt requested, addressed to:

American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5317
Forth Worth, Texas 76155
Attention: Vice-President, Corporate Real Estate

with a copy to:

American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5618
Fort Worth, Texas 76155
Attention: General Counsel

or to such other address as American may from time to time designate by notice given to the City by express or certified mail, return receipt requested.

(ii) If to City (or Fee Owner), by hand with proof of delivery or by mailing the same to City by express or certified mail, postage prepaid, return receipt requested, one addressed to:

The City of New York
City Hall
New York, New York 10007
Attention: Deputy Mayor for Economic Development
and Rebuilding

and one to:

The City of New York Department of Business Services
110 William Street, Third Floor
New York, New York 10038
Attention: Commissioner

and one to:

New York City Economic Development Corporation
110 William Street

New York, New York 10038
Attention: General Counsel

with a copy to:

The New York City Law Department
100 Church Street
New York, New York 10007
Attention: Chief, Economic Development Division

or to such other address(es) and attorneys as City (or Fee Owner), may from time to time designate by notice given to American by express or certified mail, return receipt requested.

Every notice, demand, request, consent, approval or other communication hereunder shall be deemed to have been given or served three (3) days after the time that the same shall have been actually deposited in the United States mails, postage prepaid, as aforesaid, except that notice by express or certified mail, return receipt requested, shall be deemed effective on the date such receipt is dated by the Post Office or express mail carrier, as the case may be, and notice by hand shall be effective upon delivery, as evidenced by a signed receipt.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

THE CITY OF NEW YORK

By:_____
Name:
Title: Commissioner of the Department of Business Services

APPROVED AS TO FORM:

By:_____
Acting Corporation Counsel

AMERICAN AIRLINES, INC.

By:_____
Name:
Title:

STATE OF NEW YORK )
:SS.:
COUNTY OF NEW YORK )

On the _____ day of _____, in the year two thousand and two, before me, the undersigned, a Notary Public/Commissioner of Deeds in and for said State/The City of New York, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual executed the instrument.

_____
Notary Public

STATE OF NEW YORK )
:SS.:
COUNTY OF NEW YORK )

On the _____ day of _____, in the year two thousand and two, before me, the undersigned, a Notary Public/Commissioner of Deeds in and for said State/The City of New York, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual executed the instrument.

_____
Notary Public

## EXHIBIT A

"Prohibited Person" shall mean:

(i) Any Person (A) that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or the New York City Economic Development Corporation ("EDC"), or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or EDC, unless such default or breach has been waived in writing by the City or EDC, as the case may be.

(ii) Any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than any felony conviction of AMR Corporation (American's parent corporation) arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-Highsmith) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than any felony conviction of AMR Corporation (American's parent corporation) arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-Highsmith) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

(iii) Any government, or any Person that is directly or indirectly controlled (rather than only regulated) by a government, that is finally determined to be in violation of (including, but not limited to any participant in an international boycott in violation of) the Export Administration Act of 1979, as amended, of any successor statute, or the regulations issued pursuant thereto, or any government that is, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government that is subject to the regulations or controls thereof.

(iv) Any government, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government, the effects or the activities of which are regulated or controlled pursuant to regulations of the United States Treasury Department or executive orders of the President of the United States of America issued pursuant to the Trading with the Enemy Act of 1917, as amended.

(v) Any Person that is in default in the payment to the City of any real estate taxes, sewer rents or water charges totaling more than $10,000 (or any Person that directly controls, is controlled by, or is under common control with a Person in such default), unless such default is then being contested in good faith and with due diligence in accordance with the law.

(vi) Any Person (A) that has owned at any time in the preceding three (3) years any property which, while in the ownership of such Person, was acquired by the City by in rem tax foreclosure, other than a property in which the City has released or is in the process of releasing its interest to such Person pursuant to the Administrative Code of the City or (B) that, directly or indirectly, controls, is controlled by, or is under common control with such a Person.

The determination as to whether any Person is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or directly or indirectly controls, is controlled by, or is under common control with a Person that is an organized crime figure or is reputed too have substantial business or other affiliations with an organized crime figure shall be within the sole discretion of the City exercised reasonably and in good faith.

## SCHEDULE A

Legal Description

All that certain plot, piece or parcel of land, situate, lying and being in the Borough and County of Queens, City and State of New York being a portion of Lot 1 in Block 14260 of Section 58 as shown on the Tax Map of the City of New York for the Borough of Queens, said premises being a part of the John F. Kennedy International Airport designated as Terminals 8 and 9 and more particularly delineated on the maps attached hereto.

# EXHIBIT F

See Documents #'s 2 & 3 of this Transcript

# RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THE LAND AFFECTED by the within instrument lies in

| | |
|---|---|
| BLOCK | 14260 |
| LOT | p/o 1 |
| COUNTY | QUEENS |

Record and Return to:

New York City Law Department
100 Church Street, Room 6-166
New York, New York 10007

Attn.: Betty C. Woo
(212) 788-0694

RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

This Recognition, Non-Disturbance and Attornment Agreement (this "Agreement"), dated as of the 31st day of July, 2002 between THE CITY OF NEW YORK, a municipal corporation of the State of New York, acting by and through its Department of Business Services, having its offices at 110 William Street, New York, New York 10038 (the "City"), and AMERICAN AIRLINES, INC., a corporation organized under the laws of the State of Delaware, having an address at MD 5317, 4333 Amon Carter Boulevard, Fort Worth, Texas 76155 ("American").

WITNESSETH:

WHEREAS, the City has leased John F. Kennedy International Airport located in the County of Queens, State of New York (the "Airport" or "JFK") to The Port Authority of New York and New Jersey (the "Port Authority") pursuant to that certain Agreement with respect to Municipal Air Terminals, dated April 17, 1947, and thereafter amended and supplemented from time to time (said Agreement, as so amended and supplemented, or as amended or supplemented or replaced by an Applicable Airport Lease Extension Agreement (as defined in the American Lease (hereinafter defined)), being referred to herein as the "Port Authority Lease") (the City, or its successor-in-interest, including, without limitation, any tenant under a lease for the Airport, into which the City hereafter enters (but in any event excluding the Port Authority, its affiliates and their respective successors-in-interest) is hereinafter referred to as "Fee Owner");

WHEREAS, American is the lessee and operator of the air passenger terminal facility located on that certain site more fully described in the American Lease (as hereinafter defined) at JFK;

WHEREAS, American is engaged in the development, construction and operation of air passenger terminal facilities and wishes to substantially redevelop, renovate, expand and improve the existing air passenger terminal on the American Site (as hereinafter defined) and to construct additional improvements on the American Site and the Airport, all of which are more fully described in the American Lease (said redevelopment, renovation, expansion, improvement, construction and operation being the "Project");

WHEREAS, in furtherance of the foregoing, (a) American has entered into a certain agreement of lease with the Port Authority dated as of August 1, 1976, bearing Port Authority Lease No. AYB-085 (the "Lease AYB-085"), pursuant to which a certain portion of the American Site was demised to American (the "Lease AYB-085 Premises"), as more particularly described in Lease AYB-085 and shown on Exhibit 1.1 of the Amended and Restated Lease AYB-085R (as hereinafter defined); and (b) American has entered into a certain Amended and Restated Agreement of Lease with the Port Authority dated as of December 22, 2000, bearing Port Authority Lease No. AYB-085R (the "Amended and Restated Lease AYB-085R"), pursuant to which (i) the Port Authority continued to let the Lease AYB-085 Premises to American, less certain portions of the Lease AYB-085 Premises more particularly shown in crosshatching on Exhibit 1.1 to the Amended and Restated Lease AYB-085R (the "Surrendered Premises"), and (ii) the Port Authority demised to American certain additional land at the Airport more particularly shown in stippled-diagonal hatching on said Exhibit 1.1 (the "Additional Premises"), together with, inter alia, all improvements, buildings and structures which were erected thereon by American under Lease AYB-085 and certain Former Agreements (as defined in the Amended and Restated Lease AYB-085R) (the Lease AYB-085, as amended, supplemented and restated by the Amended and Restated Lease AYB-085R, and as further

amended and supplemented by a certain First Supplemental Agreement between the Port Authority and American dated as of July 31, 2002, being the "American Lease"; and the Lease AYB-085 Premises (less the Surrendered Premises) and the Additional Premises constituting and being, the "American Site"), such American Site being more particularly shown on the two maps which are each entitled, "Terminals 8 and 9 Lease Line Modification (American Airline)", each dated September 27, 1999, and each prepared by the Aviation Department and Project Management and Technical Services Division of the Port Authority (copies of which maps are attached hereto, collectively, as Schedule A);

WHEREAS, in furtherance of the Project, American has leased certain improvements on the American Site to the IDA (as hereinafter defined) pursuant to and as more fully provided in a Company Sublease Agreement between the IDA and American of even date herewith;

WHEREAS, the American Lease expires (the "Expiration Date") by its terms on December 30, 2015, but is subject to, provided there is an Airport Lease Extension Agreement (as defined in the American Lease), extension to a date which is the first to occur of (i) the day immediately prior to the date of expiration of the Applicable Airport Lease Extension Agreement and (ii) December 21, 2036 and (iii) the day immediately preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date (as defined in the American Lease);

WHEREAS, the American Lease is subject to earlier termination in the event that, inter alia, the Port Authority Lease is terminated prior to its stated expiration date;

WHEREAS, American is financing the development and construction of the Project in part through the issuance by the New York City Industrial Development Agency (the "IDA") of its Special Facility Revenue Bonds in a series of yet undetermined tranches, which

tranches in an aggregate principal amount shall not exceed two billion three hundred million dollars ($2,300,000,000) and the last stated maturity date of any such tranche shall not be after December 1, 2036 (said IDA Special Facility Revenue Bonds being hereinafter collectively referred to as the "Bonds"). All of the Bonds are being issued under and secured by a Master Indenture of Trust (as the same may be amended, modified, supplemented or restated from time to time) by and between the IDA and The Bank of New York, as Trustee (the "Trustee") (the "Indenture"), and the repayment of which is provided for by, inter alia, an IDA Lease Agreement (as the same may be amended, modified, supplemented or restated from time to time) by and between the IDA, as lessor, and American, as lessee;

WHEREAS, the City and American have entered into a certain Agreement Towards Entering Into A Lease (the "ATEIL") pursuant to which they have agreed in the circumstances and on the terms set forth therein to act in good faith to negotiate a New American Lease as defined therein; and

WHEREAS, American wishes to protect its interest in the American Site in the event of the termination (but not expiration) of the Port Authority Lease prior to the stated expiration date of the Port Authority Lease (the "Fixed Expiration Date") (it being understood that as of the date hereof, said Fixed Expiration Date is December 31, 2015), and prior to the Expiration Date.

NOW THEREFORE, in consideration of the mutual covenants contained below, the parties covenant and agree as follows:

1. Subject to the other provisions of this Agreement, in the event of a termination (but not expiration) of the Port Authority Lease prior to the Fixed Expiration Date thereof and prior to the Expiration Date, the American Lease shall thereafter continue in full

force and effect as a direct lease between American and Fee Owner, upon all the terms and conditions of the American Lease, and the American Lease shall not be deemed terminated for any purpose other than as regards the Port Authority, or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority (other than Fee Owner) (provided that at the time of such termination of the Port Authority Lease, unless waived by the City in its sole and absolute discretion, no default exists under the American Lease on the part of American and no event exists which would permit the Port Authority, as landlord thereunder, to terminate the American Lease or to exercise any dispossess remedy provided for therein or at law or in equity and provided, further, that American has possession of the American Site as tenant under the American Lease and no event has occurred which would permit the commencement of the exercise of the Reletting Rights (as defined in the American Lease) on notice or otherwise and no Approved Successor Lessee (as defined in the American Lease) has been appointed and no Triggering Event (as defined in the American Lease) has occurred), and Fee Owner agrees in which case to recognize the American Lease and the rights of American thereunder (including without limitation its rights to mortgage its leasehold as provided therein to secure repayment, or the guarantee of repayment, of the Bonds (a mortgage thus granted for such purpose being referred to herein as a "Mortgage")) and not to disturb the possession of American in and to the American Site, all in accordance with the terms and conditions of the American Lease as limited by this Agreement. Fee Owner agrees not to join American as a party defendant in any action or proceeding to terminate the Port Authority Lease or to recover possession of the American Site unless such joinder shall be required under applicable law, in which case such joinder shall not seek to disturb American's rights under this Agreement or American's possession of the American Site pursuant to this Agreement. Such recognition by Fee Owner shall be effective

and self-operative as of the date of termination of the Port Authority Lease without the execution of any further instrument. It is understood and agreed that for purposes of this Agreement, the Port Authority Lease shall not be deemed to have terminated, and no recognition or attornment shall take place, by reason of any termination of the Port Authority Lease simultaneously with a new lease, or agreement conferring a new lease, whereby the Port Authority continues as the lessee of the Airport without interruption or in the event of a Fee Transfer Date (as defined in the American Lease).

2. In the event of a termination of the Port Authority Lease as described in Section 1 hereof, then American shall attorn to Fee Owner and recognize Fee Owner as its landlord, and Fee Owner shall accept such attornment, and the American Lease shall continue as a direct lease between Fee Owner and American in accordance with its terms. Such attornment shall provide Fee Owner with all rights of the Port Authority under the American Lease, and American shall be obligated to Fee Owner to perform all of the obligations of American thereunder. In addition, American shall provide or cause to be provided to Fee Owner all the rights and protections afforded the Port Authority (when it was lessor under the American Lease) under the Leasehold Mortgage (as defined the American Lease) and under the Consent Agreement (as defined in the American Lease) (collectively, the "Mortgage and Consent Protections"). Such attornment by American and the Mortgage and Consent Protections shall be effective and self-operative as of the date of the termination of the Port Authority Lease as described in Section 1 hereof without the execution of any further instrument.

3. The other provisions of this Agreement notwithstanding, upon recognition and attornment by Fee Owner and American, respectively, as provided herein or otherwise, neither Fee Owner, nor anyone claiming by, through, or under Fee Owner shall be:

(i) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord) under the American Lease except for acts or omissions which are then continuing and are subject to being cured by Fee Owner; or

(ii) subject to any counterclaims, offsets or defenses which American may have against the prior landlord (including, without limitation, the then defaulting landlord) under the American Lease; or

(iii) bound by any payment of rent or other charges payable under the American Lease which American might have paid for more than one month to any prior landlord (including, without limitation, the then defaulting landlord) under the American Lease or to any other person; or

(iv) bound by any obligation to make any payment to American under the American Lease except with respect to (a) any amount payable from a fund, reserve, deposit, credit, receipt or other amount if actually held or received by Fee Owner for such purpose, or (b) any obligation which arises after attornment; or

(v) bound by any modification or amendment of the American Lease which reduces the rent payable under the American Lease or any other charges payable under the American Lease or shortens or lengthens the term thereof, or otherwise adversely affects the rights of the landlord thereunder or amends the Reletting Rights or similar rights afforded to any mortgagee, unless Fee Owner shall

have theretofore received a copy of the same and given its written consent thereto; or

(vi) liable for any underground storage tanks, asbestos or other hazardous or toxic substance present at the American Site; or

(vii) in the event of any condemnation, obligated to repair or restore the American Site or any part thereof; or

(viii) subject to any right of cancellation or termination which requires payment by the landlord thereunder of a charge, fee or penalty for such cancellation or termination, except if Fee Owner voluntarily exercises such right of cancellation or termination other than as a result of a casualty or condemnation; or

(ix) obligated to recognize, permit or be subject to, (A) any mortgage, lien, claim, encumbrance or security interest which is not a Qualified Mortgage (as hereinafter defined) or any rights or purported rights thereunder or (B) any Reletting Rights or similar type of rights other than by a Permitted Mortgagee (as hereinafter defined) in connection with a Qualified Mortgage held by such Permitted Mortgagee; or

(x) obligated to recognize any rights of American, or anyone claiming by, through or under American, (including without limitation, any mortgagee) after the first to occur of (A) the Fixed Expiration Date of the Port Authority Lease and (B) a Fee Transfer Date (as

defined in the American Lease) and (C) the Expiration Date, subject to earlier termination.

Upon the request of either American or Fee Owner, American or Fee Owner, as the case may be, shall promptly execute and deliver to the other an agreement or other instrument in recordable form which may be necessary or appropriate to evidence the recognition and attornment under this Agreement. In addition, upon the request of Fee Owner, American shall, and shall cause the IDA, AMR Corporation and The Bank of New York to, execute and deliver an agreement in recordable form necessary or appropriate to evidence the Mortgage and Consent Protections.

4. Notwithstanding anything set forth herein to the contrary, Fee Owner, if Fee Owner is the City or any of its agencies or instrumentalities, shall not be required to recognize American, or its otherwise permitted successor-in-interest, if any, as the direct tenant of Fee Owner under the American Lease if American or such otherwise permitted successor-in-interest, as the case may be, is a "Prohibited Person", as described in Exhibit A attached hereto.

5. It is hereby agreed, recognized and understood that in entering into this Agreement, Fee Owner is not in any manner whatsoever approving, recognizing or consenting or acquiescing to, any use, right to grant any use, occupancy, possession, right, claim, interest, tenancy or estate in or with respect to the Airport, or any portion thereof, including, without limitation, the American Site, by the Port Authority (or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority other than American) or which the Port Authority (or any such person or entity) may assert, with respect to any period of time beyond the termination of the Port Authority Lease, notwithstanding any term or provision of the American Lease to the contrary or otherwise.

6. Notwithstanding anything set forth herein to the contrary, Fee Owner shall have no liability for damages or restitution to American or any person or entity succeeding to the interests of American under the American Lease if Fee Owner is unable to deliver possession of the American Site, or is unable to perform its obligations under the American Lease, because the Port Authority or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority continues to use or occupy the American Site or any portion thereof after the termination of the Port Authority Lease or otherwise continues to use or possess or refuses to surrender or vacate the Airport or any portion thereof, including without limitation the American Site, after the termination of the Port Authority Lease. The foregoing does not constitute Fee Owner's agreement that the Port Authority (or any such person or entity) has permission to use or occupy the American Site or any portion thereof after the termination of the Port Authority Lease or otherwise continue to use, or occupy or possess the Airport or any portion thereof, including, without limitation, the American Site, after the termination of the Port Authority Lease. American shall be obligated to pay to Fee Owner all rental and other charges and all impositions to the appropriate regulatory authority under the American Lease, notwithstanding any failure by Fee Owner to give possession of the American Site to American or to perform its obligations under the American Lease, and the obligations of American to pay any and all such rental and other charges to Fee Owner and all such impositions to the appropriate regulatory authority under the American Lease shall be independent of and not conditional upon Fee Owner's delivery of possession of the American Site to American or Fee Owner's performance of its obligations under the American Lease, if Fee Owner is unable to deliver such possession or perform such obligations because the Port Authority or any person or entity succeeding to the interest of or claiming by, through or under the Port Authority continues

to use, occupy or possess the American Site or any portion thereof after the termination of the Port Authority Lease or otherwise continues to use, possess or occupy or refuses to surrender or vacate the Airport or any portion thereof, including without limitation, the American Site, after the termination of the Port Authority Lease.

7. This Agreement shall automatically terminate if Fee Owner has transferred fee title and ownership of the Airport, including the American Site, to the Port Authority, or any affiliate thereof, directly or indirectly, through one or more entities. This Agreement shall also automatically terminate upon the commencement of the New American Lease (as defined and provided for in the ATEIL). Additionally, this Agreement shall terminate at Fee Owner's option, upon written notice to American, upon any termination of the ATEIL for any other reason whatsoever, other than solely because of the entry into a New American Lease or an Extended Port Authority Lease (as defined in the ATEIL) with an expiration date which is on or after the Maximum American Lease Expiration Date (as defined in the ATEIL). Further, in the event this Agreement survives the termination of the ATEIL due solely to such entry into a New American Lease or Extended Port Authority Lease with an expiration date which is on or after the Maximum American Lease Expiration Date, this Agreement shall nevertheless terminate at the City's option upon notice to American if an event occurs thereafter which would have permitted termination of the ATEIL, or this Agreement, if the ATEIL were still in effect, or an event occurs permitting termination (or constituting a failure of a condition to the effectiveness) of the New American Lease. Upon any expiration or termination of this Agreement, all rights and obligations hereunder, shall terminate, and the City's right to dispose, convey, lease, assign or transfer the American Site or enter into any agreement to do so shall not

be restricted or limited by this Agreement or any agreement or instrument entered into pursuant to or to evidence the terms of this Agreement.

8. This Agreement shall inure to the benefit of Fee Owner, American and their respective permitted successors-in-interest and their permitted successors and assigns and shall be binding upon the successor-in-interest of the parties hereto and their permitted successors and assigns. Except as otherwise expressly provided in this Section, this Agreement shall not be assigned, transferred, pledged or otherwise encumbered by American without the written consent of the City, which consent shall be given or withheld in the City's sole and absolute discretion, provided, however, that this Agreement may be assigned in its entirety without such consent to any successor in interest of American which becomes tenant under the American Lease is or is to be a Scheduled Aircraft Operator (as hereinafter defined), and with or into which American has merged or consolidated, or which has succeeded to the assets of American or the major portion of its assets related to its air transportation system, but in any such event, such assignment shall not take effect before the assignee is actually engaged in the business of scheduled transportation by Aircraft (as defined in the American Lease), and provided, further, that such succeeding entity or purchaser (whether it be American or any other entity or purchaser) satisfies the Financial Tests in Section 19 of the American Lease, and/or provides the Consent Security Deposit as required, and executes and delivers to the City an instrument in a form satisfactory to the City assuming the obligations of American as if it was the original party to this Agreement. The term "Scheduled Aircraft Operator" shall have the meaning ascribed to it in the American Lease, except that it shall be an additional requirement that such operator shall not be a Prohibited Person.

9. As used in this Agreement, the term "Qualified Mortgage" means a Mortgage which is an IDA Mortgage (as defined in the ATEIL) and (i) which by its terms does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of Fee Owner in the American Site or any property located therein or thereon, (ii) which includes a provision stating that "This instrument does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of the fee owner of the premises that are the subject of this instrument or any property located therein or thereon, and in the event of any inconsistent provision in this instrument this provision shall prevail", (iii) is held by a Permitted Mortgagee, and (iv) which is not subject to any rights of the Port Authority, and its successors and assigns (other than Fee Owner) and under or with respect to which the Port Authority, and its successors and assigns (other than Fee Owner), do not have any rights. A Permitted Mortgagee is defined as The Bank of New York or another trustee who is not a Prohibited Person (as described in Exhibit A hereto) who has been appointed pursuant to and in accordance with the Indenture and to whom the prior Permitted Mortgagee has assigned or transferred the Qualified Mortgage.

10. Nothing contained in this Agreement shall be deemed to operate as consent to any breach of the Port Authority Lease or any waiver of the City's rights and remedies pursuant to the Port Authority Lease.

11. No member, director, official, officer, agent or employee of any party hereto shall be charged personally or held contractually liable by or to the other party hereto under any term or provision of this Agreement, or of any other agreement, document or instrument executed in connection therewith, or of any supplement, modification, or amendment to this Agreement, or to such other agreement, document or instrument, or because of any breach or alleged breach of this Agreement, or such other agreement, document or instrument, or

because of its or their execution or attempted execution. This Section 11 shall survive the expiration or termination of this Agreement.

12. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original.

13. This Agreement shall be recorded in full by or through, or on behalf of, American, in the Register's Office of Queens County at the sole cost and expense of American. Without limiting the foregoing, American shall pay any and all transfer and document taxes and charges in connection with the execution of this Agreement. Fee Owner agrees to join in the execution of such forms as the be necessary in order to record this Agreement. Upon the expiration or earlier termination of this Agreement for any reason whatsoever, American covenants, upon demand by the City, to execute in recordable form an instrument (the "Release") prepared by the City in which American represents, stipulates and agrees that this Agreement is terminated and does not encumber or burden the American Site or any other premises affected by this Agreement. The City at its option may record the Release against the American Site or any other affected premises. American further covenants to execute and deliver such other instruments as may be necessary in order to record the Release against the American Site or such premises. If American fails to execute and deliver to the City such instrument in recordable form within ten (10) days after being furnished with same by the City, the City may execute same on behalf of American, and American hereby irrevocably and conclusively appoints the City as its attorney in fact to execute the Release, and such other instruments as may be necessary to record the Release, on behalf of American. American further agrees to provide such further assistance as may be necessary or convenient in order to effectuate the purposes of this Section 13. This Section 13 shall survive the expiration or termination of this Agreement.

14. It is expressly understood and agreed that the City (i) may transfer, sell, lease, assign, grant, dispose of or license any interest in, and/or make alternative arrangements for the operation and/or management of, all or any portion of JFK, including, without limitation, that portion of JFK which includes the American Site, provided, however, that if this Agreement has not terminated such transferee, vendee, lessee, assignee, grantee, licensee, manager or operator shall take its interest subject to this Agreement for the period of this Agreement, and (ii) may assign or delegate to another person or entity succeeding to the rights or interests of the City with respect to the American Site (a "Successor Entity"), without recourse, all or any of the rights and obligations of the City under this Agreement, provided, however, that if this Agreement has not terminated such Successor Entity shall take its interest subject to this Agreement for the period of this Agreement. Nothing contained in this Agreement shall be construed to limit the City's right to effect such transfer, sale, lease, assignment, grant, disposition or license of any interest in and/or alternative arrangement with regard to JFK, and American agrees to recognize the rights assigned and/or to accept performance of the obligations delegated by the City to any such Successor Entity. Furthermore, American recognizes that the City is under no obligation to continue to operate JFK, or cause JFK to be operated, as an airport.

15. Whenever in this Agreement it is provided herein that notice, demand, request, consent, approval or other communication shall or may be given to, or served upon, either of the parties by the other, or whenever either of the parties desires to give or serve upon the other any notice, demand, request, consent, approval or other communication with respect hereto or to the American Site, each such notice, demand, request, consent, approval or other communication shall be in writing and shall be effective for any purpose only if given or served as follows:

(i) If to American, by hand with proof of delivery or by mailing the same to American by express or certified mail, postage prepaid, return receipt requested, addressed to:

American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5317
Forth Worth, Texas 76155
Attention: Vice-President, Corporate Real Estate

with a copy to:

American Airlines, Inc.
4333 Amon Carter Boulevard
MD 5618
Fort Worth, Texas 76155
Attention: General Counsel

or to such other address as American may from time to time designate by notice given to the City by express or certified mail, return receipt requested.

(ii) If to City (or Fee Owner), by hand with proof of delivery or by mailing the same to City by express or certified mail, postage prepaid, return receipt requested, one addressed to:

The City of New York
City Hall
New York, New York 10007
Attention: Deputy Mayor for Economic Development
and Rebuilding

and one to:

The City of New York Department of Business Services
110 William Street, Third Floor
New York, New York 10038
Attention: Commissioner

and one to:

New York City Economic Development Corporation
110 William Street
New York, New York 10038
Attention: General Counsel

with a copy to:

The New York City Law Department
100 Church Street
New York, New York 10007
Attention: Chief, Economic Development Division

or to such other address(es) and attorneys as City (or Fee Owner), may from time to time designate by notice given to American by express or certified mail, return receipt requested.

Every notice, demand, request, consent, approval or other communication hereunder shall be deemed to have been given or served three (3) days after the time that the same shall have been actually deposited in the United States mails, postage prepaid, as aforesaid, except that notice by express or certified mail, return receipt requested, shall be deemed effective on the date such receipt is dated by the Post Office or express mail carrier, as the case may be, and notice by hand shall be effective upon delivery, as evidenced by a signed receipt.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

APPROVED AS TO FORM:

By: _____
Acting Corporation Counsel

THE CITY OF NEW YORK

By: _____
Name: Robert Walsh
Title: Commissioner of the Department of Business Services

AMERICAN AIRLINES, INC.

By: Leslie M Benners
Name:
Title: Leslie M. Benners
Managing Director
Corporate Finance & Banking

STATE OF NEW YORK )
:SS.:
COUNTY OF NEW YORK )

On the 30 day of July, in the year two thousand and two, before me, the undersigned, a ~~Notary Public~~/~~Commissioner of Deeds~~ in and for said State/The City of New York, personally appeared Robert Walsh, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual executed the instrument.

Betty C Woo
Notary Public

BETTY C. WOO
Notary Public, State of New York
No. 4990740
Qualified in Kings County
Commission Expires January 13, 2005

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

On the 31st day of July, in the year two thousand and two, before me, the undersigned, personally appeared Leslie M. Benners, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

GARY R. BASSO
NOTARY PUBLIC, State of New York
No. 4880911
Qualified in ~~Westchester~~ Putnam County
Commission Expires Dec. 29, 2002

## EXHIBIT A

"Prohibited Person" shall mean:

(i) Any Person (A) that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or the New York City Economic Development Corporation ("EDC"), or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach, beyond any applicable grace period, of its obligations under any material written agreement with the City or EDC, unless such default or breach has been waived in writing by the City or EDC, as the case may be.

(ii) Any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than any felony conviction of AMR Corporation (American's parent corporation) arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-Highsmith) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than any felony conviction of AMR Corporation (American's parent corporation) arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-Highsmith) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

(iii) Any government, or any Person that is directly or indirectly controlled (rather than only regulated) by a government, that is finally determined to be in violation of (including, but not limited to any participant in an international boycott in violation of) the Export Administration Act of 1979, as amended, of any successor statute, or the regulations issued pursuant thereto, or any government that is, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government that is subject to the regulations or controls thereof.

(iv) Any government, or any Person that, directly or indirectly, is controlled (rather than only regulated) by a government, the effects or the activities of which are regulated or controlled pursuant to regulations of the United States Treasury Department or executive orders of the President of the United States of America issued pursuant to the Trading with the Enemy Act of 1917, as amended.

(v) Any Person that is in default in the payment to the City of any real estate taxes, sewer rents or water charges totaling more than $10,000 (or any Person that directly controls, is controlled by, or is under common control with a Person in such default), unless such default is then being contested in good faith and with due diligence in accordance with the law.

(vi) Any Person (A) that has owned at any time in the preceding three (3) years any property which, while in the ownership of such Person, was acquired by the City by in rem tax foreclosure, other than a property in which the City has released or is in the process of releasing its interest to such Person pursuant to the Administrative Code of the City or (B) that, directly or indirectly, controls, is controlled by, or is under common control with such a Person.

The determination as to whether any Person is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or directly or indirectly controls, is controlled by, or is under common control with a Person that is an organized crime figure or is reputed too have substantial business or other affiliations with an organized crime figure shall be within the sole discretion of the City exercised reasonably and in good faith.

# SCHEDULE A

Legal Description

All that certain plot, piece or parcel of land, situate, lying and being in the Borough and County of Queens, City and State of New York being a portion of Lot 1 in Block 14260 of Section 58 as shown on the Tax Map of the City of New York for the Borough of Queens, said premises being a part of the John F. Kennedy International Airport designated as Terminals 8 and 9 and more particularly delineated on the maps attached hereto.

## ARTICLE IV.

## CONDITIONS PRECEDENT TO EFFECTIVENESS OF CONSENT TO SUBLEASES AND LEASEHOLD MORTGAGE


4.1. Effective Date of Consent to Subleases ..... 12
4.2. Effective Date of, and Conditions Precedent to, Consent to Leasehold Mortgage ..... 12
4.3. Effectiveness of Leasehold Mortgage ..... 12
4.4. Covenants With Respect to the Leasehold Mortgage ..... 12


## ARTICLE V.

## TERMINATION OF CONSENT TO SUBLEASES AND LEASEHOLD MORTGAGE


5.1. Termination of Consent to Subleases ..... 13
5.2. Termination of Consent to Leasehold Mortgage ..... 14
5.3. No Termination of Certain Sections of Master IDA Sublease ..... 15
5.4. Satisfaction and Discharge of Leasehold Mortgage ..... 15


## ARTICLE VI.

## AMENDMENTS TO AND ASSIGNMENTS OF FINANCING DOCUMENTS


6.1. No Amendments or Assignments Other Than Permitted Assignments or Amendments ..... 15
6.2. Permitted Amendments to Financing Documents ..... 16
6.3. Permitted Assignments ..... 17
6.4. Successor Trustee ..... 17
6.5. Addition of Credit Facility Provider ..... 17


## ARTICLE VII.

## NOTICES AND COPIES


7.1. Notices ..... 17
7.2. Copies ..... 18


## ARTICLE VIII.

## DEFAULT, RIGHTS AND REMEDIES


8.1. Limitations of Liability ..... 18
8.2. Limited Rights of Lessee and Financial Parties ..... 19
8.3. Consent Agreement Not a Mortgage ..... 20
8.4. Indemnity ..... 20

8.5. Default and Remedies Under this Consent Agreement..... 20
8.6. Rights and Remedies of the Port Authority Not Limited by this Consent Agreement..... 21
8.7. Interpretation of Leasehold Mortgage..... 21
8.8. Right of Port Authority to Purchase IDA's Interest in Facility..... 22
8.9 Rights Pursuant to Leasehold Mortgage..... 23

## ARTICLE IX.

## MISCELLANEOUS

9.1. Notices..... 23
9.2. Port Authority Fee..... 24
9.3. Counterparts..... 24
9.4. Choice of Law..... 24
9.5. Amendments and Waivers..... 24
9.6. Titles..... 25
9.7. Rules of Construction..... 25
9.8. Representations of the Port Authority..... 25
9.9. Termination of this Consent Agreement..... 25
9.10. Survival of Certain Obligations..... 25

**EXHIBITS**

Exhibit A – Company Sublease
Exhibit B –IDA Sublease
Exhibit C – Master Indenture
Exhibit D – 2002 Supplemental Indentures
Exhibit E – American Airlines Guaranty
Exhibit F – AMR Guaranty
Exhibit G – Form of Leasehold Mortgage
Exhibit H – Bond Resolutions
Exhibit I – Credit Facility Provider Certificate of Assumption and Agreement
Exhibit J – Form of Leasehold Mortgage Opinion of Counsel
Exhibit K – Form of Additional Bonds Covenant Certificate
Exhibit L – Form of Additional Bonds
Exhibit M – Form of Additional Supplemental Indentures
Exhibit N – Form of IDA Sublease Amendments
Exhibit O – Successor Trustee Certificate of Assumption and Agreement
Exhibit P – Form of Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee
Exhibit Q – Form of Additional Lessee Covenant Certificate

**THIS AGREEMENT SHALL NOT BE BINDING UPON THE PORT AUTHORITY UNTIL DULY EXECUTED BY AN EXECUTIVE OFFICER THEREOF AND DELIVERED TO THE LESSEE, THE IDA AND THE TRUSTEE BY THE PORT AUTHORITY**

AGREEMENT NO. AYB-085R

CONSENT TO SUBLEASES AND LEASEHOLD MORTGAGE AGREEMENT

THIS CONSENT AGREEMENT, dated as of July 31, 2002, by and among THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (the "**Port Authority**"), a body corporate and politic created by Compact between the States of New York and New Jersey, with the consent of the Congress of the United States of America, having an office for the transaction of business at 225 Park Avenue South, New York, New York 10003 in the Borough of Manhattan, City, County and State of New York, AMERICAN AIRLINES, INC. (the "**Lessee**"), a corporation organized and existing under the laws of the State of Delaware, having its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, AMR CORPORATION ("**AMR**"), the parent corporation of the Lessee and a corporation duly organized and existing under the laws of the State of Delaware and having its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, the NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY (the "**IDA**"), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York, having its principal office at 110 William Street, New York, New York 10038, and THE BANK OF NEW YORK, a New York banking corporation, as Trustee (as such term is defined in Section 1.1 of this Consent Agreement), with an office for the transaction of business at 101 Barclay Street, New York, New York 10286

WITNESSETH, That:

A. WHEREAS, the Port Authority leased to the Lessee, and the Lessee hired and took from the Port Authority, certain premises at John F. Kennedy International Airport (the "**Airport**"), as described in a certain agreement of lease, as amended, supplemented and modified, bearing Port Authority Lease No. AYB-085, made as of August 1, 1976, which agreement was further amended, supplemented and modified, and restated, in an Amended and Restated Agreement of Lease made as of the 22nd day of December, 2000, bearing Port Authority Lease No. AYB-085R (such agreement of lease, as so supplemented, amended, modified and restated, and as simultaneously herewith being amended, modified and supplemented by Supplement No. 1 (as defined in Section 1.1 of this Consent Agreement) and as may hereafter be further supplemented, modified and amended, the "**Lease**"); and

B. WHEREAS, in connection with the issuance of bonds by the IDA for the financing of the Redevelopment Work (as such term is defined in Section 1.1 of this Consent Agreement), the Lessee has requested the consent of the Port Authority to (i) a sublease agreement with the Lessee as sublessor and the IDA as sublessee dated as of July 1, 2002 (the "**Company Sublease**"), a copy of which is attached hereto as *Exhibit A* and hereby made a part hereof and (ii) a sub-sublease agreement with the IDA as sub-sublessor and the Lessee as sub-sublessee dated as of July 1, 2002 (the "**IDA Sublease**"), a copy of which is attached hereto as *Exhibit B* and hereby made a part hereof; and

C. WHEREAS, in connection with the financing of the costs of the Redevelopment Work (as defined in Section 1.1 of this Consent Agreement), the IDA and the Trustee will, contemporaneously with the execution of this Consent Agreement, enter into a Master Indenture of Trust dated as of July 1,

2002 (the **"Master Indenture"**), a copy of which is attached hereto as *Exhibit C* and hereby made a part hereof; and

D. WHEREAS, pursuant to the Master Indenture, in connection with the issuance of the Series 2002 Bonds (as such term is defined in Section 1.1 of this Consent Agreement), the IDA and the Trustee will, contemporaneously with the execution of this Consent Agreement, enter into supplemental Indentures of Trust for each series of the Series 2002 Bonds, each dated as of July 1, 2002 (collectively, the **"2002 Supplemental Indentures"**), copies of which are attached hereto as *Exhibit D* and hereby made a part hereof; and

E. WHEREAS, both the IDA Sublease and the Master Indenture contemplate that IDA Sublease Amendments (as defined in Section 1.1 of this Consent Agreement), to amend the IDA Sublease (as theretofore amended and supplemented), and Additional Supplemental Indentures (as defined in Section 1.1 of this Consent Agreement), to supplement the Master Indenture (as theretofore amended and supplemented), will be executed and delivered in connection with the issuance of Additional Bonds (as defined in Section 1.1 of this Consent Agreement); and

F. WHEREAS, in order to secure the payment of the Bonds (as defined in Section 1.1 of this Consent Agreement), the Lessee and the Trustee will, contemporaneously with the execution of this Consent Agreement, enter into a guaranty dated as of July 1, 2002 (the **"American Airlines Guaranty"**), a copy of which is attached hereto as *Exhibit E* and hereby made a part hereof, and in order to further secure the payment of the Bonds, AMR and the Trustee will, contemporaneously with the execution of this Consent Agreement, enter into a guaranty dated as of July 1, 2002 (the **"AMR Guaranty"**), a copy of which is attached hereto as *Exhibit F* and hereby made a part hereof (the American Airlines Guaranty and AMR Guaranty, collectively, the **"Guaranties"**); and

G. WHEREAS, in order to secure the obligation of (i) American Airlines, Inc. (including its permitted successors as Guarantor pursuant to and under the American Airlines Guaranty, provided that each such permitted successor is then the Lessee under the Lease) under the American Airlines Guaranty to pay principal, interest, purchase price and premium on the Bonds and (ii) AMR Corporation (including its permitted successors as Guarantor pursuant to and under the AMR Guaranty) under the AMR Guaranty to pay principal, interest, purchase price and premium on the Bonds, American Airlines, Inc. has requested the consent of the Port Authority to its grant of a mortgage on its leasehold interest under the Lease to the Leasehold Mortgagee (as defined in Section 1.1 of this Consent Agreement), on the terms and conditions set forth in Section 92 (as defined in Section 1.1 of this Consent Agreement).

NOW, THEREFORE, for and in consideration of the covenants and mutual agreements herein contained, the Port Authority, the Lessee, AMR, the IDA and the Trustee hereby agree, effective as of the Effective Date, as follows:

## ARTICLE I. DEFINITIONS.

1.1. *Definitions.*

Unless otherwise indicated or unless the context otherwise requires, the following capitalized terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the defined terms):

**"Act"** shall mean, collectively, the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24, of the Consolidated Laws of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended.

**"Additional Bond Resolutions"** shall mean any resolutions adopted by the IDA in connection with the issuance and sale of Additional Bonds.

**"Additional Bonds"** shall mean all series of bonds that are issued by the IDA subsequent to the issuance of the Series 2002 Bonds, in accordance with the terms and conditions of Section 6.2 of this Consent Agreement, pursuant to the Subleases and the Indenture, to finance the costs of the Redevelopment Work (including all reserves, costs of issuance and capitalized interest).

**"Additional Bonds Covenant Certificate"** shall mean the certificate a form of which is attached hereto as *Exhibit K* and hereby made a part hereof.

**"Additional Documents"** shall mean Additional Bonds, Additional Supplemental Indentures and IDA Sublease Amendments.

**"Additional Lessee Covenant Certificate"** shall mean the certificate a form of which is attached hereto as *Exhibit Q* and hereby made a part hereof.

**"Additional Minor Modification Documents"** shall mean such documents accomplishing the changes to the Financing Documents (excluding the Leasehold Mortgage, the City Agreements and the Guaranties) with respect to Financial Terms as specified in and in accordance with Section 6.2 (b) of this Consent Agreement and made or not made in connection with the issuance of the Bonds or Additional Bonds.

**"Additional Supplemental Indentures"** shall mean such indentures supplemental or amendatory to the Master Indenture, which are executed subsequent to the execution of the 2002 Supplemental Indentures in accordance with the terms and conditions of Section 6.2 of this Consent Agreement.

**"Airport"** shall have the meaning given to such term in "Whereas" paragraph A of this Consent Agreement.

**"American Airlines Guaranty"** shall have the meaning given to such term in "Whereas" paragraph F of this Consent Agreement.

**"American-City Agreement"** shall have the meaning given to such term in Section 3 of the Lease.

**"AMR"** shall have the meaning given to such term in the first paragraph on page 1 of this Consent Agreement.

**"AMR Guaranty"** shall have the meaning given to such term in "Whereas" paragraph F of this Consent Agreement.

**"Approved Successor Lessee"** shall have the meaning given to such term in Section 92.

**"Basic Lease"** shall have the meaning given to such term in the Lease.

**"Bonds"** shall mean, collectively, the Series 2002 Bonds and Additional Bonds; *provided, however*, that the principal amount of Bonds issued under the Indenture and secured by the Leasehold Mortgage shall be limited to a maximum amount of determined without taking into account any prepayments, redemptions or refundings made pursuant to any of the Financing Documents.

**"Bond Purchase Agreements"** shall mean, for the Series 2002 Bonds, the bond purchase agreement dated July 25, 2002 by and among the Series 2002 Underwriters, the IDA, AMR and the Lessee, and for Additional Bonds shall mean the agreements by and among the IDA, the Lessee and the financial institution(s) selected by the Lessee (and reasonably acceptable to the IDA) to purchase Additional Bonds upon original issuance.

**"Bond Resolutions"** shall mean, collectively, (i) the resolution adopted by the IDA on December 9, 1999, (ii) the resolution adopted by the IDA on October 23, 2001, as amended November 13, 2001, copies of which are attached hereto as *Exhibit H* and hereby made a part hereof, and (iii) any Additional Bond Resolutions.

**"Bondholder"** and **"Bondholders"** shall mean, respectively, (i) each holder of a Bond or Bonds and (ii) all holders of all the Bonds.

**"City"** shall mean the City of New York.

**"City Agreements"** shall have the meaning given to such term in Section 3 of the Lease.

**"Consent Agreement"** shall mean this Consent to Subleases and Leasehold Mortgage Agreement by and among the Port Authority, the Lessee, AMR, the Trustee, and the IDA, including all exhibits attached hereto and made a part hereof, as the same may hereafter be amended, modified or supplemented.

**"Credit Facility"** shall mean an irrevocable letter of credit, a loan agreement, a municipal bond insurance policy, a standby bond purchase agreement, a surety bond, a line or lines of credit or other similar agreement or agreements, or any other agreements or arrangement used to provide liquidity and/or credit support for a particular series of Bonds; *provided, however*, that this term shall not be deemed to include the Leasehold Mortgage or the Guaranties.

**"Credit Facility Provider"** shall mean the issuer of a Credit Facility selected by the Lessee pursuant to the Indenture.

**"Credit Facility Provider Certificate of Assumption and Agreement"** shall mean the certificate a form of which is attached hereto as *Exhibit I* of this Consent Agreement and hereby made a part hereof.

**"Deferred Reletting Fee"** shall have the meaning given to such term in Section 92.

**"Effective Date"** shall mean July 31, 2002.

**"Facility"** shall mean the Leased Facilities and the Facility Equipment as such terms are defined in Appendix A (Summary of Definitions) of the IDA Sublease.

**"Fee Owner"** shall have the meaning given to such term in the RNDA.

**"Final Lease Extension Date"** shall have the meaning given to such term in the Lease.

**"Financial Parties"** shall mean each Bondholder (by the purchase or transfer and acceptance of a Bond), the Trustee, each Guarantor, the Credit Facility Provider, if any, and the IDA.

**"Financial Terms"** shall mean, with respect to any of the Bonds, terms and provisions with respect to: (i) the date or dates as of which such Bonds shall be dated, (ii) subject to the Required Amortization, the maturity schedule, (iii) optional redemptions, (iv) redemption, tender, retirement, call and sinking fund provisions, (v) denominations, registration and exchange, (vi) payment of principal and interest, (vii) notices of redemption, (viii) legality for investment and eligibility for deposit, (ix) tender agents, remarketing agents, registrars and paying agents, (x) bond counsel, (xi) underwriters, (xii) delivery, (xiii) interest, (xiv) tax exemption requirements for private activity bonds under the Internal Revenue Code and applicable regulations (xv) terms and provisions relating to a Credit Facility and the Credit Facility Provider thereof, (xvi) terms and provisions relating investment of bond proceeds and (xvii) covenants of the Lessee required in the opinion of the underwriters (which opinion shall be set forth in a letter from the underwriters to the Port Authority) to effectuate the marketability of the Bonds; *provided, however*, that no such Lessee covenants shall affect the Lease, this Consent Agreement or the Leasehold Mortgage, and *provided, further, however*, that Financial Terms shall not mean with respect to Additional Bonds (x) terms and provisions relating to mandatory redemption upon expiration of the Lease and (y) terms and provisions relating to mandatory tender on the Final Lease Extension Date.

**"Financing Documents"** shall mean the Subleases, the Indenture, the Bond Resolutions, the Bonds, the Leasehold Mortgage, the City Agreements, the Equipment Security Agreement and the Guaranties; *provided, however*, that the term "Financing Documents" shall not mean the Basic Lease, the Lease or this Consent Agreement.

**"Financing Transaction"** shall mean the issuance of the Bonds for the financing of the costs of the Redevelopment Work (including all reserves, costs of issuance and capitalized interest) and all the transactions documented by the Financing Documents that support and facilitate such issuance.

**"Foreclosure Period"** shall have the meaning given to such term in Section 92.

**"Foreclosure Period Extension Fee"** shall have the meaning given to such term in Section 92.

**"Forms of Additional Documents"** shall mean the Form of Additional Bonds, attached hereto as *Exhibit L* and hereby made a part hereof, the Form of Additional Supplemental Indentures, attached hereto as *Exhibit M* and hereby made a part hereof, and the Form of IDA Sublease Amendments, attached hereto as *Exhibit N* and hereby made a part hereof.

**"Guaranties"** shall have the meaning given to such term in "Whereas" paragraph F of this Consent Agreement.

**"Guarantors"** shall mean American Airlines Inc., and its permitted successors and assigns, under the Guaranty and AMR Corporation, and its permitted successors and assigns under the Guaranty.

**"IDA"** shall have the meaning given to such term in the introductory paragraph of this Consent Agreement.

**"IDA Sublease"** shall have the meaning given to such term in "Whereas" paragraph B of this Consent Agreement.

**"IDA Sublease Amendments"** shall mean such written amendments to the IDA Sublease, which are executed subsequent to the execution of the IDA Sublease in accordance with the terms and conditions of Section 6.2 of this Consent Agreement.

**"Indenture"** shall mean the Master Indenture as amended, modified or supplemented by the 2002 Supplemental Indentures and all Additional Supplemental Indentures.

**"Lease"** shall have the meaning given to such term in "Whereas" paragraph A of this Consent Agreement.

**"Lease Assignment/Assumption Commencement Date"** shall have the meaning given to such term in Section 92.

**"Leasehold Mortgage"** shall mean the Leasehold Mortgage and Security Agreement, a form of which is attached hereto as *Exhibit G* and hereby made a part hereof.

**"Leasehold Mortgage Opinion of Counsel"** shall mean the opinion given by Lessee's counsel with respect to the Leasehold Mortgage, the form of which is attached hereto as *Exhibit J* of this Consent Agreement and hereby made a part hereof.

**"Leasehold Mortgagee"** shall mean the Trustee (including any co-trustee under the Indenture) acting in its capacity as "Leasehold Mortgagee" under the Leasehold Mortgage.

**"Leasehold Mortgagee's Foreclosure Period Obligations"** shall have the meaning given to such term in Section 92.

**"Leasehold Mortgagee's Foreclosure Period Payments"** shall have the meaning given to such term in Section 92.

**"Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees"** shall have the meaning given to such term in Section 92.

**"Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees"** shall have the meaning given to such term in Section 92.

**"Lessee"** shall have the meaning given to such term in the introductory paragraph of this Consent Agreement.

**"Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee"** shall have the meaning given to such term in paragraph (a) of Section 92 the form of which is attached hereto as *Exhibit P*.

**"Master Indenture"** shall have the meaning given to such term in "Whereas" paragraph C of this Consent Agreement.

**"Mortgaged Premises"** shall have the meaning given to such term in Section 92.

**"Official Statement"** shall mean any official statement or offering memorandum distributed in connection with the sale of a series of Bonds upon original issuance thereof.

**"Outstanding"** shall have the meaning given to such term in the Indenture.

**"Port Authority"** shall have the meaning given to such term in the introductory paragraph of this Consent Agreement.

**"Preliminary Official Statement"** shall mean any preliminary official statement or offering memorandum distributed in connection with the sale of a series of Bonds upon original issuance thereof.

**"Premises"** shall have the meaning given to such term in the Lease.

**"Redevelopment Work"** shall have the meaning given to such term in Section 2B(b)(1) of the Lease.

**"Redevelopment Work Completion Date"** shall have the meaning given to such term in Section 2B(n)(2) of the Lease.

**"Reletting Election Notice"** shall have the meaning given to such term in Section 92.

**"Reletting Election Period"** shall have the meaning given to such term in Section 92.

**"Reletting Rights"** shall have the meaning given to such term in Section 92.

**"Reletting Rights Effective Date"** shall have the meaning given to such term in Section 92.

**"Reletting Rights Effective Date Certificate"** shall have the meaning given to such term in Section 92.

**"Required Amortization"** shall mean, with respect to a series of Bonds, that (i) principal payments of such series shall commence no later than August 1, 2016, (ii) principal payments are made at least yearly thereafter until maturity and (iii) from the point when principal payments begin with respect to a series of Bonds such principal payments result in debt service that is relatively level.

**"RNDA"** shall have the meaning given to such term in Section 3 of the Lease.

**"RNDA Effective Date"** shall have the meaning given to such term in Section 92.

**"Section 19"** shall mean Section 19 of the Lease.

**"Section 19 Assignee"** shall have the meaning given to such term in Section 92 of the Lease.

**"Section 19 Assignee Issuer"** shall mean an issuer of government obligations to whom the IDA may assign its rights and interests and delegate its duties under the Subleases, the Indenture and the Bonds; *provided, however*, that such issuer must accept the delegation of duties under the Subleases, the Indenture and the Bonds, and be subrogated as the obligor to the Bondholders.

**"Section 92"** shall mean Section 92 of the Lease.

**"Series 2002 Bonds"** shall mean, collectively, the $120,000,000 Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) and the $380,000,000 Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) of the IDA issued, executed, authenticated and delivered under the Master Indenture, as amended and supplemented by the 2002 Supplemental Indentures.

**"Series 2002 Underwriters"** shall mean the underwriting syndicate formed by Salomon Smith Barney Inc. as representative of the said underwriting syndicate for the purchase upon original issuance of the Series 2002 Bonds.

**"Subleases"** shall mean, collectively, the Company Sublease, IDA Sublease and all IDA Sublease Amendments.

**"Successor Trustee"** shall mean a successor to the Trustee selected and appointed in accordance with the Section 6.4 of this Consent Agreement.

**"Successor Trustee Certificate of Assumption and Agreement"** shall mean the certificate a form of which is attached hereto as *Exhibit O* and hereby made a part hereof.

**"Supplement No. 1"** shall mean Supplemental Lease Agreement No. 1 between the Lessee and the Port Authority, dated as of July 31, 2002, including all exhibits attached thereto and made a part thereof, as it may hereafter be amended, modified and supplemented.

**"Tax Certificate"** shall mean, with respect to a series of Bonds, any Tax Certificate As To Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986, dated the date of original issuance of such series of Bonds, and shall include any and all amendments thereof and supplements thereto.

**"Trustee"** shall mean The Bank of New York, or any Successor Trustee under the Indenture.

**"Wrongful Recording of the Leasehold Mortgage"** shall have the meaning given to such term in Section 92.

**"2002 Supplemental Indentures"** shall have the meaning given to such term in "Whereas" paragraph D of this Consent Agreement.

## ARTICLE II. GENERAL TERMS AND CONDITIONS OF PORT AUTHORITY CONSENT.

2.1. *Limited Consent.* On and subject to the terms and conditions set forth in the Lease, including without limitation Section 92, and this Consent Agreement, the Port Authority consents to (i) the Subleases and (ii) the Leasehold Mortgage.

2.2. *No Consent to Abandonment.* Any provision of any of the Financing Documents to the contrary notwithstanding, the Lessee and each of the Financial Parties hereby expressly agrees and acknowledges that no consent is hereby given to the abandonment of the Redevelopment Work.

2.3. *No Consent to Pledge or Assignment of Possessory Rights.* Any provision of any of the Financing Documents to the contrary notwithstanding, the Lessee and each of the Financial Parties hereby expressly agrees and acknowledges that no consent is hereby given to any pledge or assignment of any

possessory rights or interests in the Premises to the Trustee, except under the Leasehold Mortgage to the extent provided in Section 92.

2.4. *No Consent to Matters Not Addressed By This Consent Agreement.* No consent or comment, or failure to consent, object or comment, by the Port Authority, with respect to the Financing Transaction and the Financing Documents, or any of them, nor the specific mention of or reference to the Port Authority in any part of the Financing Documents, including without limitation any mention of any consent or approval of the Port Authority now or hereafter to be obtained, nor this Consent Agreement, shall be or be deemed to create an inference that the Port Authority has granted or would grant its consent or approval to any matters not specifically covered by this Consent Agreement but referred to in the Financing Documents that under the Lease or this Consent Agreement require the further consent or approval of the Port Authority, or that the Port Authority shall hereafter grant its consent or approval thereto or that the Port Authority's discretion as to granting any such consents or approvals shall in any way be affected or impaired. The lack of any specific reference in any provision of any Financing Document to Port Authority approval or consent shall not be deemed to imply that no approval or consent of the Port Authority is required. The Lease and this Consent Agreement shall in all respects be controlling, effective and determinative as to when the consent of the Port Authority is required under the Lease or this Consent Agreement.

2.5. *No Waiver of Port Authority Right to Consent in the Future.* Except as specifically provided in Sections 6.2 and 6.3 of this Consent Agreement, the granting of the consent under this Consent Agreement by the Port Authority shall not be or be deemed to operate as a waiver of the rights of the Port Authority, or as constituting the Port Authority's consent, with respect to any subsequent subleasing by the Lessee or any of the Financial Parties, or with respect to any present or subsequent assignment of the Lease or any rights thereunder, whether in whole or in part, or with respect to any subsequent mortgaging or pledging of the Premises or the Lease, or with respect to any subsequent assignment of the Subleases or any rights thereunder; *provided, however*, that nothing in this Section 2.5 shall in any way impair or limit the rights of the Leasehold Mortgagee under Section 92 or, subject to Section 92 and this Consent Agreement, the granting of the Leasehold Mortgage in accordance with Section 92 and this Consent Agreement, or subject to Section 92, its rights against the Lessee under the Leasehold Mortgage.

2.6. *Future Subleasing by Lessee.* It is hereby understood and agreed that any future subleasing of the Premises, whether in whole or in part, by the Lessee, which purports to convey a possessory interest in the Premises shall be a sublease under the Lease and not a sublease under the Subleases, or any of them, and shall in no way be deemed to be subject to the Subleases, or any of them.

2.7. *No Filing With Respect to Subleases.* The parties hereto agree that none of them shall record or make a filing under or with respect to the Subleases or any of them or any rights thereunder without the prior written consent of all parties hereto. The parties hereto hereby consent to the filing of financing statements (and related continuation statements) with respect to the security interest of the Trustee created under the Granting Clauses of the Indenture and the Equipment Security Agreement (as defined in the Indenture).

2.8. *No Consent to Breach of Basic Lease.* The granting of the consent under this Consent Agreement by the Port Authority shall not be deemed to operate as a consent to any breach of the Basic Lease or any waiver of any of the Port Authority's rights and remedies under and pursuant to the Basic Lease.

## ARTICLE III. RELATIONSHIP AMONG THE LEASE, THE CONSENT AGREEMENT AND THE FINANCING DOCUMENTS.

3.1. *Provisions of Subleases and Leasehold Mortgage Not Applicable to Port Authority.*

(a) The Lessee and each of the Financial Parties hereby expressly acknowledge that the Subleases and the Leasehold Mortgage are agreements between the Lessee and, respectively, the IDA and the Leasehold Mortgagee, with respect to the various matters set forth therein, and neither this Consent Agreement nor anything contained herein nor the consent granted hereunder shall constitute an agreement among or between the Port Authority, any of the Financial Parties and/or the Lessee that the provisions of the Subleases or the Leasehold Mortgage shall apply and pertain as between the Lessee and the Port Authority.

(b) No provisions of the Subleases or the Leasehold Mortgage imposing obligations on the IDA or the Lessee with respect to laws, ordinances, statutes, orders, taxes, assessments or liens shall be construed as a submission or admission by the Port Authority that the same could or does lawfully apply to the Port Authority.

3.2. *Financing Documents Subject to Provisions of Basic Lease, Lease and Consent Agreement.*

(a) The Financing Documents, the Financing Transaction and the rights of the Lessee and the Financial Parties pursuant thereto are expressly and in all respects subject to, controlled by and dependent upon: (i) all of the terms, covenants, conditions and provisions of the Lease, this Consent Agreement and the Basic Lease and (ii) the rights, powers, duties, privileges, obligations, remedies and liabilities of the Port Authority under the Lease, this Consent Agreement and the Basic Lease, including, without limitation, the rights of the Port Authority, as lessor under the Lease and as operator of the Airport, to, subject to and in accordance with Section 92, terminate the Lease in accordance with the terms thereof, to re-enter, regain or resume possession of the Premises, and to purchase the Leasehold Mortgage in accordance with Section 92.

(b) As between the Port Authority, on the one hand, and the Lessee and the Financial Parties on the other, the terms, provisions, covenants and conditions of the Lease, this Consent Agreement and the Basic Lease, and the rights, powers, duties, privileges, obligations, remedies and liabilities of the Port Authority as the operator of the Airport shall, with respect to the use and possession of the Premises and all other matters covered under the Lease, this Consent Agreement and the Basic Lease, be controlling, effective and determinative.

(c) Without limiting the generality of the foregoing provisions, the terms, covenants, conditions and provisions of the Lease, this Consent Agreement and the Basic Lease shall govern as between the Port Authority, on the one hand, and the Lessee and the Financial Parties, on the other hand, and in the event that any of such terms, provisions, covenants and conditions of the Lease, this Consent Agreement or the Basic Lease shall be contrary to, or conflict or be inconsistent with, the terms, provisions, covenants and conditions of the Financing Documents, or any of them, the terms, provisions, covenants and conditions of the Lease, this Consent Agreement and the Basic Lease shall be controlling, effective and determinative.

(d) Nothing in this Section 3.2 shall be deemed to alter (i) the terms of the Leasehold Mortgage, (ii) Section 92 or (iii) the rights and obligations among the Lessee and the Financial Parties under the Financing Documents.

3.3. *No Change in Rights and Powers under the Lease.* Notwithstanding any of the terms and conditions of the Financing Documents to the contrary, neither this Consent Agreement nor anything contained herein nor the consent granted hereunder, nor the Financing Documents nor any of them nor anything contained therein, nor the Financing Transaction, shall constitute or be deemed to constitute a consent by the Port Authority to, nor shall they create an inference or implication that there has been a consent by the Port Authority to, any enlargement, variation, impairment, diminution or change in the rights, powers, duties, liabilities, obligations and privileges of the Lessee under the Lease, nor consent by the Port Authority to any diminution, impairment, change or variation in the rights, powers, privileges and remedies of the Port Authority under or in connection with the Lease nor as the operator of the Airport, nor consent by the Port Authority to the granting or conferring of any rights, powers or privileges to the Lessee or any of the Financial Parties as may be provided by the Subleases, if not granted to the Lessee under the Lease or to the Leasehold Mortgagee under Section 92.

3.4. *No Effect on Lessee's Rental Obligations.* It is understood by the parties hereto that it is not the intention of the parties hereto that anything under this Consent Agreement shall change or affect the obligation of the Lessee to make rental payments under the IDA Sublease as amended by the IDA Sublease Amendments, or the obligation of the Lessee to make, or the rights of the Port Authority to receive, payments under the Lease, and no subordination or other priority is intended to be established by this Consent Agreement with respect to such obligations and rights.

3.5. *Consent Agreement Not to be Used as Evidence of Claim that Terms of Financing Documents Bind the Port Authority.* Provided that nothing in this Section shall in any way impair or limit the rights of the Leasehold Mortgagee under Section 92 or its rights against the Lessee under the Leasehold Mortgage:

(a) In the event of any inconsistency or conflict between the terms, covenants, conditions and provisions of the Lease, this Consent Agreement or the Basic Lease on the one hand and the terms, covenants, conditions and provisions of any of the Financing Documents on the other hand, the Lessee, the IDA, the Trustee, AMR and the Credit Facility Provider, if any, hereby agree that none of them shall ever introduce in any forum this Consent Agreement or the permission granted hereunder, nor any such inconsistency or conflict, as the basis for a defense to or claim against the Port Authority (other than the enforcement of, or to prove the existence of, the consent of the Port Authority hereunder), the Lease, the Premises or the rights and obligations of the Lessee and the Port Authority under the Lease or as the basis for a contention that the terms, covenants, conditions and provisions of the Financing Documents, or any of them, shall apply to, affect or be controlling, effective or determinative as to the Port Authority, the Lease or the Premises or the rights and obligations of the Port Authority and the Lessee under the Lease.

(b) Except as provided in Sections 6.17(b) and 6.17 (c) of the IDA Sublease, the Lessee, the IDA, AMR, the Credit Facility Provider, if any, and the Trustee further agree that they shall not claim that any of them are entitled in law or in equity to any of the determinations described in Section 3.5(a) of this Consent Agreement, or to any compensation, award, suit, action, estoppel, injunction, proceeding or other legal or equitable right or remedy because of this Consent Agreement and the permission granted hereunder, or because of any term, covenant, condition or provision of the Financing Documents, or any of them, which is inconsistent or conflicts with or is contrary to the Lease, this Consent Agreement or the Basic Lease.

3.6. *No Effect on Relationship under the Lease.*

(a) The Lessee and each of the Financial Parties hereby acknowledge and agree that the Subleases have been entered into by the Lessee and the IDA solely to give the IDA a sufficient interest to effectuate the issuance of the Bonds in connection with the financing of the costs of the Redevelopment Work and that, other than as provided herein, the Financing Documents and the Financing Transaction are

not intended to and do not in any way encumber the Lease or the Premises (except to the extent that the Leasehold Mortgage encumbers the Lessee's leasehold interests under the Lease in accordance with Section 92) and that neither the Financing Documents nor this Consent Agreement nor anything contained herein nor the consent granted hereunder nor the Financing Transaction shall affect or alter or be deemed to have affected or altered the relationship between the Port Authority and the Lessee.

(b) It is hereby understood and agreed that, except as otherwise specifically provided in Section 3.9(b) of this Consent Agreement, and except as otherwise specifically provided in Section 6.17(b) and 6.17(c) of the IDA Sublease as between and among the Lessee, the Financial Parties and the Port Authority, the Lessee shall have full and complete power and authority to act as the lessee under the Lease, including, without limitation, the power to amend, supplement and surrender the same, in whole or in part, and the Port Authority shall have full and complete power and authority to act as the landlord under the Lease, including without limitation the power to amend, supplement and surrender the same, in whole or in part, to grant consents and approvals and to deal solely with the Lessee as the lessee under the Lease as if the Financing Documents had not been entered into, this Consent Agreement had not been executed and the Financing Transaction had not taken place, nor shall any of the foregoing require no Bonds to remain Outstanding as a prerequisite thereto.

3.7. *No Port Authority Responsibility to Determine Conformity with Financing Documents.*

(a) The Port Authority shall have no obligation, implicit or otherwise, to inquire into the conformity of any action taken pursuant to the Lease or this Consent Agreement with the terms and provisions of the Financing Documents; *provided, however*, that nothing herein shall be construed in any way to impair the rights of the Leasehold Mortgagee set forth in Section 92.

(b) While it is recognized that the Financing Documents set forth certain representations, warranties and covenants of the Lessee and of the Financial Parties with respect to matters under or relating to the Lease, neither this Consent Agreement nor anything contained herein nor the consent granted hereby shall be or be deemed to be any representation, warranty or covenant by the Port Authority as to the truthfulness or accuracy of the representations, warranties and covenants made by the Lessee or any of the Financial Parties in the Financing Documents, nor shall any such representation, warranty or covenant of the Lessee or of any of the Financial Parties affect any of the rights and remedies of the Port Authority under the Lease or this Consent Agreement or any of the promises and covenants of any of the Financial Parties under this Consent Agreement.

3.8. *Neither Basic Lease, Lease nor, Consent Agreement Delivered As Security for Bonds.* In no event shall the Lease, this Consent Agreement or the Basic Lease be or be deemed to have been delivered to any of the Financial Parties as security for the Bonds; *provided, however*, that, the Leasehold Mortgage may be delivered as security to secure the obligation of (i) American Airlines, Inc. (including its permitted successors pursuant to and under the American Airlines Guaranty, provided that each such permitted successor is then the Lessee under the Lease) under the American Airlines Guaranty to pay principal, interest, purchase price and premium on the Bonds and (ii) AMR Corporation (including its permitted successors pursuant to and under the AMR Guaranty) under the AMR Guaranty to pay principal, interest, purchase price and premium on the Bonds.

3.9. *No Effect on Ability to Amend or Terminate the Lease.* It is hereby understood and expressly agreed that:

(a) except as otherwise expressly set forth in paragraph (b) of this Section 3.9 the fact that certain provisions of this Consent Agreement, the Subleases and/or the Leasehold Mortgage refer to and/or incorporate the Lease and/or provisions thereof, shall not nor shall be deemed to have limited or in any way affected the rights and ability of the Lessee and the Port Authority to amend, supplement, delete

or otherwise change the terms and provisions of the Lease, including without limitation any provisions of the Lease referred to or incorporated in the Subleases, and the Lessee and the Port Authority shall be as free to amend, supplement, delete or otherwise change the terms and provisions of the Lease or any of them as if the Consent Agreement and the Financing Documents had never been entered into, the Financing Transaction had never taken place and the Bonds had never been issued;

(b) until the Leasehold Mortgage shall have terminated as provided in Section 5.2 of this Consent Agreement:

(i) no amendment shall be made to Section 92 without the prior written consent of the Leasehold Mortgagee; and

(ii) no amendment which shall only affect an Approved Successor Lessee, without affecting the Lessee, shall be made to the Lease without the prior written consent of the Leasehold Mortgagee;

(c) except as otherwise expressly set forth in Section 92, neither this Consent Agreement nor anything contained herein nor the Financing Transaction nor the Financing Documents nor anything contained therein shall limit or affect or be deemed to have limited or affected the right of the Port Authority to terminate the Lease;

(d) neither this Consent Agreement nor anything contained herein nor the Financing Transaction shall be or be deemed to be a waiver by or consent of the Port Authority to any breach or default of the Lease; and

(e) neither this Consent Agreement nor anything contained herein, nor the Financing Documents, nor the Financing Transaction, including without limitation the issuance of Bonds with a maturity extending beyond the expiration date of the Lease, nor the completion of, nor failure to complete, the Redevelopment Work or any portion thereof, nor the expenditure of monies or Bond proceeds thereon, shall grant or be deemed to have granted any rights whatsoever in the Lessee or any of the Financial Parties to an extension or renewal of the Lease beyond the expiration date of the Lease or such further expiration date as the Port Authority and the Lessee may agree upon, or (except as provided in the City Agreements) to lease, use or occupy the Premises or any part thereof after the expiration or earlier termination or surrender of the Lease, or to be reimbursed by the Port Authority for the Lessee's cost of completing the Redevelopment Work or any portion thereof.

3.10. *No Obligation to Extend Basic Lease.* The granting of the consent under this Consent Agreement shall not obligate the Port Authority to extend the Basic Lease.

3.11. *Acknowledgement and Incorporation of Section 92.*

(a) The Leasehold Mortgagee hereby acknowledges and agrees to the terms of Section 92 with respect to its Reletting Rights as Leasehold Mortgagee, and its rights and obligations with respect thereto, including without limitation its rights and obligations to perform the Leasehold Mortgagee's Foreclosure Period Obligations and to pay to the Port Authority, Leasehold Mortgagee's Notice of Termination Effective Date First Extension Fees, Leasehold Mortgagee's Notice of Termination Effective Date Second Extension Fees, the Leasehold Mortgagee's Foreclosure Period Payments, the Foreclosure Period Extension Fees and the Deferred Reletting Fee as set forth in Section 92.

(b) Without limiting the foregoing or any other provision hereof, each and every provision stated in Section 92 to be or become a right or an obligation of the Leasehold Mortgagee is hereby incorporated by reference into this Consent Agreement as among the rights and obligations of the

Leasehold Mortgagee hereunder, and the Leasehold Mortgagee hereby expressly acknowledges and agrees to the terms and provisions of Section 92 as if set forth in full in this Consent Agreement. The Port Authority and the Leasehold Mortgagee hereby recognize and agree to their respective rights and obligations to each other under Section 92, as incorporated by reference herein.

## ARTICLE IV. CONDITIONS PRECEDENT TO EFFECTIVENESS OF LEASEHOLD MORTGAGE AND CONSENT TO SUBLEASES.

4.1. *Effective Date of Consent to Subleases.* This Consent Agreement and the consent granted hereunder as to the Subleases shall be effective as of the Effective Date.

4.2. *Effective Date of, and Conditions Precedent to, Consent to Leasehold Mortgage.* The consent granted hereunder as to the Leasehold Mortgage shall not be effective unless on or prior to the Effective Date the Port Authority shall have received all of the following:

(a) an acceptable form of the Leasehold Mortgage, attached as *Exhibit G* of this Consent Agreement, which form shall include a copy of this Consent Agreement and Section 92 as attachments thereto; and

(b) the Leasehold Mortgage Opinion of Counsel, which shall be in the form of *Exhibit J* of this Consent Agreement.

4.3. *Effectiveness of Leasehold Mortgage.* Notwithstanding the provisions of Section 4.2 of this Consent Agreement, the Leasehold Mortgage shall not become effective, the lien created by the Leasehold Mortgage shall not attach, the Reletting Rights shall not be exercisable and the Leasehold Mortgagee shall have no rights under the Leasehold Mortgage until the Reletting Rights Effective Date shall have occurred; and without limiting the foregoing and without limiting the requirements of paragraph (d) of Section 92, the Lessee expressly covenants, warrants and represents that the form of the Leasehold Mortgage attached to the Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee shall be the same form as the form of the Leasehold Mortgage attached hereto as Exhibit G.

4.4. *Covenants With Respect to the Leasehold Mortgage.*

(a) (i) In addition to and without limiting Section 92, the Lessee, the Trustee and each of the other Financial Parties hereby expressly (i) acknowledges and agrees that the Leasehold Mortgage shall in no event be enforceable prior to the Reletting Rights Effective Date, and (ii) covenants and agrees that it shall not attempt to deliver, file, record or enforce the Leasehold Mortgage prior to the Reletting Rights Effective Date. Without limiting the foregoing, the Lessee, the Trustee and each of the Financial Parties hereby expressly acknowledges and agrees without limiting any term or provision of the Lease or this Consent Agreement that only the Trustee shall have the right to record the Leasehold Mortgage provided that such recording of the Leasehold Mortgage shall not constitute a Wrongful Recording of the Leasehold Mortgage and that the same is done in strict compliance with Section 92 and this Consent Agreement.

(ii) It is expressly understood and agreed that any Wrongful Recording of the Leasehold Mortgage shall constitute a material breach of the Lease by the Lessee and an event of default under Section 20 thereof permitting the Port Authority to terminate the Lease in accordance with Section 20 thereof, in addition to and without limiting any other rights or remedies of the Port Authority, legal, equitable or otherwise, under the Lease, this Consent Agreement or otherwise; and any such Wrongful Recording of the Leasehold Mortgage shall not constitute the Trustee as the Leasehold Mortgagee nor

entitle the Trustee to any of the Reletting Rights or any other rights thereunder or any other rights against the Lease or the Premises. Notwithstanding anything in Section 8.9 to the contrary and without limiting any of the foregoing or any of the indemnities given in favor of the Port Authority under the Lease or otherwise, the Lessee and the Trustee hereby expressly covenant, represent and warrant to the Port Authority that should a Wrongful Recording of the Leasehold Mortgage occur they and each of them, shall cooperate with the Port Authority and shall promptly take or cause to be taken any and all actions requested or required by the Port Authority or required under applicable law to remove and discharge the Leasehold Mortgage and any lien created by such Wrongful Recording of the Leasehold Mortgage, and that they and each of them, shall ensure that the Financial Documents, including but not limited to the Indenture and the Leasehold Mortgage incorporate the provisions of this Article IV. The foregoing covenant, representation and warranty of the Lessee and the Trustee shall survive any such termination of the Lease or of any consent granted hereunder.

(b) In addition to and without limiting Section 92, the Lessee, the Trustee and each of the Financial Parties hereby expressly acknowledge, agree, represent and warrant that the Leasehold Mortgage shall be in the form of *Exhibit G* of this Consent Agreement, with copies of the executed Consent Agreement and Section 92 attached thereto; that none of them shall do anything which would constitute or cause a Wrongful Recording of the Leasehold Mortgage; and that the remedies of the Trustee set forth in 6.17(h) of the IDA Sublease with respect to any Wrongful Recording of the Leasehold Mortgage shall be enforced by the Trustee.

(c) Without limiting Section 92 or the foregoing, the Leasehold Mortgagee hereby covenants, and the Lessee and each of the Financial Parties hereby acknowledge that, upon the Lessee's dating, execution, delivery and recording of the Leasehold Mortgage in full compliance with Section 92 and this Consent Agreement, the Leasehold Mortgagee shall hold the Leasehold Mortgage in compliance with Section 92 and this Consent Agreement and shall exercise its rights and remedies under the Leasehold Mortgage strictly in accordance with and subject to the terms of Section 92 and this Consent Agreement.

## ARTICLE V. TERMINATION OF CONSENT TO SUBLEASES AND LEASEHOLD MORTGAGE.

5.1. *Termination of Consent to Subleases.* Notwithstanding anything in the Financing Documents to the contrary, the Subleases and the consent granted hereunder as to the Subleases, shall automatically terminate and end, without notice to the Lessee or any of the Financial Parties, in any event upon the earliest to occur of the following:

(a) the expiration, surrender or termination of the Basic Lease;

(b) the expiration, surrender or termination of the Lease;

(c) the expiration or earlier termination of the Company Sublease;

(d) the expiration or earlier termination of the IDA Sublease, as amended by the IDA Sublease Amendments;

(e) the date on which no Bonds shall be Outstanding; or

(f) the Final Lease Extension Date.

5.2. *Termination of Consent to Leasehold Mortgage.* Notwithstanding anything herein or in the Financing Documents or any consent or approval of the Port Authority thereto to the contrary, the Leasehold Mortgage and the Reletting Rights associated therewith shall become null and void, and the consent granted hereunder as to the Leasehold Mortgage, shall automatically terminate and end, without notice to the Lessee or any of the Financial Parties, in any event upon the earliest to occur of the following:

(a) the expiration, surrender or termination of the Basic Lease except that the Leasehold Mortgage and the Reletting Rights (but only if the Leasehold Mortgage shall not have terminated pursuant to any of paragraphs (b) through (i) of this Section 5.2, or for any other reason), shall not terminate solely by reason of the termination of the Basic Lease if there is a RNDA Effective Date upon the termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the RNDA, recognizes the Leasehold Mortgage and the Reletting Rights;

(b) the expiration, surrender or termination of the Lease except that the Leasehold Mortgage and the Reletting Rights (but only if the Leasehold Mortgage shall not have terminated pursuant to any of paragraph (a) or paragraphs (c) through (i) of this Section 5.2), (1) shall not terminate solely by reason of the termination of the Basic Lease if there is a RNDA Effective Date upon the termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the RNDA, recognizes the Leasehold Mortgage and the Reletting Rights, and (2) shall not terminate solely due to a deemed termination of the Lease, pursuant to Section 52(a) of the Lease, solely due to the occurrence of a Triggering Event;

(c) the termination, expiration or surrender (including without limitation discharge or release) of both of (i) the American Airlines Guaranty (except that if payment obligations of American Airlines, Inc. (including its permitted successors pursuant to and under the American Airlines Guaranty as the Guarantor thereunder provided each such permitted successor is then the Lessee under the Lease), thereunder with respect to the payment of principal, interest, purchase price or premium on the Bonds remain outstanding and unpaid, then upon the date when there are no such payment obligations remaining outstanding and unpaid); and (ii) the AMR Guaranty (except that if payment obligations of AMR (including its permitted successors pursuant to and under the AMR Guaranty as the Guarantor thereunder) thereunder with respect to the payment of principal, interest, purchase price or premium on the Bonds remain outstanding and unpaid, then upon the date when there are no such obligations remaining outstanding and unpaid);

(d) the date on which no Bonds shall be Outstanding;

(e) the expiration of the Reletting Election Period without the timely and effective exercise by the Leasehold Mortgagee of its election to exercise its Reletting Rights by service of its Reletting Election Notice on the Port Authority in accordance with the terms set forth in Section 92;

(f) the date of any written notice given by the Leasehold Mortgagee stating its election not to exercise its Reletting Rights under the Leasehold Mortgage;

(g) the effective date of the letting, pursuant to Section 92, of the Mortgaged Premises (whether for the full term of the Lease or otherwise) to an Approved Successor Lessee, whether resulting from a foreclosure of the Leasehold Mortgage, the exercise by the Leasehold Mortgagee of its Reletting Rights, an assignment in lieu of foreclosure or otherwise without the occurrence of the Lease Assignment/Assumption Commencement Date; *provided, however*, that

nothing contained in this Section 5.2(g) shall or shall be deemed to have amended any term or provision of Section 92 (including, without limitation, Section 92(t));

(h) the Lease Assignment/Assumption Commencement Date; and

(i) the expiration or earlier termination or cancellation of the Foreclosure Period.

5.3. *No Termination of Certain Sections of Master IDA Sublease.* No termination of the Subleases or this Consent Agreement shall terminate the obligations of the Lessee under Sections 3.3, 3.4, 3.8 and 6.2, 6.3, 6.5, 6.17 and 7.7 of the IDA Sublease, which are stated therein to survive such termination.

5.4. *Satisfaction and Discharge of Leasehold Mortgage.* Without limiting any of the rights of the Port Authority or the Lessee, legal or equitable, and without limiting any of the obligations of the Leasehold Mortgagee, legal or equitable, and without limiting Section 4.4 or the obligations of the Lessee and the Trustee thereunder, the Leasehold Mortgagee shall:

(a) within fifteen (15) days of the earlier of (i) the date as of which no Bonds remain Outstanding, (ii) the date on which the Leasehold Mortgage and the consent granted hereunder to such Leasehold Mortgage shall have terminated pursuant to Section 5.2 of this Consent Agreement and (iii) the Final Lease Extension Date, in each county or state office in which the Leasehold Mortgage was recorded, execute, acknowledge and/or prove, consistent, without limitation, with the provisions of Section 321 of Article 9, Chapter 50 of the New York Real Property Law and in like manner as to entitle a conveyance to be recorded, a certificate of discharge of mortgage;

(b) within ten (10) days of the receipt of a copy of the record of the Leasehold Mortgage or the certificate of discharge with the recording officer's mark thereon effecting the discharge of the Leasehold Mortgage, from each county or state office in which the Leasehold Mortgage was recorded, deliver to the Port Authority and the Lessee copies thereof;

(c) within fifteen (15) days of the earlier of (i) the date as of which no Bonds remain Outstanding, (ii) the date on which the Leasehold Mortgage and the consent granted hereunder to such Leasehold Mortgage shall have terminated pursuant to Section 5.2 of this Consent Agreement and (iii) the Final Lease Extension Date, execute, deliver and/or record any other documents and instruments as may be required or requested to discharge and satisfy the lien of the Leasehold Mortgage with respect to the Bonds; and

(d) within ten (10) days of the receipt of evidence of such additional execution, delivery and/or recording that was required or requested, deliver to the Port Authority and the Lessee copies thereof.

## ARTICLE VI. AMENDMENTS TO AND ASSIGNMENTS OF FINANCING DOCUMENTS.

6.1. *No Amendments or Assignments Other Than Permitted Amendments or Assignments.*

(a) Other than the Bond Resolutions, the Financing Documents shall not be supplemented, modified, amended, discharged or extended, except as specifically provided in Section 6.2 of this Consent Agreement, and except as specifically provided in paragraph (c) of this Section 6.1 with respect to the City Agreements, or except if the Port Authority shall execute a prior written consent thereto. Without limiting any term or condition of the Lease or this Consent Agreement, the Lessee shall deliver a copy of

the City-American Lease (as such term is defined in Section 3 (e) (2) (iv) of the Lease) to the Port Authority not later than five (5) business days after the execution thereof by the City and the Lessee; *provided, further, however*, that the receipt of such copy of the City-American Lease by the Port Authority shall not be binding on the Port Authority or waive or impair any rights or remedies of the Port Authority or require any action on the part of the Port Authority, and any action, or inaction, in connection with the receipt shall not be deemed to be a waiver or impairment of any rights or remedies that the Port Authority may have under the Lease or the Consent Agreement or otherwise.

(b) The rights and duties under the Subleases, the Indenture, the Leasehold Mortgage, the American Airlines Guaranty or the Bonds shall not be assigned or delegated, except as specifically provided in Sections 6.3 and 6.4 of this Consent Agreement, or except if the Port Authority shall execute a prior written consent thereto.

(c) Without the express prior written consent of the Port Authority, the City Agreements may not be amended in any way that the Port Authority determines would have a material adverse effect on the Port Authority. In addition to and without limiting the foregoing, the City Agreements may not be amended, without the express prior written consent of the Port Authority, in any way that would have the effect of providing for a term of the City-American Lease other than as specified in Section 94 (a) (1) of the Lease, whether or not such amendment would have a material adverse effect on the Port Authority.

6.2. *Permitted Amendments to Certain Financing Documents.*

(a) Additional Documents executed in connection with the issuance of Additional Bonds shall be consistent in form and substance with the Forms of Additional Documents, subject only to such changes that fix and determine the Financial Terms of or with respect to Additional Bonds and related Financing Documents (excluding the Leasehold Mortgage, the City Agreements and the Guaranties); *provided, however*, that the Lessee shall execute and deliver to the Port Authority, within ten (10) business days of the closing of the sale of Additional Bonds, an Additional Bonds Covenant Certificate, together with:

(1) final copies of any Additional Bond Resolutions;

(2) executed copies of any Additional Bonds;

(3) executed copies of any Additional Supplemental Indenture(s);

(4) executed copies of any IDA Sublease Amendments;

(5) executed copies of all agreements with the Credit Facility Provider, if any, with respect to the Credit Facility, if any; and

(6) an opinion of Lessee's counsel, addressed to the Port Authority, that the execution and issuance of the Additional Documents does not violate the terms and conditions of this Section 6.2(a).

(b) The Financing Documents (excluding the Leasehold Mortgage, the City Agreements and the Guaranties) may be supplemented, amended or modified solely for the purpose of (i) further fixing and determining, or modifying, the Financial Terms of Bonds which are Outstanding and/or (ii) curing any ambiguity, or curing or correcting any defective provision or omission; *provided, however*, that no such supplement, amendment or modification shall alter, impair or adversely impact the Port Authority's rights and remedies under this Consent Agreement, the Lease or the Basic Lease or otherwise; and *further, provided, however*, that the Lessee shall execute and deliver to the Port Authority, within ten

(10) business days of the execution of any Additional Minor Modification Documents, an Additional Lessee Covenant Certificate, together with:

(1) final executed copies of any Additional Minor Modification Documents; and

(2) an opinion of Lessee's counsel, addressed to the Port Authority, that the execution and issuance of the Additional Minor Modification Documents does not violate the terms and conditions of this Consent Agreement or of the Lease; *provided, however*, that such opinion may assume that the execution and issuance of any supplement, amendment or modification of the Financing Documents, which is done solely for the purpose of further fixing and determining, or modifying, the Financial Terms of Bonds which are Outstanding, does not alter, impair or adversely impact the Port Authority's rights and remedies under the Consent Agreement, the Lease, the Basic Lease or otherwise.

6.3. *Permitted Assignments.*

(a) The Lessee may only assign its rights and delegate its duties under the Subleases, the Leasehold Mortgage and the American Airlines Guaranty to the Trustee, the Leasehold Mortgagee or a Section 19 Assignee.

(b) The IDA may only assign its rights and delegate its duties under the Subleases, the Indenture and the Bonds to the Trustee, the Leasehold Mortgagee or a Section 19 Assignee Issuer.

6.4. *Successor Trustee.*

(a) The IDA shall notify the Port Authority of any proposed Successor Trustee forty-five (45) days prior to the date on which such proposed Successor Trustee is to be appointed as Successor Trustee; *provided, however*, without limiting paragraph (b) below, that, notwithstanding the foregoing, the consent of the Port Authority shall not be required for the appointment of a Successor Trustee.

(b) Any Successor Trustee shall execute and deliver to the Port Authority a Successor Trustee Certificate of Assumption and Agreement, which shall be executed in the form of *Exhibit O* of this Consent Agreement and which shall be effective as of the same date that such Successor Trustee is appointed as Successor Trustee.

6.5. *Addition of Credit Facility Provider.* In the event that the Lessee elects to add a Credit Facility to provide liquidity and/or credit support for any series of Bonds, the Credit Facility Provider duly selected shall execute and deliver to the Port Authority a Credit Facility Provider Certificate of Assumption and Agreement, which shall be executed in the form of *Exhibit I* of this Consent Agreement and which shall be effective as of the same date that the Credit Facility is effective.

## ARTICLE VII. NOTICES AND COPIES.

7.1. *Notices.* The Lessee shall give written notice to the Port Authority of the following: (and the Trustee/Leasehold Mortgagee and the IDA shall send informational copies to the Port Authority simultaneously with giving any such notice to the Lessee):

(a) within five (5) business days, receipt by the Lessee of a notice of an Event of Default under the Indenture, the Subleases and/or the Leasehold Mortgage, which notice to the Port Authority shall include a copy of any such notice of an Event of Default;

(b) within five (5) business days, any action or notice thereof on the part of any of the Financial Parties to enforce any remedies against the Lessee, including any of the remedies provided in the Indenture, the Subleases and/or the Leasehold Mortgage;

(c) within ten (10) business days, any amendment of the Indenture deemed necessary in the opinion of Bond Counsel to ensure continued tax exemption of the Bonds;

(d) within five (5) business days, any Determination of Taxability and any subsequent opinion of counsel contesting such determination;

(e) within ten (10) business days and with a full description, the defeasance, refunding, redemption, discharge, cancellation, acceleration or payment of any series of Bonds.

7.2. *Copies.* The Lessee or the Trustee shall promptly provide to the Port Authority five (5) copies of all of the following:

(a) opinions of counsel, rendered in connection with the Financing Transaction;

(b) Preliminary Official Statements and Official Statements published in connection with the sale of any series of Bonds; and

(c) any notice received by the Trustee pursuant to Section 6.12 of IDA Sublease;

*provided, however*, that the receipt of such copies by the Port Authority shall not be binding on the Port Authority or require any action on the part of the Port Authority, unless otherwise required by the Lease or other agreements, and any action, or inaction, in connection with the receipt of such opinions, notices or certificates shall not be deemed to be a waiver of any rights that the Port Authority may have under the Lease or this Consent Agreement or otherwise; *provided, further, however*, that nothing herein shall be deemed to require any of the foregoing to be addressed to, or to run to the benefit of, the Port Authority; and provided that none of the same limit, impair, restrict or alter any rights or remedies of the Port Authority.

## ARTICLE VIII. DEFAULTS, RIGHTS AND REMEDIES.

8.1. *Limitations of Liability.*

(a) Neither the Commissioners of the Port Authority nor any of them, nor any officer, agent or employee thereof shall be held personally liable to the Lessee or any of the Financial Parties under any term or provision of this Consent Agreement or because of the execution or attempted execution of this Consent Agreement or because of any breach or alleged breach thereof.

(b) With respect to the IDA, it is agreed that the IDA, its officers, members, employees, agents and directors shall have no personal liability hereunder, nor in their capacity as officers, members, employees, agents and directors. The IDA has executed this Consent Agreement to subject its interest in the Subleases to this Consent Agreement; however, no party shall have recourse to the IDA other than to its interest in the Subleases and/or its rights and interests pledged under the Indenture. No provision, covenant or agreement contained in this Consent Agreement or any obligations therein imposed upon the IDA or the breach thereof shall constitute or give rise or impose upon the IDA a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this Consent Agreement, the IDA has not obligated itself except with respect to the Subleases. All covenants, stipulations, promises, agreements and obligations of the IDA contained herein shall be deemed to be

covenants, stipulations, promises, agreements and obligations of the IDA and not of any member, director, officer, employee or agent of the IDA in his individual capacity, and no recourse shall be had for the payment of any sums due or for any claim based on this Consent Agreement or hereunder against any member, director, officer, employee or agent of the IDA or any natural person executing this Consent Agreement.

(c) No provisions of any of the Financing Documents imposing obligations on the Lessee or any of the Financial Parties with respect to laws, ordinances, statutes, orders, taxes, assessments and liens, shall be construed as a submission or admission by the Port Authority that the same could or does lawfully apply to the Port Authority.

8.2. *Limited Rights of Lessee and Financial Parties.*

(a) The Lessee and each of the Financial Parties hereby expressly waive any and all rights and remedies granted to them under the Act with respect to or against the Redevelopment Work, the Lease, the Premises and the Port Authority in connection with the Financing Documents and the Financing Transaction (other than (i) the interests, rights and remedies of the Leasehold Mortgagee under and subject to Section 92 and (ii) any rights to accelerate and collect rentals from the Lessee under the Subleases).

(b) The Lessee and each of the Financial Parties hereby represent to and agree with the Port Authority that the only right and interest that the IDA shall have in the Premises is to sublease the Leased Facilities from and to the Lessee and impose upon the Lessee the obligations set forth in the Subleases and that none of the Financial Parties shall have any other interest in the Premises or the Lease under the Financing Documents with the exception as to American Airlines, Inc. or any Section 19 Assignee which shall have contractual rights, granted to American Airlines, Inc. by the City under the American-City Agreement and RNDA in accordance with their terms and the terms, covenants and conditions of the Lease with respect thereto, nor any rights under the Act (other than (i) the interests, rights and remedies of the Leasehold Mortgagee under the Leasehold Mortgage, subject to Section 92, and (ii) any rights to accelerate and collect rentals from the Lessee under the Subleases), the Real Property Actions and Proceedings Law of the State of New York, the Real Property Law of the State of New York, or otherwise, in the Premises or the Lease, including but not limited to, any rights to perform the promises and covenants of the Lessee under the Lease, any rights to enforce the rights and remedies of the Lessee against the Port Authority under the Lease or otherwise, any rights of possession, entry, re-entry, redemption, eviction or regaining or resumption of possession (except as expressly set forth in Section 92), any right to the appointment of a receiver or (except as expressly set forth in Section 92) to sell, convey, transfer, mortgage, acquire, pledge, assign, let or resublet the Premises, the Redevelopment Work or the Lease or any part thereof or any rights created thereby or the letting thereunder. With respect to the City Agreements, in accordance with Section 94 (h) of the Lease the Lessee and each of the Financial Parties agree that it shall not claim that the American-City Agreement (as defined in Section 3 of the Lease) constitutes or shall constitute or creates any estate or other property right or property interest in the Premises, and without limiting the generality of the foregoing, the Lessee and each of the Financial Parties hereby expressly waive any and all rights and remedies with respect to any estate and other property interests or property rights, if any, in the Premises that the Lessee or the Leasehold Mortgagee may have under the American-City Agreement; and without limiting the generality of the foregoing, the Lessee and each of the Financial Parties further agree that they shall not claim that the City Agreements constitute or create any estate, right or interest in the Premises subsequent to the Final Lease Extension Date (as defined in Section 3 of the Lease).

(c) The Lessee and each of the Financial Parties hereby represent to and agree with the Port Authority that they shall not, either in an individual or collective capacity, have any claim, interest, remedy, right or action against the Port Authority or the Premises or under the Lease (other than (i) the

interests, rights and remedies of the Leasehold Mortgagee under the Leasehold Mortgage subject to Section 92 and (ii) any rights to accelerate and collect rentals from the Lessee under the Subleases) at law or in equity arising out of or in connection with the Act, the Financing Documents or the Financing Transaction.

(d) The Lessee and each of the Financial Parties understand and agree that no consent is being given hereunder to the actual occupancy of the Premises by any of the Financial Parties and that any actual occupancy of any portion of the Premises, or any appointment of a receiver, entry, re-entry, redemption, eviction or regaining or resumption of possession, or any selling, transferring, mortgaging, acquiring, pledging or assigning (except as expressly permitted and set forth in Section 92 with respect to the Leasehold Mortgagee's Reletting Rights) of any portion of the Premises, the Redevelopment Work or the Lease by any Financial Party shall be and be deemed to be a material breach of the Lease permitting the Port Authority to terminate the Lease in accordance with its terms.

8.3. *Consent Agreement Not a Mortgage.* The Lessee and each of the Financial Parties understand and agree that this Consent Agreement is not a mortgage and shall not be deemed to create a mortgage or any other security interest in the Premises, the Lease or the Subleases.

8.4. *Indemnity.*

(a) The Lessee and AMR shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents and employees from and against all claims and demands of third persons (including without limitation the Lessee and each of the Financial Parties) of every kind or description whatsoever, (whether arising or alleged to arise from acts or omissions of the Port Authority (excepting such claims and demands arising from the sole negligence of the Port Authority) or of the Lessee or of the Commissioners, officers, agents, directors or employees of the Port Authority or of the Trustee, including claims and demands of the City, for indemnification arising by operation of law or pursuant to the indemnification provisions of the Basic Lease) arising or alleged to arise out of or in connection with the Financing Transaction, the Financing Documents and/or this Consent Agreement and/or any Wrongful Recording of the Leasehold Mortgage.

(b) The Lessee shall reimburse the Port Authority for the Port Authority's costs and expenses, including, but not limited to, legal costs and expenses incurred for the defense, settlement or satisfaction of any of the foregoing. If so directed the Lessee shall, at its own cost and expense, defend any suit against the Port Authority based on any such losses, injuries, liabilities, claims and demands (even if such suit or demand is or appears to be groundless, false or fraudulent) and in defending such, it shall not, without obtaining express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority.

(c) It is hereby understood and agreed that the covenant of indemnity set forth in this Section 8.4 is independent of all covenants of indemnity set forth in the Lease and, therefore, does not amend or modify the parties' respective rights and obligations relating to any covenants of indemnity set forth in the Lease.

8.5. *Default and Remedies Under this Consent Agreement.*

(a) Any breach or default of any of the terms and conditions of this Consent Agreement by the Lessee shall constitute a material breach of the Lease and permit the Port Authority to terminate the Lease in accordance with its terms, unless the Lessee has cured such breach or default within thirty (30)

days after receipt of notice of default thereunder from the Port Authority (except where fulfillment of its obligations requires activity over a period of time, and the Lessee shall have commenced to perform whatever may be required for fulfillment within thirty (30) days after receipt of notice and continues such performance without interruption except for causes beyond its control).

(b) Any breach or default of any of the terms and conditions of this Consent Agreement by any Financial Party shall not be deemed a breach of the Lease or give rise to a right of termination of the Lease by the Port Authority.

(c) The Lessee hereby covenants and agrees, after receipt of a written notice from the Port Authority of any breach or default by any Financial Party, to use its good faith commercially reasonable efforts to cure such breach or default or to cause any defaulting Financial Party to cure such breach or default; *provided, however,* that it is hereby agreed and understood that any failure of the Lessee, after having used good faith commercially reasonable efforts, to cure or cause the cure of any such breach or default by any of the Financial Parties, shall in no event be deemed to constitute a breach of the Lease or give rise to a right of termination of the Lease by the Port Authority.

(d) It is hereby understood and agreed that the Port Authority may pursue whatever rights and remedies it has at law or in equity for a breach or default of this Consent Agreement by any Financial Party, and the Lessee hereby agrees to indemnify and hold harmless the Port Authority for any costs and expenses actually incurred by the Port Authority if it chooses to, independently of action being taken by the Lessee, pursue the cure of any such breach or default.

8.6. *Rights and Remedies of the Port Authority Not Limited By This Consent Agreement.*

(a) The enumeration in this Consent Agreement of specific rights and remedies of the Port Authority shall not be deemed to limit any other rights or remedies that the Port Authority would have in the absence of such enumeration, and no exercise by the Port Authority of any right or remedy shall operate as a waiver of any other of its rights or remedies not inconsistent therewith or to prevent it from exercising such other rights and remedies.

(b) No failure by the Port Authority to insist upon the strict performance of, or compliance with, any agreement, term, covenant or condition of this Consent Agreement or to exercise any right or remedy consequent upon a breach or default thereof, and no supplement, extension or amendment of this Consent Agreement during or after a breach thereof, unless expressly stated to be a waiver, and no acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part after or during the continuance of any such breach or default, shall constitute a waiver of any such breach or default of such agreement, term, covenant or condition.

(c) No agreement, term, covenant or condition of this Consent Agreement to be performed or complied with by the Lessee or any of the Financial Parties and no breach or default thereof, shall be waived, altered or modified except by a written instrument executed by the Port Authority.

(d) No waiver by the Port Authority of any default or breach on the part of the Lessee or any of the Financial Parties in the performance of, or compliance with, any agreement, term, covenant or condition of this Consent Agreement shall affect or alter this Consent Agreement, but each and every agreement, term, covenant and condition thereof shall continue in full force and effect with respect to any other then existing or subsequent breach or default thereof.

8.7. *Interpretation of the Leasehold Mortgage.* Without limiting the generality of any of the terms and conditions of this Consent Agreement or the Lease, it is hereby expressly understood and agreed that:

(a) the Leasehold Mortgage, including, without limitation, the lien created thereby, is granted subject to all of the terms, covenants and conditions of Section 92, and neither the Leasehold Mortgage, the lien created thereby, nor any of the terms, covenants and conditions of Section 92 is intended, nor shall be construed to, expand in any way any rights of the Lessee under the Lease; and

(b) no waiver of performance by the Lessee or the Leasehold Mortgagee under the Leasehold Mortgage shall be deemed to be a waiver by the Port Authority of its rights under the Lease.

8.8. *Right of Port Authority to Receive title to IDA's Interest In Facility.*

(a) As provided in Section 92(v) of the Lease, the Port Authority shall have the right following the giving of notice by the Leasehold Mortgagee of the Leasehold Mortgagee's intention to foreclose the Leasehold Mortgage or a request that the Lessee assign the Lessee's interest in lieu of foreclosure, to tender to the Leasehold Mortgagee the total amount specified in such notice from the Leasehold Mortgagee, including per diem interest through the date of such tender, and upon such tender the Leasehold Mortgage shall terminate and be of no further force and effect.

(b) Promptly following the tender of such amount specified in Section 8.8(a) by the Port Authority, the Leasehold Mortgagee shall execute a satisfaction of the Leasehold Mortgage, cause the same to be filed in the Office of the City Register for Queens County and take all other and additional actions that are required in order to discharge the lien of the Leasehold Mortgage as of record.

(c) Upon the payment by the Port Authority of the amount specified in Section 8.8(a), the IDA shall, unless otherwise then declined by the Port Authority, transfer and convey to the Port Authority, without any additional consideration, all of the IDA's interest in and title to the Facility (including but not limited to all items of equipment and personal property at the Premises the purchase or construction of which were financed by the proceeds of the Bonds), all, or such part as the Port Authority then elects (including trade fixtures but excluding ground vehicles) including without limiting the generality of the foregoing any system for handling baggage, any counters, and any passenger loading bridges.

(d) The Lessee, the Leasehold Mortgagee and the IDA hereby agree that on the effective date of such transfer to the Port Authority none of the items specified in Section 8.8(c) shall be subject to any lien, security interest or other encumbrance.

(e) In connection with the transfer by the IDA of its interest in and title to the Facility, as described in Section 8.8(c), upon the request of the Port Authority, the Lessee, the Leasehold Mortgagee and the IDA shall execute a bill of sale or such other document of conveyance as the Port Authority may reasonably request to transfer title to the aforesaid items to the Port Authority (including a warranty of title to the Port Authority which warranty may be based solely on the warranty of title given to the IDA by the Lessee) and including without limitation any and all appropriate filings pursuant to the Uniform Commercial Code, and the Lessee, the IDA and the Leasehold Mortgagee shall from time to time execute such other documentation as the Port Authority may reasonably request and prepare evidencing the option of the Port Authority, as provided in this Section 8.8.

8.9 *Rights Pursuant to Leasehold Mortgage.*

(a) Excepting any Wrongful Recording of the Leasehold Mortgage and any rights, claims, remedies or defenses arising therefrom, the Lessee acknowledges and agrees that under no circumstances shall alleged non-compliance by the Lessee, AMR, the IDA, the Port Authority or any Financial Party with any of the terms, conditions or representations contained in this Consent Agreement be a defense by the Lessee in any proceeding brought by the Leasehold Mortgagee to enforce its rights under the Leasehold Mortgage or any provision thereof.

(b) Excepting any Wrongful Recording of the Leasehold Mortgage and any rights, claims, remedies or defenses arising therefrom, the Lessee hereby waives all defenses of the Lessee, if any, to the enforcement of the Leasehold Mortgage or any provision thereof that may arise out of (i) any purported invalidity, termination (except as specifically set forth in Section 5.2 of this Consent Agreement) or inapplicability of this Consent Agreement or (ii) any non-compliance with any of the terms, conditions or representations contained in this Consent Agreement by the Lessee, AMR, the IDA, the Port Authority or any Financial Party.

(c) Excepting any Wrongful Recording of the Leasehold Mortgage and any rights, claims, remedies or defenses arising therefrom and excepting the terms, conditions and provisions of Article IV of this Consent Agreement, after the proper execution, delivery and recording of the Leasehold Mortgage in the form attached hereto as Exhibit G and in compliance with the Lease and this Consent Agreement and following the Reletting Rights Effective Date and the satisfaction of all conditions as set forth in Section 4.2 of this Consent Agreement, no violation of any covenant or condition contained in this Consent Agreement by any party hereto, shall in any way affect, invalidate, impair or (except as specifically set forth in Section 92 and in Section 5.2 of this Consent Agreement) terminate the Leasehold Mortgage or affect the lien thereof; *provided, however*, that where there is a Wrongful Recording of the Leasehold Mortgage or where any such violation or any misrepresentation constitutes a Wrongful Recording of the Leasehold Mortgage, the Leasehold Mortgage and the lien thereof shall not be entitled to the foregoing protection.

(d) It is hereby expressly understood and agreed that nothing provided in this Section 8.9 shall be construed to waive, limit, impair or preclude any right, remedy, claim or defense of, or indemnity in favor of, the Port Authority, or any other party, including, without limitation, any right, remedy, claim, defense or indemnity available to the Port Authority or any other party by subrogation or otherwise, with respect to the matters provided for in this Section 8.9, or with respect to any Wrongful Recording of the Leasehold Mortgage, and including further, without limitation, the right of the Port Authority to terminate the Lease in accordance with paragraph (d)(2) of Section 92.

(e) Without limiting paragraph (e) of Section 92 or any other term, covenant, provision or condition or the Lease and without limiting Section 5.2 of this Consent Agreement, the parties acknowledge that if the Lease is terminated pursuant to Section 20 thereof, then the Leasehold Mortgage and the lien created thereby simultaneously and automatically terminate, end and be discharged.

## ARTICLE IX. MISCELLANEOUS.

9.1. *Notices.* All copies, notices, requests, permissions, consents and approvals given or required to be given by the parties under this Consent Agreement shall be deemed to have been properly given or made if given in writing and delivered personally to or mailed by certified or registered mail, return receipt requested, addressed as follows or to such other officer or address as may be substituted therefor by notice to the signatories to this Consent Agreement.

***If to the Port Authority:***

The Port Authority of New York
and New Jersey
225 Park Avenue South
New York, New York 10003
Attention: Executive Director

***If to the Lessee:***

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Vice President and Treasurer (MD 5566)
Copy To: Corporate Real Estate (MD 5317) and General Counsel (MD 5618)

***If to the IDA:***

New York City Industrial Development Agency
110 William Street,
New York, New York 10038
Attention: Chairman
Copy To: Executive Director

***If to the Trustee:***

The Bank of New York
101 Barclay Street, Floor 21W
New York, New York 10286
Attention: Corporate Trust Administration

***If to AMR:***

4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Vice President and Treasurer (MD 5566)
Copy To: General Counsel (MD 5618)

9.2. *Port Authority Fee.* Upon delivery of an executed copy of this Consent Agreement to the Lessee and the execution thereof by all parties, the Lessee shall pay to the Port Authority the sum of (Ex. 2.a.)

9.3. *Counterparts.* This Consent Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

9.4. *Choice of Law.* This Consent Agreement shall be governed by and construed in accordance with the laws of the State of New York, excluding its choice of law rules.

9.5. *Amendments and Waivers.* This Consent Agreement constitutes the entire agreement of the parties, and sets forth the entire understanding of the parties as to the subject matter hereof, and no

modification, rescission, waiver, release or amendment of any provision of this Consent Agreement shall be made except by a written agreement executed by the parties hereto.

9.6. *Titles*. Titles to the Articles and Sections of this Agreement are solely for the convenience of the parties, are not an aid in the interpretation of this Consent Agreement or any part thereof, and shall in no way define the limit or describe the scope or intent of any provision of this Consent Agreement.

9.7. *Rules of Construction*. The parties agree that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be applicable to the interpretation of this Consent Agreement, any exhibits hereto, or any amendments, modifications or supplements hereto.

9.8. *Representations of Port Authority.*

(a) The Port Authority represents to the Lessee and each of the Financial Parties that, as of the Effective Date, it has not given a notice of default or a notice of termination to the Lessee under the Lease and that the Lease is in full force and effect.

(b) Francis DiMola, who executed this Consent Agreement on behalf of the Port Authority, having inquired of the senior and middle management staff in the Aviation Department of the Port Authority and of the Chief Financial Officer of the Port Authority, to the best of his knowledge hereby represents, as of the Effective Date, as follows:

(i) The Port Authority has not received any notice from the City purporting to terminate the Basic Lease.

(ii) The Port Authority has not, prior to the Effective Date, mortgaged its interest in the Premises or assigned or encumbered its rights under the Basic Lease or its interest in the Premises in a manner that would subject the rentals payable by the Lessee under the IDA Sublease, as amended, modified or supplemented by any IDA Sublease Amendments, to such assignment or encumbrance.

(iii) All actions required to be taken within the Port Authority for the execution and delivery by the Port Authority of this Consent Agreement and Supplement No. 1 have been taken.

9.9. *Termination of this Consent Agreement.* Except as otherwise provided in Section 9.10 of this Consent Agreement, this Consent Agreement shall terminate, and the rights and obligations of the parties hereunder shall cease, upon the earliest to occur of (i) the effective date of the termination or expiration of the Basic Lease, (ii) the effective date of the termination (except solely due to a deemed termination of the Lease, pursuant to Section 52(a) of the Lease, solely due to the occurrence of a Triggering Event) or expiration of the Lease or (iii) the Final Lease Expiration Date.

9.10. *Survival of Certain Obligations.* Notwithstanding any prior termination of the Port Authority's consent to the Subleases or the Leasehold Mortgage pursuant to Sections 5.1 and/or 5.2 of this Consent Agreement, Sections 3.5, 8.1 and 8.4 of this Consent Agreement shall survive the termination of this Consent Agreement.

IN WITNESS WHEREOF, the Port Authority, the Lessee, the IDA, AMR and the Trustee have executed these presents.

ATTEST:

Assistant Secretary

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

By

Title Assistant Director - Aviation

(Seal)

ATTEST:

Secretary

AMERICAN AIRLINES, INC.
(Lessee)

By

(Name)

(Title)

(Corporate Seal)

ATTEST:

Asst. Secretary

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
(IDA)

By

Deputy Executive Director

(Corporate Seal)

ATTEST:

Secretary

THE BANK OF NEW YORK
(Trustee)

By

Title

(Corporate Seal)

ATTEST:

(Secretary)

AMR CORPORATION
(Guarantor)

By

Title

(Corporate Seal)

IN WITNESS WHEREOF, the Port Authority, the Lessee, the IDA, AMR and the Trustee have executed these presents.

ATTEST:

THE PORT AUTHORITY OF NEW YORK
AND NEW JERSEY

_____
Secretary

By_____
Title_____

(Seal)

ATTEST:

AMERICAN AIRLINES, INC.
(Lessee)

Secretary

By
Beverly K. Goulet
Vice-President

(Corporate Seal)

ATTEST:

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY
(IDA)

_____
Secretary

By_____
Deputy Executive Director
(Corporate Seal)

ATTEST:

THE BANK OF NEW YORK
(Trustee)

_____
Secretary

By_____

Title_____
(Corporate Seal)

ATTEST:

AMR CORPORATION
(Guarantor)

Assistant Secretary

By
Charles D. MarLett
Secretary

IN WITNESS WHEREOF, the Port Authority, the Lessee, the IDA, AMR and the Trustee have executed these presents.

ATTEST:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

_____
Secretary

By_____
Title_____

(Seal)

ATTEST:

AMERICAN AIRLINES, INC.
(Lessee)

_____
Secretary

By_____
(Name)
(Title)_____
(Corporate Seal)

ATTEST:

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
(IDA)

_____
Secretary

By_____
Deputy Executive Director
(Corporate Seal)

ATTEST:

THE BANK OF NEW YORK
(Trustee)

CRAIG S. WENZLER
Assistant Vice President
Secretary

By Beverly Gardner-Samuel
Title BEVERLY GARDNER-SAMUEL
Assistant Treasurer
(Corporate Seal)

ATTEST:

AMR CORPORATION
(Guarantor)

_____
(Secretary)

By_____
Title_____
(Corporate Seal)

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

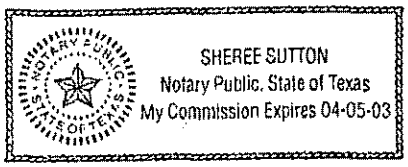
On the 29th day of July, 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Francis DiMola, of the Aviation Department of the PORT AUTHORITY OF NEW YORK AND NEW JERSEY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s), acted, executed the instrument.

Notary Public

TIMOTHY G. STICKELMAN
Notary Public, State of New York
No. 01ST4817298
Qualified in Suffolk County
Commission Expires March 30, 2003

STATE OF TEXAS )
) ss.
COUNTY OF TARRANT )

On the 29th day of July, 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Beverly K. Goulet, of AMERICAN AIRLINES, INC., personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s), acted, executed the instrument.




Sheree Sutton
Notary Public

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

On the 30th day of July, in the year two thousand and two, before me, the undersigned, personally appeared Carolyn A. Edwards, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Gary R. Basso
Notary Public

GARY R. BASSO
NOTARY PUBLIC, State of New York
No. 4880911
Qualified in ~~Westchester~~ Putnam County
Commission Expires Dec. 29, 2002

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

On the 30th day of July, in the year two thousand and two, before me, the undersigned, personally appeared Beverly Gardner, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

GARY R. BASSO
NOTARY PUBLIC, State of New York
No. 4880911
Qualified in Westchester County
Commission Expires Dec. 29, 20 02

STATE OF TEXAS )
) ss.
COUNTY OF TARRANT )

On the 29th day of July, 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Charles D. MarLett, of AMR CORPORATION, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s), acted, executed the instrument.

SHEREE SUTTON
Notary Public, State of Texas
My Commission Expires 04-05-03

Sheree Sutton
Notary Public

# EXHIBIT A

## COMPANY SUBLEASE

See item #7 of the Records of Proceedings

# EXHIBIT B

# IDA LEASE

See item #8 of the Records of Proceedings

# EXHIBIT C

# MASTER INDENTURE

See item #9 of the Records of Proceedings

# EXHIBIT D

## 2002 SUPPLEMENTAL INDENTURES

See items #10 &11 of the Records of Proceedings

# EXHIBIT E

## AMERICAN AIRLINES GUARANTY

**See item #12 of the Records of Proceedings**

# EXHIBIT F

## AMR GUARANTY

See item #13 of the Records of Proceedings

# EXHIBIT G

# FORM OF THE LEASEHOLD MORTGAGE

See item #14 of the Records of Proceedings

# EXHIBIT H

## BOND RESOLUTIONS

See item #19 Exhibit B of the Records of Proceedings

EXHIBIT I

## CREDIT FACILITY PROVIDER
## CERTIFICATE OF ASSUMPTION AND AGREEMENT

**To:** The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003
**Attention:** Executive Director

Pursuant to the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002 (the "Consent Agreement") by and among American Airlines, Inc. (the "Lessee"), AMR Corporation, the New York City Industrial Development Agency, The Bank of New York and The Port Authority of New York and New Jersey (the "Port Authority"), and pursuant to Section 92 (such term and all other terms of special meaning having the meanings ascribed to such terms in or pursuant to the Consent Agreement), the undersigned, as a Credit Facility Provider, as defined in the Consent Agreement, hereby agrees to, and agrees to be bound by, all the terms, provisions and conditions of the Consent Agreement.

The undersigned Credit Facility Provider hereby certifies that the proper address for giving of written notice by the Port Authority to the Credit Facility Provider is as follows:

ATTEST: [Legal Name of Credit Facility Provider]

_____
Secretary

By_____

(Title) Vice-President
(Corporate Seal)

Exhibit J

July 31, 2002

To Each of the Persons
Listed on Schedule I Attached Hereto:

**$ 500,000,000**
**New York City Industrial Development Agency**
**Special Facility Revenue Bonds, Series 2002**
**(American Airlines, Inc. John F. Kennedy International Airport Project)**

Ladies and Gentlemen:

We have acted as special New York counsel to (i) American Airlines, Inc., a Delaware corporation (the "Company") and (ii) AMR Corporation, a Delaware corporation ("AMR"), in connection with the preparation of the form of Leasehold Mortgage and Security Agreement (attached as Exhibit G to the Consent Agreement) (the "Leasehold Mortgage") which Leasehold Mortgage is being prepared in connection with the transactions contemplated by the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated July 25, 2002, among Salomon Smith Barney Inc., as Senior Managing Underwriter on behalf of the several Underwriters named therein, the Company, AMR and the New York City Industrial Development Agency (the "Issuer") relating to the issuance and sale by the Issuer of $500,000,000 aggregate principal amount of its Special Facility Revenue Bonds, Series 2002 (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Bonds") issued pursuant to a Master Indenture of Trust, dated as of July 1, 2002, as supplemented by a First Series Supplemental Indenture of Trust, dated as of July 1, 2002 and by a Second Series Supplemental Indenture of Trust, dated as of July 1, 2002 (collectively, the "Indenture") between the Issuer and The Bank of New York, as Trustee. Unless otherwise defined herein, capitalized terms used herein without definition shall have the meaning specified in the Indenture or, if not defined therein, in the Bond Purchase Agreement.

The opinion expressed below is furnished to you pursuant to Section 4.2(b) of the Consent Agreement and Section 9(d)(13) of the Bond Purchase Agreement.

In arriving at the opinion expressed below,

(a) we have examined and relied on the originals, or copies certified or otherwise identified to our satisfaction, of the Company Documents and AMR Documents,

(b) we have examined and relied on such corporate documents and records of the Company and AMR and such other instruments and certificates of public officials, officers and representatives of the Company and AMR and other persons as we have deemed necessary or appropriate for the purposes of this opinion,

(c) we have examined and relied upon the representations and warranties as to factual matters contained in or made pursuant to the Company Documents and AMR Documents, and

(d) we have made such investigations of law as we have deemed appropriate as a basis for this opinion.

In rendering the opinions expressed below, we have assumed, with your permission, without independent investigation or inquiry, (a) the authenticity of all documents submitted to us as originals, (b) the genuineness of all signatures on all documents that we examined, (c) the conformity to authentic originals of documents submitted to us as certified, conformed or photostatic copies and (d) the due authorization, execution and delivery by each of the parties thereto of each of the Company Documents and AMR Documents, the corporate or partnership power and authority of each such person to enter into and perform its obligations under each such document, the enforceability of each such document and the binding effect thereof as against each such person.

Based upon and subject to the foregoing and the qualifications hereinafter set forth, we are of the opinion that:

The Leasehold Mortgage is in a form sufficient (a) to create a valid and effective lien in favor of the Trustee for the benefit of the bondholders on and against the leasehold interest of the Company in the real property, other than fixtures (the "Mortgaged Premises") created under that that certain Amended and Restated Agreement of Lease (Lease No. AYB-085R) made as of December 22, 2000 between the Company and the Port Authority and described in such Leasehold Mortgage (the "Leasehold Estate") and (b) for recording in the office of the City Register for Queens County, New York. In

order to provide constructive notice of the lien intended to be created on the Leasehold Estate by the Leasehold Mortgage, it is necessary to record the Leasehold Mortgage in the office of the City Register for Queens County, New York in accordance with the recording system established by applicable laws of the State of New York. We have assumed that the Company has or will have a leasehold interest of record in the Mortgaged Premises at the time of recording of the Leasehold Mortgage.

The opinion expressed above is subject to the following limitations, exceptions and assumptions:

A. Our opinion is qualified to the extent that the lien on the Leasehold Estate intended to be created by the Leasehold Mortgage may be limited by (i) applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium, fraudulent conveyance or similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) general principles of equity and certain legal or statutory principles, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing.

B. We have not made or undertaken to have made any investigation of the state of title to the Mortgaged Premises or the validity of the leasehold interest in the Mortgaged Premises, and we express no opinion as to (i) the title to or other ownership rights in such property, (ii) the legal description of such property, (iii) the priority of any lien or security interest intended to be created by the Leasehold Mortgage, or (iv) the absence of any conflicting rights of others with respect to such property.

C. We have assumed that the Company has "rights" in the Leasehold Estate and that "value" has been given.

D. The opinion expressed herein does not encompass, and we express no opinion with respect to, the creation of any security interest in the fixtures or any other personal property described in the Leasehold Mortgage.

E. The opinion expressed herein does not encompass, and we express no opinion with respect to, the filings and other acts that may be required in the State of New York in connection with foreclosure or other realization upon the property subject to security interests pursuant to the Leasehold Mortgage.

F. We express no opinion with respect to any provision of the Leasehold Mortgage that purports to permit the Trustee or any person to sell or otherwise dispose of any of the Leasehold Estate except in compliance with applicable federal and state laws.

G. We express no opinion with respect to the ability of the Trustee to proceed with foreclosure of the lien under the Leasehold Mortgage without accelerating the underlying indebtedness evidenced by the Bonds as guaranteed by the Guaranty.

H. We express no opinion as to any law relating to the protection of the environment or to building codes, zoning, land use controls, environmental or similar matters.

I. We express no opinion as to the effectiveness against third parties of any provision of the Leasehold Mortgage purporting to grant a lien on after-acquired real property.

J. We express no opinion as to the applicability or effect of, or compliance with, any provision of any federal or state securities laws.

K. In rendering the foregoing opinion, we have relied upon the opinions, dated today, of Anne McNamara, Esq., General Counsel of the Company and AMR, as to all matters contained therein. To the extent of such reliance, our opinion is subject to the same assumptions, qualifications and limitation as are contained therein. We express no opinion as to the laws of any jurisdiction other than the laws of the State of New York and the Federal laws of the United States of America, in each case that in our experience are generally applicable to transactions of this type. In particular (and without limiting the generality of the foregoing) we express no opinion as to the laws of any country (other than the Federal laws of the United States of America) or as to the effect of such laws (whether limiting, prohibitive or otherwise) on any of the rights or obligations of the Company or AMR or of any other party to or beneficiary of any of the Company Documents and AMR Documents. We have assumed, with your permission, that the execution and delivery of each of the Company Documents and AMR Documents by each of the parties thereto and the performance of their respective obligations thereunder will not violate any fundamental public policy under applicable law (other than the laws of the State of New York and Federal laws of the United States of America).

Our opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters. This opinion is given as of the date hereof, and we assume no obligation to advise you of facts,

circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinion expressed herein.

The opinions expressed herein are solely for your benefit and, without our prior consent, neither our opinion nor this opinion letter may be relied upon by any other person.

Very truly yours,

Schedule I

Schedule of Recipients

The Port Authority of New York and New Jersey
New York City Industrial Development Agency
Salomon Smith Barney Inc., as Senior Managing Underwriter
of the several Underwriters
The Bank of New York, as Trustee

## EXHIBIT K

### Additional Bonds Covenant Certificate

**To:** The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003
**Attention:** Executive Director

Pursuant to the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002 (the "Consent Agreement") by and among American Airlines, Inc. (the "Lessee"), AMR Corporation, the New York City Industrial Development Agency (the "IDA"), The Bank of New York and The Port Authority of New York and New Jersey (the "Port Authority"), the Lessee hereby covenants and certifies to the Port Authority (all terms of special meaning used herein having the meanings ascribed to such terms in or pursuant to the Consent Agreement), that:

(a) On _____, the $ _____ Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project) Series _____ of the IDA (the "Series _____ Bonds") were issued, executed, authenticated and delivered.

(b) The Series _____ Bonds were issued, executed, authenticated and delivered under and pursuant to:

(1) the Master Indenture, as amended and supplemented by the Series_____ Supplemental Indenture;

(2) the IDA Sublease, as amended by the IDA Sublease Amendments; and

(3) the _____ Additional Bond Resolutions.

(c) The Additional Documents attached hereto and hereby made a part hereof, are consistent in form and substance with the Forms of Additional Documents, subject only to such changes as have been necessary to fix and determine the Financial Terms of the Series _____ Bonds and, do not violate any of the Financing Documents or any agreement relating to the Financing Transaction or the Lease or the Consent Agreement.

[List Documents Attached]

[Signature Block]

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

TO

THE BANK OF NEW YORK,
as Trustee

_____ SERIES SUPPLEMENTAL INDENTURE OF TRUST

Dated as of _____

$_____
New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 200__
(American Airlines, Inc. John F. Kennedy International Airport Project)

TABLE OF CONTENTS


Page

**ARTICLE I.** DEFINITIONS ..... 18

SECTION 1.01. Definitions ..... 18

SECTION 1.02. Construction ..... 18

**ARTICLE II.** AUTHORIZATION AND ISSUANCE OF SERIES 200__ BONDS ..... 18

SECTION 2.01. Authorization of Series 200__ Bonds, Principal Amount, Designation and Series ..... 18

SECTION 2.02. Purposes ..... 19

SECTION 2.03. The Series 200__ Bonds ..... 19

SECTION 2.04. Interest Rate Determination Methods ..... 22

SECTION 2.05. Purchase of Series 200__ Bonds ..... 31

SECTION 2.06. Redemption Provisions ..... 35

SECTION 2.07. Execution of Series 200__ Bonds ..... 40

SECTION 2.08. Authentication ..... 40

SECTION 2.09. Book-Entry Bonds; Depository for the Series 200__ Bonds ..... 40

**ARTICLE III.** CREDIT FACILITIES ..... 40

SECTION 3.01. Credit Facility for Series 200__ Bonds ..... 40

SECTION 3.02. Alternate Credit Facility for Series 200__ Bonds ..... 42

SECTION 3.03. Rights and Duties under Credit Facilities Relating to Series 200__ Bonds 43

SECTION 3.04. Notice of Termination or Other Change in Credit Facility for Series 200__ Bonds ..... 43

SECTION 3.05. Notice by Trustee to Reduce Credit Facility ..... 43

SECTION 3.06. Certificate of Assumption ..... 44

**ARTICLE IV.** ESTABLISHMENT OF ACCOUNTS; APPLICATION OF BOND PROCEEDS; CAPITALIZED INTEREST ..... 44

SECTION 4.01. Establishment of Accounts ..... 44

SECTION 4.02. Application of Series 200__ Bond Proceeds ..... 44

**ARTICLE V.** REMARKETING AGENT; TENDER AGENT; PURCHASE AND REMARKETING OF SERIES 200__ BONDS ..... 45

SECTION 5.01. Remarketing Agent and Tender Agent for Series 200__ Bonds ..... 45

SECTION 5.02. Qualifications of Remarketing Agent and Tender Agent; Resignation; Removal ..... 46

SECTION 5.03. Notice of Series 200__ Bonds Delivered for Purchase; Purchase of Series 200__ Bonds ..... 47

SECTION 5.04. Remarketing of Series 200__ Bonds; Notice of Interest Rates ....49
SECTION 5.05. Delivery of Series 200__ Bonds ....50
SECTION 5.06. Delivery of Proceeds of Sale ....50
SECTION 5.07. Draws on Credit Facility to Pay Purchase Price of Series 200__ Bonds ....50

**ARTICLE VI.** MISCELLANEOUS ....51
SECTION 6.01. Partial Invalidity ....51
SECTION 6.02. Counterparts ....51
SECTION 6.03. Laws Governing _____ Series Supplemental Indenture ....51
SECTION 6.04. No Pecuniary Liability of Agency Members ....51
SECTION 6.05. Indenture to Remain In Effect ....51
SECTION 6.06. Date for Reference Purposes Only ....51

_____ SERIES SUPPLEMENTAL INDENTURE OF TRUST

THIS _____ SERIES SUPPLEMENTAL INDENTURE OF TRUST, dated as of the date set forth on the cover page hereof (this "_____ Series Supplemental Indenture"), by and between the NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, New York, New York, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation duly organized and existing under the laws of the State of New York (the "Agency"), having its principal office at 110 William Street, New York, New York 10038, party of the first part, and THE BANK OF NEW YORK, a New York banking corporation, authorized to accept and execute trusts of the character herein set out, as Trustee under this _____ Series Supplemental Indenture (the "Trustee"), having its principal corporate trust office at 101 Barclay Street, New York, New York 10286, party of the second part (all capitalized terms used herein but not otherwise defined shall have the same meaning as defined in Appendix A hereto).

WITNESSETH:

WHEREAS, the Agency and the Trustee have entered into a Master Indenture of Trust, dated as of _____ (the "Master Indenture"); and

WHEREAS, the Master Indenture provides that the Agency may authorize the issuance of a Series of Bonds pursuant to a Series Supplemental Indenture entered into in accordance with the Master Indenture; and

WHEREAS, the Lessee has requested the Agency to issue its Bonds under the Master Indenture to finance a portion of the costs of the Project; and

WHEREAS, the Agency has authorized the issuance of its Special Facility Revenue Bonds, Series 200__ (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 200__ Bonds") in the aggregate principal amount of $_____ pursuant to an inducement resolution adopted by the Agency on December 9, 1999, and a bond resolution adopted by the Agency on _____, the Master Indenture and this _____ Series Supplemental Indenture to provide funds for a portion of the costs of the Project, including incidental and related costs, to pay the costs and expenses of the issuance of the Series 200__ Bonds and to fund a debt service reserve fund; and

WHEREAS, the Series 200__ Bonds and the Trustee's Certificate to be endorsed thereon are all to be in substantially the following form, with necessary and appropriate variations, omissions, substitutions and insertions as permitted or required by this _____ Series Supplemental Indenture, to wit:

AS PROVIDED IN THE INDENTURE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE INDENTURE, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, (A) THIS SERIES 200__ BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS SERIES 200__ BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE TRUSTEE. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS SERIES 200__ BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE INDENTURE.

UNLESS THIS SERIES 200__ BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (A) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY SERIES 200__ BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

No. R-Number~ $Dollar~

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY
SPECIAL FACILITY REVENUE BOND, SERIES 200__
(AMERICAN AIRLINES, INC. JOHN F. KENNEDY INTERNATIONAL AIRPORT PROJECT)

[FOR USE WHEN SERIES 200__ BONDS ARE IN CERTIFICATED FORM]
FOR BOND INTEREST TERM RATE PERIOD ONLY

| INTEREST RATE (%) | FIRST DAY OF BOND INTEREST TERM AND INTEREST ACCRUAL DATE: | FIRST DAY OF NEXT BOND INTEREST TERM AND INTEREST PAYMENT DATE: | INTEREST DUE ON NEXT INTEREST PAYMENT DATE: | NUMBER OF DAYS IN BOND INTEREST TERM |
|---|---|---|---|---|
| | | | | |

REGISTERED OWNER: Cede & Co.
PRINCIPAL AMOUNT: Amount~ DOLLARS
CUSIP NUMBER: _____
MATURITY DATE: _____ 1, 20__

The New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York (herein called the "Agency"), for value received, hereby promises to pay to the registered owner named above or registered assigns, solely from the lease rentals, revenues and receipts payable by American Airlines, Inc. (the "Lessee") under the IDA Lease Agreement, as it may be amended from time to time (the "IDA Lease Agreement") dated as of _____ between the Agency and the Lessee as provided in the Master Indenture of Trust (the "Master Indenture") as supplemented by a _____ Series Supplemental Indenture (the "_____ Series Supplemental Indenture") both between the Agency and The Bank of New York as trustee (the "Trustee") and both dated as of _____, as both may be amended and supplemented, upon presentation and surrender hereof, the principal set forth above at the rate or rates of interest and on the dates determined as described herein. The Master Indenture as heretofore supplemented and as supplemented by the _____ Series Supplemental Indenture and as otherwise supplemented and amended is herein called the "Indenture." All capitalized terms used herein but not otherwise herein defined shall have the same meanings as set forth in the Indenture. This Series 200__ Bond and the issue of which it is a part shall initially bear interest at a _____ Interest Rate of _____% per annum for a _____ Interest Rate Period commencing on the date of issuance of such Series 200__ Bonds [and ending _____]. The principal of and premium (if any) on this Series 200__ Bond is payable in lawful money of the United States of America to the holder hereof upon presentation and surrender of this Series 200__ Bond at the principal corporate trust office of the Trustee as Paying Agent, and the payment of interest on this Series 200__ Bond shall be payable on each Interest Payment Date by the Paying Agent during any Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period, by check mailed on the date on which such interest is due to the holders of the Series 200__ Bonds as of the close of business on the Record Date in respect of such Interest Payment Date at the registered addresses of holders as shall appear on the registration books maintained pursuant to the Indenture. In the case of (i) Series 200__ Bonds bearing interest at a Bond Interest Term Rate, or (ii) any holder of Series 200__ Bonds bearing interest at other than a Bond Interest Term

Rate in an aggregate principal amount in excess of $500,000 as shown on the registration books kept by the Bond Registrar who, prior to the Record Date next preceding any Interest Payment Date, shall have provided, or caused to be provided wire transfer instructions to the Paying Agent, interest payable on such Series 200__ Bonds shall be paid in accordance with the wire transfer instructions provided by the holder of such Bond (or by the Remarketing Agent on behalf of such holder); *provided, however,* that during any Bond Interest Term Rate Period, interest on any Series 200__ Bond shall be payable only upon presentation and surrender of such Bond to the Tender Agent at its designated corporate trust office for delivery of Series 200__ Bonds. Payment of the principal of, Redemption Price and Sinking Fund Installments, if any of and interest on this Series 200__ Bond shall be in lawful money of the United States of America made payable to the holder upon presentment and surrender of this Series 200__ Bond at the principal corporate trust office of the Paying Agent. Notwithstanding any other provision of this Series 200__ Bond to the contrary, so long as this Series 200__ Bond shall be restricted to being registered on the registration books of the Agency maintained by the Bond Registrar in the name of the Depository for this Bond, the provisions of the Indenture governing Book-Entry Bonds shall govern the manner of payment of the principal, Purchase Price, Redemption Price, and Sinking Fund Installments, if any, of and interest on this Series 200__ Bond.

THIS SERIES 200__ BOND SHALL NEVER CONSTITUTE A DEBT OR INDEBTEDNESS OF THE STATE OF NEW YORK NOR THE CITY OF NEW YORK, AND NEITHER THE STATE OF NEW YORK NOR THE CITY OF NEW YORK SHALL BE LIABLE HEREON, NOR SHALL THIS SERIES 200__ BOND BE PAYABLE OUT OF ANY FUNDS OF THE AGENCY OTHER THAN THOSE PLEDGED THEREFOR.

This Series 200__ Bond is one of a duly authorized issue of Bonds designated as "New York City Industrial Development Agency Special Facility Revenue Bonds, Series 200__ (American Airlines, Inc. John F. Kennedy Airport Project)" (hereinafter called the "Series 200__ Bonds") issued in the aggregate principal amount of $_____. The Series 200__ Bonds are being issued under and pursuant to and in full compliance with the Constitution and laws of the State of New York, particularly the New York State Industrial Development Agency Act (constituting Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act") and under and pursuant to an inducement resolution adopted by the Agency on December 9, 1999, and bond resolution adopted by the Agency on _____, 200__ authorizing the issuance of the Series 200__ Bonds, and under and pursuant to the Indenture for the purpose of financing the construction, equipping, improvement and renovation of an air passenger terminal facility on the premises leased by the Lessee (the "Project Premises"), consisting of the acquisition, construction and equipping of a new air passenger terminal together with related arrival and departure access ramps, parking facilities to be located on the Project Premises and a passenger tunnel related thereto (the "Project"), all for use in providing air travel, to be located at the site of Terminals 8 and 9 at John F. Kennedy International Airport, Queens, New York (the "Airport").

The City of New York has leased the Airport, including the Project Premises, to The Port Authority of New York and New Jersey pursuant to a lease agreement dated as of April 14, 1947, as amended and supplemented (the "Basic Lease"), and The Port Authority of New York and New Jersey has subleased the Project Premises to the Lessee pursuant to an agreement of

lease dated as of August 1, 1976 as amended and restated in an Agreement of Lease dated December 22, 2000, as amended (collectively the "PA Lease"). The Lessee and the Agency have entered into a Company Sublease Agreement, dated as of July 1, 2002 (the "Company Sublease"), pursuant to which the Lessee will sub-sublease to the Agency certain real property and improvements to be made or acquired on the Project Premises (the "Leased Facilities") pursuant to the PA Lease. Pursuant to the IDA Lease Agreement, the Agency will sub-sub-sublease to the Lessee certain Leased Facilities, and lease to the Lessee the certain systems, machinery, equipment and other tangible personal property (the "Facility Equipment") to be acquired by the Agency on behalf of the Lessee and installed as part of the Project, such improvements, machinery, equipment and tangible personalty to be financed in whole or in part with the proceeds of the Series 200__ Bonds, the Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) the Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project), and the Special Facility Revenue Bonds, Series 20__ (American Airlines, Inc. John F. Kennedy International Airport Project) of the Agency and Additional Bonds issued under the Indenture. The Leased Facilities and the Facility Equipment financed in part by the Series 200__ Bonds are referred to collectively herein as the "Facility". The IDA Lease Agreement requires the payment of rentals sufficient to provide for the payment of the principal, Purchase Price, Redemption Price and Sinking Fund Installments, if any, of and interest on the Series 200__ Bonds, together with certain other fees and expenses, as the same become due. Pursuant to the Indenture the Agency has the right to issue one or more Series of Additional Bonds to finance Project Costs.

*Special Obligation.* This Series 200__ Bond and the issue of which it is a part are special obligations of the Agency payable as to principal, redemption premium, if any, and interest solely from, and secured by a pledge of certain of, the lease rentals, revenues and receipts payable by the Lessee under the IDA Lease Agreement, the moneys and securities held in certain funds and accounts established under the Indenture (subject to disbursements therefrom in accordance with the provisions of the Indenture), a Guaranty from the Lessee to the Trustee and a Guaranty from AMR Corporation ("AMR") to the Trustee (collectively the "Guaranty"), and an Equipment Security Agreement from the Agency and the Lessee to the Trustee (the "Equipment Security Agreement"). Payments of amounts due under the Guaranty will be secured by a Leasehold Mortgage and Security Agreement from the Lessee to the Trustee and consented to by the Agency (the "Leasehold Mortgage"). Notwithstanding any other provision herein to the contrary, the Leasehold Mortgage shall not attach, and neither the Leasehold Mortgagee nor the Bondholders shall have any rights under the Leasehold Mortgage, the Leasehold Mortgage shall not be dated, executed, delivered or recorded and any rights under the Leasehold Mortgage shall not be exercisable until the Reletting Rights Effective Date. In addition to the foregoing, the Series 200__ Bonds will be secured by a pledge and assignment of the Agency's non-possessory right, title and interest in and to the IDA Lease Agreement (exclusive of the Agency's Reserved Rights), as provided in the Indenture. In the event the Lessee shall fail to make any payment under the IDA Lease Agreement, or otherwise default under the IDA Lease Agreement, and the Guarantor shall fail to satisfy its obligations under the Guaranty and, as a result thereof, the principal of the Series 200__ Bonds is declared or becomes due and payable, except as provided in the Equipment Security Agreement and the Leasehold Mortgage, none of the Agency, the Trustee or any holders of Series 200__ Bonds shall have any rights or remedies with respect to the Facility and such rights and remedies shall be limited as set

forth in Section 8.12 of the Indenture and in the Leasehold Mortgage. Except as provided in the Equipment Security Agreement, the Series 200__ Bonds are not secured by any lien on or security interest or other interest in the property comprising the Facility or any part thereof or by any leasehold interest of The Port Authority of New York and New Jersey, the Lessee or the Agency in the Facility.

Each Series of Bonds including the Series 200__ Bonds issued pursuant to the Indenture shall, except as provided in any Series Supplemental Indenture relating thereto, be secured on a parity basis with all other Series of Bonds, if any, issued pursuant to the Indenture without preference, priority or distinction of any Bond over any other Bonds except as provided in the Indenture.

Each Holder of this Bond (by the purchase or transfer and acceptance hereof) acknowledges and agrees that the IDA Lease Agreement and the Company Sublease are and will be subject in all respects to the terms and conditions of the Basic Lease, the PA Lease, the Consent Agreement and upon the effectiveness thereof, the City American Lease and, except with respect to the RNDA, or except upon effectiveness of the City American Lease, the termination or expiration of the Basic Lease or the PA Lease may result in the termination of the IDA Lease Agreement and the Company Sublease in accordance with the provisions thereof; provided however, that no such termination will relieve the Lessee from its obligations to pay rent under the IDA Lease Agreement, including under Section 3.4 or 3.8 of the IDA Lease Agreement or release the Lessee or AMR from its guaranty obligations under the Guaranty. Each Holder of this Bond (by the purchase or transfer and acceptance hereof) acknowledges that the only right and interest that the Agency shall have in the Leased Facilities is to sublease the Leased Facilities to and from the Lessee and impose upon the Lessee the obligations set forth in the IDA Lease Agreement. Each Holder of this Bond (by the purchase or transfer and acceptance hereof), further agrees that neither the Agency, the Bondholder nor the Trustee (except as Leasehold Mortgagee under and pursuant to the Leasehold Mortgage) shall have any other interest in the Leased Facilities or the PA Lease (including but not limited to, any rights to perform the rights or obligations of the Lessee under the PA Lease (except for those rights pursuant to the Leasehold Mortgage or Section 92) or otherwise, any rights of possession, entry, re-entry, redemption, eviction or regaining or resumption of possession, any right to the appointment of a receiver or to sell, convey, transfer, mortgage, acquire, pledge, assign, let or resublet the Leased Facilities, the Project or the PA Lease or any part thereof or any rights created thereby or the letting thereunder) under (i) the Security Documents, (ii) the Act, (iii) the Real Property Actions and Proceedings Law of the State, or (iv) the Real Property Law of the State; or otherwise. Further, the Bondholder acknowledges that it shall not have any claim, interest, remedy, right or action against the Port Authority or the Leased Facilities or under the PA Lease at law or in equity arising out of or in connection with the Act, the Security Documents or the Project (other than the interests, rights and remedies granted to the Leasehold Mortgagee under or pursuant to the Leasehold Mortgage or Section 92). In addition to and without limiting the foregoing, the Bondholder hereby acknowledges and agrees that in the event there shall be a conflict between the provisions of the Leasehold Mortgage and Section 92 of the PA Lease, Section 92 of the PA Lease shall govern. Copies of the Indenture, the Basic Lease, the PA Lease, the Company Sublease, the IDA Lease Agreement, the Leasehold Mortgage and the Consent Agreement are on file at the principal corporate trust office of the Trustee in New York, New York and reference is made to such documents for the provisions relating, among

other things, to the terms and security of the Bonds, the charging and collection of rentals for the Facility, the custody and application of the proceeds of the Bonds, the rights and remedies of the Holders of the Bonds, and the rights, duties and obligations of the Agency, the Lessee, the City of New York, the Port Authority, and the Trustee. Except as set forth in Section 92 of the PA Lease, the Port Authority shall have no obligation whatsoever with respect to the Bonds, the Bondholders or the Trustee.

*Interest Rate Periods and Accrual of Interest on the Series 200__ Bonds*. The term of the Series 200__ Bonds will be divided into consecutive Interest Rate Periods during each of which the Series 200__ Bonds shall bear interest at a Daily Interest Rate (a *"Daily Interest Rate Period"*), a Weekly Interest Rate (a *"Weekly Interest Rate Period"*), a Long-Term Interest Rate (a *"Long-Term Interest Rate Period"*), or Bond Interest Term Rates for one or more consecutive Bond Interest Terms (a *"Bond Interest Term Rate Period"*). The initial Interest Rate Period for this Series 200__ Bond shall be a _____ Rate Period [ending _____]. The interest rate on the Series 200__ Bonds may be adjusted from time to time from one Interest Rate Period to another and thereafter again adjusted under the circumstances described and permitted in the _____ Series Supplemental Indenture. This Bond shall bear interest from and including the Interest Accrual Date (as defined in the _____ Series Supplemental Indenture) immediately preceding the date of authentication hereof, or, if such a date of authentication is an Interest Accrual Date to which interest on this Series 200__ Bond has been paid in full or duly provided for, or the date of initial authentication hereof, then from the date of authentication hereof; *provided, however,* if interest on the Series 200__ Bonds shall be in default, Series 200__ Bonds issued in exchange for Series 200__ Bonds surrendered for registration of transfer or exchange shall bear interest from the date to which interest has been paid in full on the Series 200__ Bonds, or if no interest has been paid on the Series 200__ Bonds, from the date of the first authentication of Series 200__ Bonds under the Indenture.

*Interest Payment Date.* During any Daily Interest Rate Period, interest on this Series 200__ Bond shall be payable on each Interest Payment Date (as defined in the _____ Series Supplemental Indenture) for the period commencing on (and including) the Interest Accrual Date in the preceding calendar month and ending on (and including) the last day in the preceding calendar month, unless the Interest Payment Date shall be the day next succeeding the last day of a Daily Interest Rate Period, in which case interest shall be payable on such Interest Payment Date for the period commencing on (and including) the Interest Accrual Date to which interest shall have been paid in full and ending on (and including) the day immediately preceding such Interest Payment Date. During any Weekly Interest Rate Period, interest on this Series 200__ Bond shall be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date (or, if any Interest Payment Date is not a Wednesday because the Wednesday that would otherwise be the Interest Payment Date is not a Business Day, commencing on (and including) the second preceding Interest Accrual Date) and ending on (and including) the Tuesday immediately preceding the Interest Payment Date (or, if sooner, the last day of such Weekly Interest Rate Period). During any Bond Interest Term Rate Period or Long-Term Interest Rate Period, interest on this Series 200__ Bond shall be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on this Series 200__ Bond shall be payable for the final Interest Rate Period to but not including the date on which this Bond shall have been paid in

full. Interest shall be computed, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of any other Interest Rate Period, on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed.

*Denominations*. The Series 200__ Bonds shall be issued in the form of fully registered Bonds in the denominations of (i) $100,000 and any integral multiple of $5,000 in excess thereof during any Long-Term Interest Rate Period when the Series 200__ Bonds shall be rated less than Baa3 by Moody's and BBB- by S&P and (ii) $5,000 and any integral multiple thereof during any Long-Term Interest Rate Period when the Series 200__ Bonds shall be rated at least Baa3 by Moody's or BBB- by S&P and (iii) $100,000 and any integral multiple of $5,000 in excess thereof during any Daily Interest Rate Period, Weekly Interest Rate Period or Bond Interest Term Rate Period (the *"Authorized Denominations"*).

No holder of a Series 200__ Bond shall be paid interest for any period at a rate higher than the "Maximum Rate," which is defined in the _____ Series Supplemental Indenture as the lesser of (i) 25% per annum, (ii) with respect to Series 200__ Bonds secured by a Credit Facility, the maximum interest rate used in such Credit Facility for purposes of calculating the stated amount thereof or (iii) the maximum rate permitted by law.

*Tender and Purchase*

*Optional Tender for Purchase of Series 200__ Bonds During a Daily Interest Rate Period or Weekly Interest Rate Period*. The Series 200__ Bonds are subject to optional tender for purchase by the owner hereof during a Daily Interest Rate Period and a Weekly Interest Rate Period upon the terms and conditions set forth in the _____ Series Supplemental Indenture.

*Mandatory Tender for Purchase of Series 200__ Bonds on the Day Next Succeeding the Last Day of Each Bond Interest Term During a Bond Interest Term Rate Period*. The Series 200__ Bonds are subject to mandatory tender for purchase on the day next succeeding the last day of each Bond Interest Term for the Series 200__ Bonds, unless such day is the Maturity Date or the first day of a new Interest Rate Period.

*Mandatory Tender for Purchase on First Day of Each Interest Rate Period.* The Series 200__ Bonds are subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period if one of the conditions precedent to the adjustment to a new Interest Rate Period has not been met as described in the _____ Series Supplemental Indenture.

*Mandatory Tender for Purchase upon Termination, Expiration, or Replacement of a Credit Facility.* The Series 200__ Bonds are subject to mandatory tender for purchase on the fifth calendar day preceding certain events relating to the termination, expiration, or replacement of a Credit Facility then in effect then securing the Series 200__ Bonds as described in the _____ Series Supplemental Indenture.

*Mandatory Tender for Purchase following Event of Default Under Credit Facility Agreement.* While the Series 200__ Bonds bear interest at the Daily Interest Rate or Weekly

Interest Rate, the Series 200__ Bonds are subject to mandatory tender for purchase on the fifth Business Day following receipt by the Trustee of notice from the Credit Facility Provider which has issued a Credit Facility then securing the Series 200__ Bonds that an "Event of Default" has occurred under the Credit Facility Agreement relating to the Series 200__ Bonds and directing the mandatory purchase of the Series 200__ Bonds, all as provided for, and subject to the terms and provisions of, the _____ Series Supplemental Indenture.

*Mandatory Tender for Failure of the Credit Facility Provider to Reinstate Interest*. In the event any Credit Facility shall be in effect with respect to the Series 200__ Bonds, the Series 200__ Bonds shall be subject to mandatory tender for purchase at any time, if at any time prior to the expiration or earlier termination of such Credit Facility, the Trustee shall have received prior to the fifth Business Day following a drawing under such Credit Facility to pay interest with respect to such Series of Bonds, written notice from the Credit Facility Provider that the interest component of such Credit Facility will not be reinstated.

*Redemption of Series 200__ Bonds*

*Optional Redemption During the Daily Interest Rate Period and the Weekly Interest Rate Period.* During a Daily Interest Rate Period or a Weekly Interest Rate Period, the Series 200__ Bonds are subject to optional redemption in whole or in part on any date prior to maturity by the Agency, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail) at a Redemption Price equal to 100% of the unpaid principal amount of the Series 200__ Bonds to be redeemed, together with accrued interest, if any, to the date of redemption and without premium.

*Optional Redemption During a Bond Interest Term Rate Period*. On the day succeeding the last day of any Bond Interest Term with respect to any Series 200__ Bond, such Series 200__ Bond shall be subject to optional redemption in whole or in part prior to maturity by the Agency, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail) at a Redemption Price equal to 100% of the unpaid principal amount of the Series 200__ Bonds to be redeemed, together with accrued interest, if any, to the date of redemption and without premium.

*Optional Redemption During Initial Long-Term Interest Rate Period*. The Series 200__ Bonds shall be subject to redemption in whole or in part prior to maturity on or after _____ 1, _____ at the option of the Agency, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail and, if in part, the maturities to be redeemed to be selected by the Lessee or, if no such selection is made, in inverse order of maturities), from advance rental payments, upon payment in each case of the applicable redemption price (expressed as a percentage of principal amount of such Series 200__ Bonds to be redeemed), as set forth in the schedule below, together with accrued interest, if any, to the date of redemption, in the manner and subject to the provisions of the Indenture:

| Redemption Periods | Redemption Prices |
|---|---|
| [to be completed] | |

*Optional Redemption During a Long-Term Interest Rate Period Other Than Initial Long-Term Interest Rate Period.* During any Long-Term Interest Rate Period other than the initial Long-Term Interest Rate Period, the Series 200__ Bonds shall be subject to optional redemption in whole or in part by the Agency, prior to maturity, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail), on the first day of a Long-Term Interest Rate Period at a Redemption Price equal to 100% of the principal amount of the Series 200__ Bonds to be redeemed, plus accrued interest, if any, to the redemption date. Thereafter, during any Long-Term Interest Rate Period, during the periods specified below (or such other periods as may be permitted in accordance with the _____ Series Supplemental Indenture) the Series 200__ Bonds shall be subject to optional redemption by the Agency, at the direction of the Lessee, in whole or in part at any time, at the Redemption Prices (expressed as percentages of principal amount) hereinafter indicated (or such other Redemption Prices as may be specified in accordance with the _____ Series Supplemental Indenture), plus accrued interest, if any, to the redemption date:

| LENGTH OF LONG-TERM INTEREST RATE PERIOD (EXPRESSED IN YEARS) | REDEMPTION PRICES |
|---|---|
| [to be completed] | |

*Extraordinary Optional Redemption Without Premium to Preserve Tax Exempt Status of the Series 200__ Bonds.* The Series 200__ Bonds shall be subject to extraordinary optional redemption by the Agency, at the direction of the Lessee, in whole or in part on any date at a Redemption Price equal to 100% of the unpaid principal amount thereof, together with accrued interest to the date of redemption, and without premium, if the Lessee shall have delivered to the Agency and the Trustee an opinion of a nationally recognized attorney or firm of attorneys (reasonably acceptable to the Agency) experienced in matters relating to municipal bond law and the tax exemption of interest on bonds of states and their political subdivisions, addressed to the Trustee and the Agency substantially to the effect that (i) a failure so to redeem Series 200__ Bonds (or the relevant portion thereof) may adversely affect the exclusion of interest on the Series 200__ Bonds from the gross income of the holders pursuant to Section 103 of the Code, and (ii) redemption of Series 200__ Bonds in the amount set forth in such opinion (but in no

smaller amount than that set forth in such opinion) would permit the continuance of any exclusion so afforded under Section 103 of the Code.

*Extraordinary Optional Redemption Without Premium.* The Series 200__ Bonds are subject to redemption prior to maturity, at the option of the Agency (which option shall be exercised upon the giving of notice by the Lessee of its intention to prepay lease rentals due under the IDA Lease Agreement for such purpose), as a whole only, on any date, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with accrued interest to the date of redemption, and without premium, if one or more of the following events shall have occurred: (1) the Lessee shall have determined that the continued operation of all or substantially all of the Facility is impractical, uneconomical or undesirable for any reason, including, without limitation, the imposition upon the Lessee with respect to the Facility or the operation thereof of unreasonable burdens or excessive liabilities, which shall be deemed to include, without limitation, the imposition or substantial increase of ad valorem property taxes or taxes on the leasing or use of property at the Airport or on amounts payable with respect thereto; or (2) all or substantially all of the Facility shall have been damaged, destroyed, condemned or taken by eminent domain or have been sold under a reasonably comprehended threat of condemnation or the taking by eminent domain of such use or control of the Facility so as to render the Facility unsatisfactory for its intended use; or (3) the construction or operation of the Facility shall have been enjoined or prevented or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule or regulation of any court or of any Federal, state or local regulatory body, administrative agency or other governmental body.

*Extraordinary Optional Redemption Without Premium at the Option of the Agency Upon Failure to Operate the Facility as a Qualified Project.* The Series 200__ Bonds shall be subject to redemption prior to maturity, at the option of the Agency, as a whole only, on any date, in the event the Agency shall determine that the Lessee is not operating all or substantially all of the Facility as a qualified "project" under the Act, or is operating the Facility or any substantial portion thereof in violation in any material respect of applicable material law, and the Lessee fails to cure such noncompliance within the time periods set forth in the IDA Lease Agreement, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with interest accrued to the date of redemption, and without premium.

*Mandatory Redemption Without Premium on Termination of the Company Sublease.* In the event that the Company Sublease shall have terminated, the Series 200__ Bonds shall be subject to mandatory redemption prior to maturity, as a whole only, on any date, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with accrued interest to the date of redemption, and without premium.

*Mandatory Redemption Without Premium Upon the Release of a Portion of the Leased Facilities.* In the event that any portion of the Leased Facilities is released from the PA Lease (or upon the effectiveness thereof, the City-American Lease), the Company Sublease and the IDA Lease Agreement, and such release constitutes a Major Release, the Series 200__ Bonds together with all other Bonds shall be subject to mandatory redemption in an aggregate principal amount (rounded down to the nearest Authorized Denomination of the Series 200__ Bonds)

approximately equal to the Release Price. The Redemption Price of any Series 200__ Bonds so redeemed shall be equal to 100% of the unpaid principal amount thereof, together with accrued interest to the date of redemption, and without premium. The Series 200__ Bonds to be redeemed shall be determined by the Lessee.

*Extraordinary Mandatory Redemption Without Premium Upon Exercise of Port Authority's or City's Right to Terminate the Leasehold Mortgage.* The Series 200__ Bonds shall be subject to extraordinary mandatory redemption prior to maturity on any date at a Redemption Price equal to 100% of the unpaid principal amount thereof, together with accrued interest to the date of redemption, and without premium, to the extent and as soon as practical following the Trustee's receipt of any moneys as a result of the exercise by the Port Authority of its right to terminate the Leasehold Mortgage under Section 92(v) of the PA Lease or as a result of the exercise by the City of any similar right it may have under the City-American Lease.

*Mandatory Sinking Fund Redemption.* The Series 200__ Bonds will be subject to redemption by lot in such manner as the Trustee determines on _____ 1 of each year, beginning _____ 1, _____, in the amounts set forth opposite such years in the following table, at the principal amount thereof, together with accrued interest to the date of redemption, and without premium:

| _____ 1 of the year | Principal Amount |
|---|---|

[to be completed]

_____

* Final Maturity

The principal amount of the Series 200__ Bonds to be redeemed pursuant to the sinking fund will, at the request of the Lessee, be reduced by the principal amount of any such Bonds which at least 30 days prior to any sinking fund redemption date: (1) have been delivered to the Trustee for cancellation or (2) have been purchased or redeemed (otherwise than through operation of the sinking fund) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation.

*Mandatory Redemption Without Premium Upon the Occurrence of a Determination of Taxability*. The Series 200__ Bonds are subject to mandatory redemption in whole or, under certain circumstances, in part, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Series 200__ Bonds, together with accrued interest to the date of redemption, and without premium, within ninety (90) days following receipt by the Trustee of written notice from a current or former Holder or beneficial owner of the Series 200__ Bonds or the Lessee of a Determination of Taxability. All of the Series 200__ Bonds shall be redeemed upon a Determination of Taxability as described above, unless, in the opinion of Bond Counsel, redemption of a portion of the Series 200__ Bonds would have the result that interest payable on the remaining Series 200__ Bonds outstanding after the redemption would not be includable for federal income tax purposes in the gross income of any Holder or beneficial owner of a Series 200__ Bond, other than a Holder or beneficial owner who is a "substantial user" or a "related person" of such substantial user within the meaning of the Code, in which case only such portion shall be redeemed.

*Certain Consequences of Redemption and Defeasance*. If all of the Series 200__ Bonds are redeemed as provided in any of the preceding paragraphs, then (i) the failure by the Lessee to observe or perform a covenant or agreement in the IDA Lease Agreement or (ii) the inaccuracy of any representation or warranty made by the Lessee in the IDA Lease Agreement or in the Applicable Tax Certificate, either of which results in a Determination of Taxability, shall not constitute an Event of Default under the IDA Lease Agreement or the Indenture and payment of the Redemption Price specified above shall constitute full and complete payment and satisfaction to the owners of the Series 200__ Bonds for any claims, damages, costs or expenses arising out of or based upon such failure by the Lessee.

If the lien of the Indenture has been defeased with respect to the Series 200__ Bonds prior to the occurrence of an event permitting or requiring redemption of the Series 200__ Bonds, the affected Series 200__ Bonds will not be subject to redemption in the manner described above, except for any mandatory sinking fund redemption and any redemption provided for in connection with such defeasance.

*Partial Redemption*. Except as otherwise required by the Indenture, if less than all the Series 200__ Bonds are to be called for redemption under any redemption provision set forth herein permitting such partial redemption, the particular Series 200__ Bonds to be redeemed shall be selected in accordance with the Indenture. Notwithstanding anything in the Indenture to the contrary, if there shall have occurred and be continuing an Event of Default with respect to the Series 200__ Bonds under the Indenture, there shall be no redemption of less than all of the Series 200__ Bonds Outstanding.

*Notice of Redemption or Tender.* Notice of optional or mandatory redemption of the Series 200__ Bonds or any principal portion thereof, or optional or mandatory tender of the Series 200__ Bonds, shall be given as provided in the Indenture and the _____ Series Supplemental Indenture.

*Exchange of Bonds.* The owner of this Series 200__ Bond may surrender the same at the principal corporate trust office of the Trustee (accompanied with a written instrument of transfer in the form appearing on this Series 200__ Bond, duly executed by the registered owner hereof or his duly authorized attorney in fact) in exchange for an equal aggregate unpaid principal

amount of registered Series 200__ Bonds without coupons, in the manner and subject to the terms and conditions set forth in the Indenture, registered in such name or names as may be requested.

*Transfer of Bonds.* This Series 200__ Bond is transferable, as provided in the Indenture, only upon the registration books of the Agency kept for such purpose in the principal corporate trust office of the Bond Registrar, upon presentation hereof at such office by the registered owner or his duly authorized attorney-in-fact (with a guaranty of the signature thereon) accompanied with a written instrument of transfer in the form appearing on this Series 200__ Bond and duly executed by the registered owner or his duly authorized attorney-in-fact.

*Limitation on Bondholder Enforcement Rights.* The registered owner of this Series 200__ Bond shall have no right to enforce the provisions of the Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any Event of Default, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

*Amendments.* Modifications or alterations of the Indenture and of the other Security Documents may be made only to the extent and in the circumstances permitted by the Master Indenture.

It is hereby certified, recited and declared that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Series 200__ Bond, exist, have happened and have been performed, and that the issuance of this Series 200__ Bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

Neither the members, directors, officers or agents of the Agency nor any person executing this Series 200__ Bond shall be liable personally or be subject to any personal liability or accountability by reason of the issuance hereof.

This Series 200__ Bond shall not be valid or become obligatory for any purpose nor be entitled to any security or benefit under the Indenture until this Series 200__ Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, New York City Industrial Development Agency has caused this Series 200__ Bond to be executed in its name by the manual or facsimile signature of its Chairperson, Vice Chairperson, Executive Director or Deputy Executive Director and its corporate seal to be affixed, impressed, imprinted or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs all as of _____.

NEW YORK CITY
INDUSTRIAL DEVELOPMENT
AGENCY

By:_____
Name:
Title:

(SEAL)

ATTEST:

_____
Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 200__ Bonds described in the within mentioned _____ Series Supplemental Indenture.

The Bank of New York, as Trustee

By:_____
Authorized Signatory

Date of Authentication: _____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(Name and address of Assignee)

(Social Security or other Taxpayer Identification Number of Assignee)

the within Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

_____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Dated:_____

Guaranty of Signature: _____

THIS _____ SERIES SUPPLEMENTAL INDENTURE OF TRUST FURTHER WITNESSETH that this _____ Series Supplemental Indenture of Trust is supplemental to, and is entered into in accordance with the Indenture, and the Agency has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Owners, from time to time, of the Series 200__ Bonds or any part thereof, as follows, that is to say:

## ARTICLE I.

## DEFINITIONS

SECTION 1.01. Definitions. Terms not otherwise defined herein shall have the same meanings as (i) used in Appendix A hereto and made a part hereof or (ii) set forth in Appendix A to the Master Indenture.

SECTION 1.02. Construction. In this _____ Series Supplemental Indenture, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this _____ Series Supplemental Indenture, refer to the entire _____ Series Supplemental Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the execution and delivery of this _____ Series Supplemental Indenture.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this _____ Series Supplemental Indenture, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this _____ Series Supplemental Indenture, nor shall they affect its meaning, construction or effect.

## ARTICLE II.

## AUTHORIZATION AND ISSUANCE OF SERIES 200__ BONDS

SECTION 2.01. Authorization of Series 200__ Bonds, Principal Amount, Designation and Series. A Series of Bonds entitled to the benefit, protection and security of the Indenture is hereby authorized to be issued in an aggregate principal amount not to exceed $_____. Such Series shall be designated as and shall be distinguished from the Bonds of all other Series by the title "New York City Industrial Development Agency Special Facility Revenue Bonds, Series 200__ (American Airlines, Inc. John F. Kennedy International Airport

Project)" pursuant to and subject to the terms, conditions and limitations established in the Indenture.

SECTION 2.02. Purposes. The purposes for which the Series 200__ Bonds are being issued are to make a deposit to the Series 200__ Construction Account of the Project Fund to pay a portion of the Project Costs, including certain Costs of Issuance relating to the Series 200__ Bonds, [to make a deposit to the Capitalized Interest Account] and to make a deposit to the Series 200__ Debt Service Reserve Account in an amount equal to the Series 200__ Debt Service Reserve Account Requirement.

SECTION 2.03. The Series 200__ Bonds. (a) The Series 200__ Bonds initially shall be issued as Book-Entry Bonds. The Depository Trust Company, New York, New York is hereby appointed as the Depository for the Series 200__ Bonds and the Series 200__ Bonds shall be registered to Cede & Co., as nominee of the Depository. While the Series 200__ Bonds are Book-Entry Bonds, the Series 200__ Bonds shall not be registered as transferred or exchanged except as provided in Section 3.12 of the Indenture. The owners of beneficial interests in the Series 200__ Bonds shall not have any right to receive Series 200__ Bonds in the form of physical certificates so long as the book entry system is in effect with respect to the Series 200__ Bonds.

The Series 200__ Bonds shall mature, subject to prior redemption upon the terms and conditions hereinafter set forth, as set forth below:

| Principal Amount | Maturity Date |
|---|---|

[to be completed]

(b) Each Series 200__ Bond shall bear interest from and including the Interest Accrual Date immediately preceding the date of authentication thereof, or, if such date of authentication shall be an Interest Accrual Date to which interest on the Series 200__ Bonds has been paid in full or duly provided for or the date of initial authentication of the Series 200__ Bonds, from such date of authentication; *provided, however,* that if, as shown by the records of the Bond Registrar, interest on the Series 200__ Bonds shall be in default, Series 200__ Bonds issued in exchange for Series 200__ Bonds surrendered for registration of transfer or exchange shall bear interest from the date to which interest has been paid in full on the Series 200__ Bonds or, if no interest has been paid on the Series 200__ Bonds, from the date of the first authentication of Series 200__ Bonds hereunder. For any Daily Interest Rate Period, interest on the Series 200__ Bonds shall be payable on each Interest Payment Date for the period commencing on (and including) the Interest Accrual Date in the preceding calendar month and ending on (and including) the last day in the preceding calendar month, unless the Interest Payment Date shall be the day next succeeding the last day of a Daily Interest Rate Period, in which case interest shall be payable on such Interest Payment Date for the period commencing on (and including) the Interest Accrual Date to which interest shall have been paid in full and ending on (and including) the day immediately preceding such Interest Payment Date. For any

Weekly Interest Rate Period, interest on the Series 200__ Bonds shall be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date (or, if any Interest Payment Date is not a Wednesday because the Wednesday that would otherwise be the Interest Payment Date is not a Business Day, commencing on (and including) the second preceding Interest Accrual Date) and ending on (and including) the Tuesday immediately preceding the Interest Payment Date (or, if sooner, the last day of such Weekly Interest Rate Period). For any Bond Interest Term Rate Period or Long-Term Interest Rate Period, interest on the Series 200__ Bonds shall be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on the Series 200__ Bonds shall be payable for the final Interest Rate Period to but not including the date on which the Series 200__ Bonds shall have been paid in full. Interest shall be computed, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of any other Interest Rate Period, on the basis of a 365 or 366-day year, as appropriate, for the actual number of days elapsed.

Subject to Section 3.12 of the Indenture relating to Bonds held in the book entry system, the principal of and redemption premium (if any) on, the Series 200__ Bonds (including Redemption Price and Sinking Fund Installments, if any) shall be payable in such lawful money of the United States of America as, at the respective time of payment, shall be legal tender for the payment of public and private debts, to the holders of the Series 200__ Bonds upon presentation and surrender of such Series 200__ Bonds at the principal corporate trust office of the Paying Agent. Interest on all Series 200__ Bonds shall be payable on each Interest Payment Date by the Paying Agent during any Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period, by check mailed on the date on which such interest is due to the holders of the Series 200__ Bonds as of the close of business on the Record Date in respect of such Interest Payment Date at the registered addresses of holders as shall appear on the registration books maintained pursuant to the Indenture. In the case of (i) Series 200__ Bonds bearing interest at a Bond Interest Term Rate, or (ii) any holder of Series 200__ Bonds bearing interest at other than a Bond Interest Term Rate in an aggregate principal amount in excess of $500,000 as shown on the registration books kept by the Bond Registrar who, prior to the Record Date next preceding any Interest Payment Date, shall have provided, or caused to be provided, wire transfer instructions to the Paying Agent, interest payable on such Series 200__ Bonds shall be paid in accordance with the wire transfer instructions provided by the holder of such Bond (or by the Remarketing Agent on behalf of such holder); *provided, however,* that during any Bond Interest Term Rate Period, interest on any Series 200__ Bonds shall be payable only upon presentation and surrender of such Bond to the Tender Agent at its designated corporate trust office for delivery of Series 200__ Bonds. Payment of the Purchase Price of the Series 200__ Bonds shall be in lawful money of the United States of America made payable to the holder thereof upon presentation and surrender of the Series 200__ Bonds at the principal corporate trust office of the Tender Agent. Notwithstanding any other provision of the Series 200__ Bonds to the contrary, so long as the Series 200__ Bonds shall be restricted to being registered on the registration books of the Agency maintained by the Bond Registrar in the name of the Depository for the Series 200__ Bonds, the provisions of the Indenture governing Book-Entry Bonds shall govern the manner of payment of the principal, Redemption Price, if any, Purchase Price of and interest on the Series 200__ Bonds.

If and to the extent, however, that the Agency fails to make payment or provision for payment of interest on any Series 200__ Bond on any Interest Payment Date, interest shall continue to accrue thereon but shall cease to be payable to the holder of that Series 200__ Bond as of the applicable Record Date. When moneys become available for payment of the interest, (a) the Trustee shall, pursuant to Section 8.03 of the Indenture, establish a Special Record Date for the payment of that interest which Special Record Date shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (b) the Bond Registrar shall give notice by first-class mail of the proposed payment and of the Special Record Date to each holder not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable as provided herein to the holders of the Series 200__ Bonds as of the Special Record Date at the close of business on the Special Record Date. The form of such notice shall be provided to the Bond Registrar by the Lessee, or in the event the Lessee fails to provide such notice, by the Trustee.

The person in whose name any Series 200__ Bond is registered at the close of business on any Record Date with respect to any Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to the Record Date and prior to such Interest Payment Date.

(c) In the manner hereinafter provided, the term of the Series 200__ Bonds will be divided into consecutive Interest Rate Periods during each of which all of the Series 200__ Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate; *provided, however,* that at any time, all Series 200__ Bonds shall bear interest in the same Interest Rate Period. No holder of a Series 200__ Bond shall be paid interest for any period at a rate higher than the Maximum Rate. The first Interest Rate Period shall commence on the date of issuance of the Series 200__ Bonds and shall be a Long-Term Interest Rate Period. Upon the date of issuance of the Series 200__ Bonds, the the Series 200_ Bonds shall [insert rate, type and period].

Series 200__ Bonds issued prior to the first Interest Payment Date thereon shall be dated _____ and Series 200__ Bonds issued on or subsequent to the first Interest Payment Date thereon shall be dated as of the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication shall be an Interest Payment Date to which interest on the Series 200__ Bonds has been paid in full or duly provided for, in which case they shall be dated as of such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Series 200__ Bonds shall be in default, Series 200__ Bonds issued in exchange for Series 200__ Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Series 200__ Bonds surrendered. The Series 200__ Bonds, the certificate of authentication to be endorsed thereon and the form of assignment to be included therein shall be substantially in the forms described in the recitals hereto with such appropriate variations, omissions, substitutions and insertions as are permitted or required by this _____ Series Supplemental Indenture. The Series 200__ Bonds shall be numbered consecutively from R-1 upwards in order of issuance according to the records of the Bond Registrar.

SECTION 2.04. Interest Rate Determination Methods. (a) (i) *Determination of Weekly Interest Rate.* During each Weekly Interest Rate Period, the Series 200__ Bonds shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 4:30 p.m., New York City time, on Tuesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on (and including) the first day of such Weekly Interest Rate Period and ending on (and including) the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on (and including) Wednesday and ending on (and including) the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on (and including) the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on (and including) the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate which, if borne by the Series 200__ Bonds, would enable the Remarketing Agent to sell the Series 200__ Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. In the event that the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 110% of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available, for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

(ii) *Adjustment to Weekly Interest Rate.* At any time, the Lessee, by written direction to the Agency, the Trustee, the Bond Registrar, the Tender Agent, the Paying Agent, the Credit Facility Provider and the Remarketing Agent, may elect, subject to Section 2.04(h), that the Series 200__ Bonds shall bear interest at a Weekly Interest Rate. Such direction of the Lessee shall specify (1) the effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the 12th day (15th day if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) following the third Business Day after receipt by the Bond Registrar of such direction, (B) in case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 200__ Bonds would otherwise be subject to optional redemption pursuant to Section 2.06 (a)(iii) if such adjustment did not occur and (C) in the case of an adjustment from a Bond Interest Term Rate Period, the day immediately following the last day of the Bond Interest Term Rate Period; and (2) the date on which holders are required to deliver such Series 200__ Bonds to be purchased (if other than such effective date).

In addition, the direction of the Lessee shall be accompanied by a Favorable Opinion of Bond Counsel to the extent required by Section 2.04(h) hereof and by a form of notice to be mailed to the holders of the Series 200__ Bonds by the Bond Registrar as provided in Section 2.04(a)(iii). During each Weekly Interest Rate Period commencing on (and including) a date so specified and ending on (and including) the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the Series 200__ Bonds shall be a Weekly Interest Rate.

(iii) *Notice of Adjustment to Weekly Interest Rate.* The Bond Registrar shall give notice by first-class mail of an adjustment to a Weekly Interest Rate Period to the holders of the Series 200__ Bonds, not less than 12 days (15 days if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (1) that the interest rate on the Series 200__ Bonds will be adjusted to a Weekly Interest Rate (unless a Favorable Opinion of Bond Counsel is required pursuant to Section 2.04(h) and such Bond Counsel fails to deliver to the Agency, the Trustee, the Lessee and the Remarketing Agent such Favorable Opinion of Bond Counsel on the effective date of such adjustment in the Interest Rate Period, in which case the Series 200__ Bonds, if being adjusted from a Daily Interest Rate Period or a Bond Interest Term Period, shall continue to bear interest at the Daily Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the Series 200__ Bonds are being adjusted from a Long-Term Interest Rate Period, the Series 200__ Bonds shall be adjusted to bear interest at a Long-Term Interest Rate for the length of the period provided in Section 2.04(b)(ii)(C)), (2) the scheduled effective date of such Weekly Interest Rate Period, (3) that the Series 200__ Bonds are subject to mandatory tender for purchase on such scheduled effective date, setting forth the applicable Purchase Price and (4) if the Series 200__ Bonds are no longer Book-Entry Bonds and are therefore in certificated form, information with respect to required delivery of bond certificates and payment of the Purchase Price under Section 2.05(g) of this _____ Series Supplemental Indenture.

(b) (i) *Determination of Long-Term Interest Rate.* During a Long-Term Interest Rate Period, the Series 200__ Bonds shall bear interest at the Long-Term Interest Rate. The Long-Term Interest Rate for the Series 200__ Bonds shall be determined by the Remarketing Agent on a Business Day no later than 10:00 a.m., New York City time, on the effective date of such Long-Term Interest Rate Period with respect to the Series 200__ Bonds. The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate, if any, at which the Remarketing Agent would agree to purchase the Series 200__ Bonds on such effective date for resale at a price (without regard to accrued interest) equal to the principal amount thereof; provided however that with a Favorable Opinion of Bond Counsel, the Series 200__ Bonds being converted to a Long-Term Interest Rate Period that ends on the day prior to maturity of the Series 200__ Bonds may be sold at a discount. If the Remarketing Agent fails to establish a Long-Term Interest Rate for any Long-Term Interest Rate Period on or prior to the first day of such Long-Term Interest Rate Period, then the Series 200__ Bonds shall bear interest at a Weekly Interest Rate determined in accordance with Section 2.04(a)(i). In the event that the Lessee shall specify a Long-Term Interest Rate Period of one year or greater, then the Credit Facility (if any) shall be terminated as to the Series 200__ Bonds during such Long-Term Interest Rate Period.

(ii) *Adjustment to or Continuation of Long-Term Interest Rate.* (A) At any time, the Lessee, by written direction to the Agency, the Trustee, the Bond Registrar, the Tender Agent, if any, the Paying Agent, the Credit Facility Provider, if any, and the Remarketing Agent, if any, may elect, subject to Section 2.04(h), that the Series 200__ Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. Such direction of the Lessee (1) shall specify the duration of the Long-Term Interest Rate Period during which the Series 200__ Bonds shall bear interest at a Long-Term Interest Rate; (2) shall specify the effective date of such Long-Term Interest Rate Period, which date shall be (x) a Business Day not earlier than the 30th day following the third Business Day after receipt by the Bond Registrar of such direction, (y) in the case of an adjustment from a Long-Term Interest Rate Period to another Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 200__ Bonds would otherwise be subject to optional redemption pursuant to Section 2.06 (a)(iii) if such adjustment did not occur and (z) in the case of an adjustment from a Bond Interest Term Rate Period, the day immediately following the last day of the Bond Interest Term Rate Period; (3) shall specify the last day of such Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the Maturity Date, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); (4) shall specify a date on or prior to which holders are required to deliver such Series 200__ Bonds to be purchased (if other than such effective date); (5) if approved by a Favorable Opinion of Bond Counsel, may specify any redemption periods and prices that differ from those set forth in Section 2.06 (a)(iii); and (6) if such Long-Term Interest Rate Period is for a period of one year or more, and a Credit Facility is in effect prior to the commencement of such Long-Term Interest Rate Period, such direction shall direct the Trustee to terminate such Credit Facility then in effect after the effective date of such Long-Term Interest Rate Period then to be commenced.

(B) Such direction of the Lessee shall be accompanied by a Favorable Opinion of Bond Counsel to the extent required by Section 2.04(h) hereof and by a form of the notice to be mailed by the Bond Registrar to the holders of the Series 200__ Bonds as provided in Section 2.04(b)(iii).

(C) If, by the second Business Day preceding the 29th day prior to the last day of any Long-Term Interest Rate Period, the Bond Registrar shall not have received notice of the Lessee's election that, during the next succeeding Interest Rate Period, the Series 200__ Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate, or at Bond Interest Term Rates, the next succeeding Interest Rate Period shall be a Long-Term Interest Rate Period of 367 days, unless the immediately preceding Long-Term Interest Rate Period was a period not exceeding one year, in which case the next succeeding Interest Rate Period will be a Long-Term Interest Rate Period of the same length as such immediately preceding Long-Term Interest Rate Period, until such time as the interest rate on the Series 200__ Bonds shall be adjusted to a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as provided in Section 2.04 and the Series 200__ Bonds shall be subject to mandatory purchase as provided in Section 2.05(c) on the first day of such Long-Term Interest Rate Period.

(D) In the event that the Lessee shall deliver to the Bond Registrar, the Remarketing Agent, the Tender Agent, the Credit Facility Provider, if any, and the Trustee on or

prior to the date that the interest rate for any Long-Term Interest Rate Period is determined a notice to the effect that the Lessee elects to rescind its election to have the Series 200__ Bonds bear interest at a Long-Term Interest Rate, then the interest rate on the Series 200__ Bonds shall not be adjusted to a Long-Term Interest Rate, and the Series 200__ Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as in effect prior to such event, or if the Series 200__ Bonds were to be adjusted from a Long-Term Interest Rate, then the Series 200__ Bonds shall bear interest at Long-Term Interest Rate for the length of period provided in Section 2.04(b)(ii)(C), with such period to commence on the date which would have been the effective date of such Long-Term Interest Rate Period, and the Series 200__ Bonds shall continue to be subject to mandatory purchase as provided in Section 2.05(c) on the day which would have been the effective date of such Long-Term Interest Rate Period.

(iii) *Notice of Adjustment to or Continuation of Long-Term Interest Rate.* The Bond Registrar shall give notice by first-class mail of an adjustment to a (or the establishment of another) Long-Term Interest Rate Period to the holders of the Series 200__ Bonds not less than 30 days prior to the effective date of such Long-Term Interest Rate Period. Such notice shall state: (1) that the interest rate on the Series 200__ Bonds shall be adjusted to, or continue to be, a Long-Term Interest Rate unless (x) a Favorable Opinion of Bond Counsel as to such adjustment is required pursuant to Section 2.04(h) and such Bond Counsel fails to deliver to the Agency, the Trustee, the Lessee and the Remarketing Agent, such Favorable Opinion of Bond Counsel on the effective date of such adjustment, or (y) the Lessee shall elect, on or prior to the date of determination of such Long-Term Interest Rate, to rescind its election to cause the adjustment of the interest rate on the Series 200__ Bonds to a Long-Term Interest Rate, in which case the Series 200__ Bonds, if being adjusted from a Daily Interest Rate Period, or a Weekly Interest Rate Period or a Bond Interest Term Rate Period, shall continue to bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the Series 200__ Bonds are being adjusted from a Long-Term Interest Rate Period, the Series 200__ Bonds shall be adjusted to bear interest at a Long-Term Interest Rate for the length of period provided in Section 2.04(b)(ii)(C), (2) the scheduled effective date and the last day of such Long-Term Interest Rate Period, (3) that the Series 200__ Bonds are subject to mandatory tender for purchase on such scheduled effective date and the Purchase Price applicable thereto, (4) if approved by a Favorable Opinion of Bond Counsel, any redemption periods and prices specified by the Lessee that differ from those set forth in Section 2.06 (a)(iii), (5) if the Series 200__ Bonds are secured by a Credit Facility immediately prior to such effective date and such Long-Term Interest Rate Period is a period of one year or more, that the Credit Facility applicable to the Series 200__ Bonds will be terminated as of the effective date of such new Long-Term Interest Rate Period then commencing and the ratings applicable to the Series 200__ Bonds after the termination of such Credit Facility, or that no such ratings have been obtained and (6) if the Series 200__ Bonds are no longer Book-Entry Bonds and are therefore in certificated form, information with respect to the required delivery of bond certificates and payment of Purchase Price under Section 2.05(g) of this _____ Series Supplemental Indenture.

(iv) *Adjustment from Long-Term Interest Rate Period.* In addition to an adjustment from a Long-Term Interest Rate Period on the day immediately following the last day of the Long-Term Interest Rate Period, at any time during a Long-Term Interest Rate Period (subject to the provisions in this paragraph (iv)), including a Long-Term Interest Rate Period

extending to the Maturity Date, the Lessee may elect, subject to Sections 2.04(g) and 2.04(h), that the Series 200__ Bonds no longer shall bear interest at a Long-Term Interest Rate and shall instead bear interest at a Daily Interest Rate, Weekly Interest Rate, Bond Interest Term Rates or a new Long-Term Interest Rate, as specified in such election. In the notice of such election, the Lessee shall also specify the effective date of the new Interest Rate Period, which date shall be (1) a Business Day no earlier than the 15th day after the third Business Day following the date of receipt by the Bond Registrar of the notice of election from the Lessee or, in the case of adjustment to a new Long-Term Interest Rate Period, the 30th day following the date of receipt by the Bond Registrar of such notice and (2) a day on which the Series 200__ Bonds shall be subject to optional redemption in accordance with Section 2.06 (a)(iii). Such notice shall also (i) describe the Credit Facility, if any, in effect or to be in effect upon such adjustment from a Long-Term Interest Rate Period and identify the provider of such Credit Facility, (ii) state the date of termination or expiration of such Credit Facility, and the date of the proposed provision of such Credit Facility (which shall be on or prior to the date of such adjustment) if no Credit Facility for the Interest Rate Period following such Long-Term Interest Rate Period already is in effect and (iii) specify the ratings, if any, to be applicable to the Series 200__ Bonds after such adjustment or state that no ratings will be assigned to the Series 200__ Bonds subsequent to such adjustment. The Series 200__ Bonds shall be subject to mandatory tender for purchase on the scheduled effective date of the new Interest Rate Period in accordance with Section 2.05(c), at a Purchase Price equal to the optional Redemption Price set forth in Section 2.06 (a)(iii) which would be applicable on that date.

(c) (i) *Determination of Bond Interest Terms and Bond Interest Term Rates.* (A) During each Bond Interest Term Rate Period, each Bond shall bear interest during each Bond Interest Term for such Series 200__ Bond at the Bond Interest Term Rate for such Bond. The Bond Interest Term and the Bond Interest Term Rate for each Series 200__ Bond need not be the same for any two Series 200__ Bonds, even if determined on the same date. Each of such Bond Interest Terms and Bond Interest Term Rates for each Bond shall be determined by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of each Bond Interest Term. Each Bond Interest Term for each Bond shall be a period of not less than one day nor more than 180 days, determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Series 200__ Bonds then outstanding, will result in the lowest overall interest expense on the Series 200__ Bonds, taking into account the following factors: (I) existing short-term tax-exempt market rates and indices of such short-term rates, (II) the existing market supply and demand for short-term tax-exempt securities, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the Series 200__ Bonds, (IV) general economic conditions, (V) economic and financial conditions that may affect or be relevant to the Series 200__ Bonds, (VI) the Bond Interest Terms of other Series 200__ Bonds and (VII) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant. Any Series 200__ Bond purchased on behalf of the Lessee and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that Series 200__ Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term would not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall commence on a Business Day and end on either a day which immediately precedes a Business Day or on the day immediately preceding the Maturity Date, but in no event

shall any Bond Interest Term extend beyond the day which is three Business Days prior to the Stated Expiration Date of the Credit Facility. If for any reason a Bond Interest Term for any Series 200__ Bond cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, such Bond Interest Term shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the Maturity Date, such Bond Interest Term shall end on the day immediately preceding the Maturity Date.

(B) The Bond Interest Term Rate for each Bond Interest Term for each Series 200__ Bond shall be the rate of interest per annum determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate which, if borne by such Bond, would enable the Remarketing Agent to sell such Series 200__ Bond on the date and at the time of such determination at a price (without regard to accrued interest) equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for any Series 200__ Bond is not so established by the Remarketing Agent for any Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to 75% of the interest rate on high grade unsecured commercial paper notes sold through dealers by major corporations as reported by *The Wall Street Journal* on the first day of such Bond Interest Term and with maturities most nearly equal to the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

(ii) *Adjustment to Bond Interest Term Rates*. At any time, the Lessee, by written direction to the Agency, the Trustee, the Credit Facility Provider, the Bond Registrar, the Tender Agent, the Paying Agent and the Remarketing Agent, may elect, subject to Section 2.04(h), that the Series 200__ Bonds shall bear interest at Bond Interest Term Rates, *provided that* the Credit Facility then in effect or to be in effect on the effective date of the Bond Interest Term Rate Period has an interest component of at least 180 days of interest coverage. Such direction of the Lessee shall specify (1) the effective date of the Bond Interest Term Rate Period (during which the Series 200__ Bonds shall bear interest at Bond Interest Term Rates), which shall be (A) a Business Day not earlier than the 12th day (15th day if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) following the third Business Day after receipt by the Bond Registrar of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 200__ Bonds would otherwise be subject to optional redemption pursuant to Section 2.06 (a)(iii) if such adjustment did not occur; *provided that*, if prior to the Lessee's making such election any Series 200__ Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Bond Interest Term Rate Period shall not precede such redemption date; and (C) in the case of an adjustment from a Daily Interest Rate Period or a Weekly Interest Rate Period, the day immediately following the last day of such Interest Rate Period; and (2) the date on which holders of Series 200__ Bonds are required to deliver such Series 200__ Bonds for purchase (if other than such effective date). In addition, the direction of the Lessee shall be accompanied by a Favorable Opinion of Bond Counsel to the extent required by Section 2.04(h) hereof and a form of the notice to be mailed by the Bond Registrar to the holders of the Series 200__ Bonds

as provided in Section 2.04(c)(iii). During each Bond Interest Term Rate Period commencing on the date so specified and ending, with respect to each Series 200__ Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period with respect to such Series 200__ Bond, each Series 200__ Bond shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for such Series 200__ Bond.

(iii) *Notice of Adjustment to Bond Interest Term Rates.* The Bond Registrar shall give notice by first-class mail of an adjustment to a Bond Interest Term Rate Period to the holders of the Series 200__ Bonds not less than 12 days (15 days if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Bond Interest Term Rate Period. Such notice shall state (1) that the Series 200__ Bonds shall bear interest at Bond Interest Term Rates unless a Favorable Opinion of Bond Counsel as to such adjustment is required pursuant to Section 2.04(h) and such Bond Counsel fails to deliver to the Agency, the Trustee, the Lessee and the Remarketing Agent such Favorable Opinion of Bond Counsel on the effective date of such adjustment in the Interest Rate Period, in which case the Series 200__ Bonds, if being adjusted from a Daily Interest Rate Period or a Weekly Interest Rate Period, shall continue to bear interest at a Daily Interest Rate or a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the Series 200__ Bonds are being adjusted from a Long-Term Interest Rate Period, the Series 200__ Bonds shall be adjusted to bear interest at a Long-Term Interest Rate for the length of period provided in Section 2.04(b)(ii)(C), (2) that during such Bond Interest Term Rate Period, each Bond will have one or more consecutive Bond Interest Terms during each of which such Bond will bear a Bond Interest Term Rate, (3) the scheduled effective date of such Bond Interest Term Rate Period, (4) that the Series 200__ Bonds are subject to mandatory tender for purchase on such scheduled effective date of such Bond Interest Term Rate Period and setting forth the Purchase Price applicable thereto and (5) if the Series 200__ Bonds are no longer Book-Entry Bonds, information with respect to the required delivery of bond certificates and payment of the Purchase Price under Section 2.05(g).

(iv) *Adjustment from Bond Interest Term Rate Period.* At any time during a Bond Interest Term Rate Period, the Lessee may elect, pursuant to Section 2.04(a)(ii), 2.04(b)(ii) or 2.04(d)(ii) (and with the notice provided in such Sections), but subject to Section 2.04(h), that the Series 200__ Bonds no longer shall bear interest at Bond Interest Term Rates and shall instead bear interest at a Weekly Interest Rate, a Long-Term Interest Rate or a Daily Interest Rate, as specified in such election.

The date on which all Bond Interest Terms determined shall end shall be the last day of the then-current Bond Interest Term Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, Weekly Interest Rate Period or Long-Term Interest Rate Period elected by the Lessee.

(d) (i) *Determination of Daily Interest Rate.* During each Daily Interest Rate Period, the Series 200__ Bonds shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m., New York City time, on each Business Day during such Daily Interest Rate Period. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on then-prevailing market conditions) to be the minimum interest rate which, if borne by the Series 200__ Bonds, would enable the Remarketing

Agent to sell the Series 200__ Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. In the event that the Remarketing Agent fails to establish a Daily Interest Rate for any day, then the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding Business Day if the Daily Interest Rate for such preceding Business Day was determined by the Remarketing Agent. In the event that the Daily Interest Rate for the immediately preceding day was not determined by the Remarketing Agent, or in the event that the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such day shall be equal to 110% of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Daily Interest Rate would otherwise be determined as provided herein for such Daily Interest Rate Period.

(ii) *Adjustment to Daily Interest Rate.* At any time, the Lessee, by written direction to the Agency, the Trustee, the Bond Registrar, the Tender Agent, the Paying Agent, the Credit Facility Provider and the Remarketing Agent, may elect, subject to Section 2.04(h), that the Series 200__ Bonds shall bear interest at a Daily Interest Rate. Such direction of the Lessee shall specify (1) the effective date of such adjustment to a Daily Interest Rate, which shall be (A) a Business Day not earlier than the 12th day (15th day if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) following the third Business Day after receipt by the Bond Registrar of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the Series 200__ Bonds would otherwise be subject to optional redemption pursuant to Section 2.06 (a)(iii) if such adjustment did not occur and (C) in the case of an adjustment from a Bond Interest Term Rate Period, the day immediately following the last day of the Bond Interest Term Rate Period; and (2) the date on which holders of Series 200__ Bonds are required to deliver such Series 200__ Bonds to be purchased (if other than such effective date). In addition, the direction of the Lessee shall be accompanied by a Favorable Opinion of Bond Counsel to the extent required by Section 2.04(h) and by a form of notice to be mailed to the holders of the Series 200__ Bonds by the Bond Registrar as provided in Section 2.04(d)(iii). During each Daily Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period or the Maturity Date, the interest rate borne by the Series 200__ Bonds shall be a Daily Interest Rate.

(iii) *Notice of Adjustment to Daily Interest Rate.* The Bond Registrar shall give notice by first-class mail of an adjustment to a Daily Interest Rate Period to the holders of the Series 200__ Bonds not less than 12 days (15 days if the then-current Interest Rate Period shall be a Long-Term Interest Rate Period) prior to the effective date of such Daily Interest Rate Period. Such notice shall state (1) that the interest rate on the Series 200__ Bonds will be adjusted to a Daily Interest Rate (unless a Favorable Opinion of Bond Counsel as to such adjustment is required pursuant to Section 2.04(h) and such Bond Counsel fails to deliver to the Agency, the Trustee, the Lessee and the Remarketing Agent such Favorable Opinion of Bond Counsel on the effective date of such adjustment in the Interest Rate Period, in which case the Series 200__ Bonds, if being adjusted from a Weekly Interest Rate Period or a Bond Interest

Term Rate Period, shall continue to bear interest at the Weekly Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the Series 200__ Bonds are being adjusted from a Long-Term Interest Rate Period, the Series 200__ Bonds shall be adjusted to bear interest at a Long-Term Interest Rate for the length of period provided in Section 2.04(b)(ii)(C)), (2) the scheduled effective date of such Daily Interest Rate Period, (3) that the Series 200__ Bonds are subject to mandatory tender for purchase on such scheduled effective date, setting forth the applicable Purchase Price and (4) if the Series 200__ Bonds are no longer Book-Entry Bonds and are therefore in certificated form, information with respect to required delivery of bond certificates and payment of the Purchase Price under Section 2.05(g) of this _____ Series Supplemental Indenture.

(e) The determination of the Daily Interest Rate, Weekly Interest Rate and Long-Term Interest Rate and each Bond Interest Term and Bond Interest Term Rate by the Remarketing Agent, shall be conclusive and binding upon the Remarketing Agent, the Trustee, the Bond Registrar, the Tender Agent, the Authenticating Agent, the Agency, the Lessee, the Paying Agent, the Credit Facility Provider and the holders of the Series 200__ Bonds.

(f) [Reserved]

(g) In the event that the Lessee shall elect to convert the interest rate on the Series 200__ Bonds to a Weekly Interest Rate, Bond Interest Term Rates, Long-Term Interest Rate or Daily Interest Rate as provided in Sections 2.04(a)(ii), 2.04(b)(ii), 2.04(c)(ii) or 2.04(d)(ii), then the written direction furnished by the Lessee to the Agency, the Trustee, the Credit Facility Provider, if any, the Bond Registrar, the Tender Agent, and the Remarketing Agent, if any, as required by such Sections shall be made by first class mail, or by telex or telecopy, confirmed by first class mail. Any such direction of the Lessee shall specify whether the Series 200__ Bonds are to bear interest at the Weekly Interest Rate, Bond Interest Term Rates, the Long-Term Interest Rate or the Daily Interest Rate and shall be accompanied by a copy of the notice required to be given by the Bond Registrar pursuant to Section 2.04(a)(iii), 2.04(b)(iii), 2.04(c)(iii) or 2.04(d)(iii), as the case may be.

(h) Notwithstanding anything in this Section 2.04 to the contrary, in connection with any adjustment of the Interest Rate Period on the Series 200__ Bonds, the Lessee shall cause to be provided to the Agency, the Trustee, the Credit Facility Provider, if any, and the Remarketing Agent a Favorable Opinion of Bond Counsel on the effective date of such adjustment if (i) the Series 200__ Bonds have been in an Interest Rate Period not exceeding one year, including a Daily Interest Rate Period, a Weekly Interest Period, or a Bond Interest Term Rate Period, and the Lessee designates an Interest Rate Period exceeding one year or (ii) the Bonds have been in an Interest Rate Period exceeding one year and the Lessee designates an Interest Rate Period not exceeding one year or (iii) Series 200__ Bonds are to be adjusted to a new Long-Term Interest Rate Period on a day on which the Series 200__ Bonds would otherwise be subject to optional redemption pursuant to Section 2.06(a)(iii) hereof. In the event that Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on any such date, then the Interest Rate Period on the Series 200__ Bonds shall not be adjusted, and the Series 200__ Bonds shall continue to bear interest at a Daily Interest Rate, Weekly Interest Rate, Bond Interest Term Rates or Long-Term Interest Rates, as the case may be, as in effect immediately prior to such proposed adjustment in the Interest Rate Period; *provided, however,* that in the event that the Series 200__ Bonds are

being adjusted from a Long-Term Interest Rate Period and Bond Counsel fails to deliver such Favorable Opinion of Bond Counsel on the effective date of such adjustment, then the Series 200__ Bonds shall be adjusted to bear interest at a Long-Term Interest Rate for the length of period provided in Section 2.04(b)(ii)(C) above. In any event, if notice of such adjustment has been mailed to the owners of the Series 200__ Bonds as provided in Section 2.04 and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as herein described, the Series 200__ Bonds shall continue to be subject to mandatory purchase on the date which would have been the effective date of such adjustment as provided in Section 2.05.

SECTION 2.05. Purchase of Series 200__ Bonds. (a) *Optional Tender for Purchase During Daily Interest Rate Period or Weekly Interest Rate Period.* (i) During any Daily Interest Rate Period when a book entry system is in effect, a beneficial owner (through its direct participant in the Depository) may tender such beneficial owner's interest in a Series 200__ Bond (or portion thereof, as described below) on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its designated corporate trust office for delivery of notices, with a copy to the Remarketing Agent, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such Bond (or portion thereof in an Authorized Denomination) that is being tendered for purchase and the date on which the same shall be purchased, which date shall be the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 11:00 a.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

(ii) During any Weekly Interest Rate Period when a book entry system is in effect, a beneficial owner (through its direct participant in the Depository) may tender such beneficial owner's interest in a Series 200__ Bond (or portion thereof, as described below) on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Accrual Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its designated corporate trust office for delivery of notices, with a copy to the Remarketing Agent, of an irrevocable written notice, which states the principal amount of such Series 200__ Bond (or portion thereof in an Authorized Denomination) that is being tendered for purchase and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, shall be deemed to have been received on the next succeeding Business Day.

(iii) The Tender Agent shall promptly send a copy of any notice delivered to it pursuant to this Section 2.05(a) by telecopy to the Remarketing Agent and the Credit Facility Provider. On the date for purchase specified in the notice, the beneficial owner shall effect delivery of such Series 200__ Bonds by causing the direct participant through which such

beneficial owner owns such Series 200__ Bonds to transfer its interest in such Series 200__ Bonds, in an amount equal to the principal amount tendered by such beneficial owner, on the records of the Depository for such Series 200__ Bonds to the participant account of the Tender Agent with the Depository by the time specified in (iv) below.

(iv) During any Daily Interest Rate Period or Weekly Interest Rate Period when a book entry system is not in effect, an owner of a Series 200__ Bond may tender the Series 200__ Bond by delivery of the notice described above by the time set forth above and shall also deliver the Series 200__ Bond to the Tender Agent by 12:00 Noon, New York City time, on the date specified for purchase.

(b) *Mandatory Tender for Purchase On Day Next Succeeding the Last Day of Each Bond Interest Term During a Bond Interest Term Rate Period.* On the day next succeeding the last day of each Bond Interest Term for a Series 200__ Bond, unless such day is the Maturity Date or the first day of a new Interest Rate Period (in which event such Bond shall be subject to mandatory purchase pursuant to Section 2.05(c)), such Series 200__ Bond shall be purchased from its holder at a Purchase Price equal to the principal amount thereof payable in immediately available funds. The Purchase Price of any Bond so purchased shall be payable only upon (i) if a book entry system is not in effect, surrender of such Series 200__ Bond to the Tender Agent at its principal office for delivery of Series 200__ Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed or (ii) if a book entry system is in effect, registration of the ownership rights in such Bond to the Tender Agent on the records of the Depository.

(c) *Mandatory Tender for Purchase on First Day of Each Interest Rate Period.* The Series 200__ Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period had one of the events specified in Sections 2.04(b)(ii)(D) or 2.04(h) not occurred which resulted in the interest rate on the Series 200__ Bonds not being adjusted, at a Purchase Price, payable in immediately available funds, equal to the principal amount of the Series 200__ Bonds or, in the case of a purchase on the first day of an Interest Rate Period (including a Long-Term Interest Rate Period) which shall be preceded by a Long-Term Interest Rate Period and which shall commence prior to the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a Purchase Price equal to the optional Redemption Price set forth in Section 2.06 (a)(iii) which would have been applicable to the Series 200__ Bonds on such mandatory purchase date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day, plus accrued interest if any.

(d) *Mandatory Tender for Purchase upon Termination, Expiration, or Replacement of the Credit Facility.* If at any time the Trustee shall give notice in accordance with Section 3.04 that the Series 200__ Bonds that, at such time, are subject to payment under a Credit Facility then in effect shall on the date specified in such notice cease to be payable from such Credit Facility as a result of (A) the termination or expiration of the term of such Credit Facility, or (B) such Credit Facility being replaced, in either case with the effect that the Series 200__ Bonds are no longer payable from such Credit Facility (in each case, whether or not any Alternate Credit Facility has been obtained), then on the fifth calendar day preceding any

termination, expiration, or replacement of the Credit Facility, such Series 200__ Bonds shall be purchased or deemed purchased as provided herein. The Purchase Price for such Series 200__ Bonds shall be equal to the principal amount thereof, plus accrued interest (if any).

(e) *Mandatory Tender for Purchase following Event of Default Under Credit Facility Agreement.* When the Series 200__ Bonds bear interest at a Daily Interest Rate or a Weekly Interest Rate, all Series 200__ Bonds shall be subject to mandatory tender for purchase on the fifth Business Day (or the next succeeding Business Day if such day is not a Business Day) following receipt by the Trustee of notice from a Credit Facility Provider which has issued a Credit Facility then securing the Series 200__ Bonds that an "Event of Default" has occurred under the Credit Facility Agreement relating to the Series 200__ Bonds and directing the mandatory purchase of the Series 200__ Bonds. The Trustee shall give prompt notice to the Remarketing Agent of receipt of such notice from such Credit Facility Provider. In addition, no later than the Business Day following receipt of such notice described above, the Trustee shall give notice by first class mail, postage prepaid, to the owners of the Series 200__ Bonds, the Agency, such Credit Facility Provider, the Lessee and the Remarketing Agent stating that an Event of Default has occurred under the Credit Facility Agreement and that the Series 200__ Bonds are subject to mandatory tender for purchase. The Purchase Price for such Series 200__ Bonds shall be equal to the principal amount thereof, plus accrued interest (if any).

(f) *Mandatory Tender for Failure of Credit Facility Provider to Reinstate Interest.* In the event any Credit Facility shall be in effect with respect to the Series 200__ Bonds, the Series 200__ Bonds shall be subject to mandatory tender for purchase at any time, if at any time prior to the expiration or earlier termination of such Credit Facility the Trustee shall have received prior to the fifth Business Day following a drawing under such Credit Facility to pay interest with respect to such Series of Bonds, written notice from the Credit Facility Provider that the interest component of such Credit Facility will not be reinstated. The Trustee shall give prompt notice to the Remarketing Agent or receipt of such notice from such Credit Facility Provider. In addition, no later than the Business Day following receipt of such notice described above, the Trustee shall give notice by first class mail, postage prepared, to the owners of the Series 200__ Bonds, the Agency, such Credit Facility Provider, the Lessee and the Remarketing Agent stating that the interest component of the Credit Facility will not be reinstated and that the Series 200__ Bonds are subject to mandatory tender for purchase. The Purchase Price for the Series 200__ Bond shall be equal to the principal amount thereof, plus accrued interest (if any).

(g) *Notice of Mandatory Tender for Purchase.* In connection with any mandatory tender for purchase of Series 200__ Bonds in accordance with Sections 2.05(c), 2.05(d), 2.05(e) or 2.05(f), the Trustee shall give notice of a mandatory tender for purchase as a part of the notice given pursuant to Sections 2.04(a)(iii), 2.04(b)(iii), 2.04(c)(iii), 2.04(d)(iii), 2.05(e), 2.05(f) or 3.04. Such notice shall state (A) in the case of a mandatory tender for purchase pursuant to Section 2.05(c), the type of Interest Rate Period to commence on such mandatory purchase date; (B) in the case of a mandatory tender for purchase pursuant to Sections 2.05(d) and 3.04 hereof, that the Applicable Credit Facility will expire, terminate, or be replaced and that the Series 200__ Bonds shall no longer be payable from such Credit Facility then in effect and that any rating applicable thereto may be reduced or withdrawn; (C) in the case of a mandatory tender for purchase pursuant to Section 2.05(e), that an Event of Default has occurred under the Applicable Credit Facility Agreement; (D) in the case of a mandatory tender for purchase pursuant to

Section 2.05(f), that the interest component of the Credit Facility will not reinstated; (E) that the Purchase Price of any Series 200__ Bond so subject to mandatory purchase shall be payable only upon (i) if a book entry system is not in effect, surrender of such Bond to the Tender Agent at its principal office for delivery of Series 200__ Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly-authorized attorney, with such signature guaranteed or (ii) if a book entry system is in effect, registration of the ownership rights in such Series 200__ Bond to the Tender Agent on the records of the Depository; (F) that, *provided* that moneys sufficient to effect such purchase have been provided through the remarketing of such Series 200__ Bonds by the Remarketing Agent or through the Credit Facility (or if such sources are insufficient, through payments by the Lessee or the Guarantor), all Series 200__ Bonds so subject to mandatory tender for purchase shall be purchased on the mandatory purchase date, and that if any owner of a Bond subject to mandatory tender for purchase shall not surrender such Bond to the Tender Agent for purchase (or if a book entry system is in effect, effect the transfer of ownership rights to the Tender Agent on the records of the Depository) on such mandatory purchase date, and moneys sufficient to pay the Purchase Price thereof are on deposit with the Tender Agent as described in Article V, then such Series 200__ Bond shall be deemed to be an "Undelivered Bond", and that no interest shall accrue thereon on and after such mandatory purchase date and that the holder thereof shall have no rights under the Indenture other than to receive payment of the Purchase Price thereof; and (G) in the event that moneys sufficient to pay the Purchase Price of such Series 200__ Bonds have not been provided to the Tender Agent, that such Series 200__ Bonds shall not be purchased or deemed purchased and shall continue to bear interest as if such failed purchase shall not have occurred. In connection with any mandatory tender for purchase of Series 200__ Bonds in accordance with Section 2.05(d) as a result of the termination, expiration, or replacement of an Applicable Credit Facility, such notice also shall (W) describe generally the Credit Facility, if any, in effect prior to such termination, expiration, or replacement and the Alternate Credit Facility, if any, in effect or to be in effect upon such termination, expiration, or replacement and identify the provider of such Alternate Credit Facility, (X) state the date of such termination, expiration, or replacement, and the date of the proposed provision of the Alternate Credit Facility, if any, (Y) specify the ratings, if any, to be applicable to such Series 200__ Bonds after such termination, expiration, or replacement of the Credit Facility, or state that no ratings will be assigned to such Series 200__ Bonds subsequent to such termination, expiration, or replacement of the Credit Facility, and (Z) describe any special restrictions or procedures (if any) applicable to the registration of transfer of such Series 200__ Bonds. The Lessee shall provide the Trustee and the Credit Facility Provider with a form of any such notice.

Subject to the provisions of Section 3.12 of the Indenture relating to Bonds held in a book entry system, for payment of the Purchase Price of any Series 200__ Bond required to be purchased pursuant to this Section 2.05 on the date specified, such Series 200__ Bond must be delivered, at or prior to 12:00 Noon, New York City time, on the date specified in such notice, to the Tender Agent at its principal office for delivery of Series 200__ Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the holder thereof or his duly authorized attorney, with such signature guaranteed. In the event any such Series 200__ Bond is delivered after 12:00 Noon, New York City time, on such date, payment of the purchase price of such Series 200__ Bond need not be made until the Business Day following the date of delivery of such Series 200__ Bond, but such Series 200__ Bond shall

nonetheless be deemed to be an "Undelivered Bond" and to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

(h) *Irrevocable Notice Deemed to be Tender of Bond; Undelivered Series 200__ Bonds.* (i) The giving of notice by an owner of a Series 200__ Bond as provided in Section 2.05(a) shall constitute the irrevocable tender for purchase of each such Series 200__ Bond with respect to which such notice shall have been given, regardless of whether such Series 200__ Bond is delivered to the Tender Agent for purchase on the relevant Purchase Date as provided in Section 2.05, *provided* that moneys sufficient to pay the Purchase Price of such Series 200__ Bonds are on deposit with the Tender Agent for such purpose.

(ii) The Tender Agent may refuse to accept delivery of any Series 200__ Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Series 200__ Bond as herein described. If any holder of a Series 200__ Bond who shall have given notice of tender of purchase pursuant to Section 2.05(a), if a book entry system is not in effect, shall fail to deliver such Series 200__ Bond to the Tender Agent at the place and on the applicable date and at the time specified, or shall fail to deliver such Series 200__ Bond properly endorsed, or, if a book entry system is in effect, shall fail to cause its beneficial ownership to be transferred to the Tender Agent on the records of the Depository, and moneys sufficient to pay the Purchase Price thereof are on deposit with the Tender Agent for such purpose, such Series 200__ Bond shall be deemed to be an "Undelivered Bond". If funds in the amount of the Purchase Price of the Undelivered Bonds (including the Undelivered Bonds referred to in Section 2.05(g)) are available for payment to the holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be outstanding under the Indenture; (2) interest shall no longer accrue thereon; and (3) funds in the amount of the Purchase Price of each such Undelivered Bond shall be held by the Tender Agent for the benefit of the holder thereof (provided that the holder shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its principal office for delivery of Series 200__ Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence shall be held uninvested and not commingled.

SECTION 2.06. Redemption Provisions. The Series 200__ Bonds shall be subject to redemption prior to maturity as follows:

(a) Optional Redemption

(i) During a Daily Interest Rate Period or a Weekly Interest Rate Period, the Series 200__ Bonds shall be subject to optional redemption in whole or in part on any date prior to maturity by the Agency, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail) at a Redemption Price equal to 100% of the unpaid principal amount of the Series 200__ Bonds to be redeemed, together with accrued interest, if any, to the date of redemption and without premium.

(ii) On the day succeeding the last day of any Bond Interest Term with respect to any Series 200__ Bond, such Series 200__ Bond shall be subject to optional redemption in whole or in part prior to maturity by the Agency, at the direction of the Lessee (which shall be

delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail) at a Redemption Price equal to 100% of the unpaid principal amount of the Series 200__ Bonds to be redeemed, together with accrued interest, if any, to the date of redemption and without premium.

(iii) (a) The Series 200__ Bonds shall be subject to redemption in whole or in part on any date prior to maturity on or after _____ 1, _____ at the option of the Agency, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail and, if in part, the maturities to be redeemed to be selected by the Lessee or, if no such selection is made, in inverse order of maturities), from advance rental payments, upon payment in each case of the applicable redemption price (expressed as a percentage of principal amount of such Series 200__ Bonds to be redeemed), as set forth in the schedule below, together with accrued interest, if any, to the date of redemption, in the manner and subject to the provisions of the Indenture:

| Redemption Periods | Redemption Prices |
|---|---|

[to be completed]

(b) During any Long-Term Interest Rate Period other than the initial Long-Term Interest Rate Period, the Series 200__ Bonds shall be subject to optional redemption in whole or in part by the Agency, prior to maturity, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail), on the first day of such Long-Term Interest Rate Period at a Redemption Price equal to 100% of the principal amount of the Series 200__ Bonds to be redeemed, plus accrued interest, if any, to the redemption date. Thereafter, during any Long-Term Interest Rate Period, during the periods specified below (or, if approved by a Favorable Opinion of Bond Counsel as provided in Section 2.04(b)(ii), during the periods specified in the notice of the Lessee to the Bond Registrar pursuant to Section 2.04(b)(ii)(A)) the Series 200__ Bonds shall be subject to optional redemption by the Agency, at the direction of the Lessee, in whole or in part at any time, at the Redemption Prices (expressed as a percentage of principal amount) hereinafter indicated (or specified in the notice of the Lessee to the Bond Registrar pursuant to Section 2.04(b)(ii)(A)), plus accrued interest, if any, to the redemption date:

| LENGTH OF LONG-TERM INTEREST RATE PERIOD (EXPRESSED IN YEARS) | REDEMPTION PRICES |
|---|---|

[to be completed]

(iv) Extraordinary Optional Redemption Without Premium to Preserve Tax Exempt Status of the Series 200__ Bonds. In addition, during any Long-Term Interest Rate Period, the Series 200__ Bonds shall be subject to extraordinary optional redemption by the Agency, at the direction of the Lessee, in whole or in part on any date at a Redemption Price equal to 100% of the unpaid principal amount thereof, together with accrued interest to the date of redemption, and without premium, if the Lessee shall have delivered to the Trustee and the Agency an opinion of a nationally recognized attorney or firm of attorneys (reasonably acceptable to the Agency) experienced in matters relating to municipal bond law and the tax exemption of interest on bonds of states and their political subdivisions, addressed to the Trustee and the Agency substantially to the effect that (i) a failure so to redeem Series 200__ Bonds (or the relevant portion thereof) may adversely affect the exclusion of interest on the Series 200__ Bonds from the gross income of the holders pursuant to Section 103 of the Code, and (ii) redemption of Series 200__ Bonds in the amount set forth in such opinion (but in no smaller amount than that set forth in such opinion) would permit the continuance of any exclusion so afforded under Section 103 of the Code.

(v) Extraordinary Optional Redemption Without Premium. The Series 200__ Bonds are further subject to redemption prior to maturity, at the option of the Agency (which option shall be exercised upon the giving of notice by the Lessee of its intention to prepay lease rentals due under the IDA Lease Agreement for such purpose), as a whole only, on any date, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with accrued interest to the date of redemption, and without premium, if one or more of the following events shall have occurred: (1) the Lessee shall have determined that the continued operation of all or substantially all of the Facility is impractical, uneconomical or undesirable for any reason, including, without limitation, the imposition upon the Lessee with respect to the Facility or the operation thereof of unreasonable burdens or excessive liabilities, which shall be deemed to include, without limitation, the imposition or substantial increase of ad valorem property taxes or taxes on the leasing or use of property at the Airport or on amounts payable with respect thereto; or (2) all or substantially all of the Facility shall have been damaged, destroyed, condemned or taken by eminent domain or have been sold under a reasonably comprehended threat of condemnation or the taking by eminent domain of such use or control of the Facility so as to render the Facility unsatisfactory for its intended use; or (3) the construction or operation of the Facility shall have been enjoined or prevented or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule or regulation of any court or of any Federal, state or local regulatory body, administrative agency or other governmental body.

(b) Extraordinary Optional Redemption Without Premium at the Option of the Agency Upon Failure to Operate the Facility as a Qualified Project. The Series 200__ Bonds shall be subject to redemption prior to maturity, at the option of the Agency, as a whole only, on any date, in the event the Agency shall determine that the Lessee is not operating all or substantially all of the Facility as a qualified "project" under the Act, or is operating the Facility or any substantial portion thereof in violation in any material respect of applicable material law, and the Lessee fails to cure such noncompliance within the time periods set forth in the IDA Lease Agreement, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with interest accrued to the date of redemption, and without premium.

(c) Mandatory Redemption Without Premium on Termination of the Company Sublease. In the event that the Company Sublease shall have terminated, the Series 200__ Bonds shall be subject to mandatory redemption prior to maturity, as a whole only, on any date, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with accrued interest to the date of redemption, and without premium.

(d) Mandatory Redemption Without Premium Upon the Release of a Portion of the Leased Facilities. In the event that any portion of the Leased Facilities is released from the PA Lease, the Company Sublease and the IDA Lease Agreement, and such release constitutes a Major Release, the Series 200__ Bonds together with all other Bonds shall be subject to mandatory redemption in an aggregate principal amount (rounded down to the nearest authorized denomination) approximately equal to the Release Price. The Redemption Price of any Series 200__ Bonds so redeemed shall be equal to 100% of the unpaid principal amount thereof, together with accrued interest to the date of redemption, and without premium. The Series 200__ Bonds to be redeemed shall be determined by the Lessee.

(e) Extraordinary Mandatory Redemption Without Premium Upon Exercise of Port Authority's or City's Right to Terminate the Leasehold Mortgage. The Series 200__ Bonds shall be subject to extraordinary mandatory redemption prior to maturity on any date at a Redemption Price equal to 100% of the unpaid principal amount thereof, together with accrued interest to the date of redemption, and without premium, to the extent and as soon as practical following the Trustee's receipt of any moneys as a result of the exercise by the Port Authority of its right to terminate the Leasehold Mortgage under Section 92(v) of the PA Lease or as a result of the exercise by the City of any similar right it may have under the City-American Lease.

(f) Mandatory Sinking Fund Redemption. The Series 200__ Bonds will be subject to redemption by lot in such manner as the Trustee determines on _____ 1 of each year, beginning _____ 1, _____, in the amounts set forth opposite such years in the following table, at the principal amount thereof, together with accrued interest to the date of redemption, and without premium:

| _____ 1 of the year | Principal Amount |
|---|---|

[to be completed]

_____

* Final Maturity

The principal amount of the Series 200__ Bonds to be redeemed pursuant to the sinking fund will, at the request of the Lessee, be reduced by the principal amount of any such Bonds which at least 30 days prior to any sinking fund redemption date: (1) have been delivered to the Trustee for cancellation or (2) have been purchased or redeemed (otherwise than through operation of the sinking fund) and canceled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation in accordance with Sections 5.06(e), (f) and (g) of the Indenture.

(g) Mandatory Redemption Without Premium Upon the Occurrence of a Determination of Taxability. The Series 200__ Bonds are subject to mandatory redemption in whole or, under certain circumstances, in part, at a Redemption Price equal to one hundred percent (100%) of the unpaid principal amount of the Series 200__ Bonds, together with accrued interest to the date of redemption, and without premium, within ninety (90) days following receipt by the Trustee of written notice from a current or former Holder or beneficial owner of the Series 200__ Bonds or the Lessee of a Determination of Taxability. Payment of such Redemption Price with respect to the Series 200__ Bonds shall constitute the full and complete payment and satisfaction to the Holders for any claim, damages, costs or expenses arising out of such Determination of Taxability. All of the Series 200__ Bonds shall be redeemed upon a Determination of Taxability as described above, unless, in the opinion of Bond Counsel, redemption of a portion of the Series 200__ Bonds would have the result that interest payable on the remaining Series 200__ Bonds outstanding after the redemption would not be includable for federal income tax purposes in the gross income of any Holder or beneficial owner of a Series 200__ Bond, other than a Holder or beneficial owner who is a "substantial user" or a "related person" of such substantial user within the meaning of the Code, in which case only such portion shall be redeemed.

(h) Redemption of Series 200__ Bonds permitted or required by this Section 2.06 shall be made as follows, and the Trustee shall give the notice of redemption referred to and in accordance with Section 6.03 of the Indenture in respect of each such redemption.

(1) Redemption shall be made pursuant to the optional redemption provisions of Section 2.06(a) hereof at such times as are permitted thereunder and in such principal amounts as the Lessee shall request in a written notice to the Agency and Trustee; and

(2) Redemption shall be made pursuant to the optional redemption provision of Section 2.06(b) and the mandatory redemption provisions of Sections 2.06 (c), (d), (e), (f) and (g) hereof, without the necessity of any instructions or further act of the Agency (other than the determination by the Agency described in Section 2.06(b) hereof) or the Lessee.

(i) Under no circumstances shall the Trustee be required to use any of its own funds to effect any redemption of Series 200__ Bonds.

(j) If all Series 200__ Bonds are redeemed as provided in any of the preceding paragraphs (a) through (g), then (i) the failure by the Lessee to observe or perform a covenant or agreement in the IDA Lease Agreement or (ii) the inaccuracy of any representation or warranty made by the Lessee in the IDA Lease Agreement or in the Tax Certificate, either of which results in a Determination of Taxability, shall not constitute an Event of Default under the IDA Lease Agreement or the Indenture and payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the owners of the Series 200__ Bonds for any claims, damages, costs or expenses arising out of or based upon such failure by the Lessee.

(k) If the lien of the Indenture has been defeased with respect to the Series 200__ Bonds prior to the occurrence of an event permitting or requiring redemption of the Series 200__ Bonds, the Series 200__ Bonds will not be subject to redemption in the manner described above,

except for any mandatory sinking fund redemption and any redemption provided for in connection with such defeasance.

SECTION 2.07. Execution of Series 200__ Bonds. The Series 200__ Bonds shall be executed on behalf of the Agency by the manual or facsimile signature of the Chairperson, Vice Chairperson, Executive Director or Deputy Executive Director of the Agency, and the seal of the Agency shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary, Assistant Secretary, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs of the Agency. Any facsimile signatures shall have the same force and effect as if the appropriate officers had personally signed each of said Series 200__ Bonds. In case one or any of the officers who shall have signed or attested the Series 200__ Bonds or whose reproduced facsimile signature appears thereon shall cease to be such officer or officers before the Series 200__ Bonds so signed and attested shall have been actually issued and delivered, the Series 200__ Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Series 200__ Bonds had not ceased to be such officer. Neither the members, directors, officers or agents of the Agency nor any person executing the Series 200__ Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 2.08. Authentication. Only such Series 200__ Bonds as shall have endorsed thereon a certificate of authentication, in substantially the form set forth in the Form of Bond in the recitals of this _____ Series Supplemental Indenture, duly executed by the Trustee, shall be entitled to any right or benefit under the Indenture. No Series 200__ Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under the Indenture unless and until such certificate of authentication on such Series 200__ Bond shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Series 200__ Bond shall be conclusive evidence that such Series 200__ Bond has been duly authenticated and delivered under the Indenture. The Trustee's certificate of authentication on any Series 200__ Bond shall be deemed to have been duly executed if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Series 200__ Bonds.

SECTION 2.09. Book-Entry Bonds; Depository for the Series 200__ Bonds. The Series 200__ Bonds shall be issued as Book-Entry Bonds. The Depository Trust Company, New York, New York is hereby appointed as the Depository for the Series 200__ Bonds.

SECTION 2.10. Tax-Exempt Bond. The Series 200__ Bonds shall be issued as [Tax-Exempt Bonds.]

## ARTICLE III.

## CREDIT FACILITIES

SECTION 3.01. Credit Facility for Series 200__ Bonds. (a) Upon conversion of the Series 200__ Bonds to a Daily Interest Rate, Weekly Interest Rate or Bond Interest Term Rate, a Credit Facility shall be required to be delivered by the Lessee to the Trustee, and the Trustee is hereby directed, on or prior to each Interest Payment Date, to make a drawing under the Credit Facility relating to the Series 200__ Bonds no later than the time provided in such Credit Facility

for presentations of drafts in order to receive payment in immediately available funds by 12:30 p.m., New York City time, on such date, equal to the interest on Series 200__ Bonds then payable from the Credit Facility due on such Interest Payment Date (other than such interest representing a portion of the Purchase Price of any Series 200__ Bonds required to be purchased on such date and other than any interest due on Bank Bonds) and to use such drawing to pay such interest due on the Series 200__ Bonds on such Interest Payment Date. The proceeds of such drawing shall be deposited in the Series 200__ Credit Facility Account of the Bond Fund established pursuant to Section 3.01(f) hereof, separate and apart from any moneys not received pursuant to a draw on a Credit Facility, pending application to the payment of interest on such Series 200__ Bonds. The Trustee shall direct that the proceeds of any such drawing shall then be transferred directly to the Paying Agent or the Tender Agent, as appropriate. In determining the amount of any such interest then due, the Trustee shall not take into consideration any interest due on any Series 200__ Bond for any period when such Series 200__ Bond is a Bank Bond or for any Series 200__ Bonds owned by or, to the knowledge of the Trustee, for the account of the Agency, AMR or the Lessee or any affiliate of any of them, and no drawings under the Credit Facility shall be made, or be used, to pay interest on any Series 200__ Bond for any period when such Series 200__ Bond is a Bank Bond or for any Series 200__ Bonds owned by the Agency, AMR or the Lessee or any affiliate of any of them.

(b) On or prior to each date on which a payment of principal or redemption premium (if any) on any Series 200__ Bonds then payable from the Credit Facility is due either by maturity or as a result of any mandatory or optional redemption of such Series 200__ Bonds or any acceleration of the maturity of such Series 200__ Bonds or otherwise (in each case, other than an amount representing the principal portion of the Purchase Price of any such Series 200__ Bonds required to be purchased on such date and other than any principal due on Bank Bonds), the Trustee is hereby directed to make a drawing under the Credit Facility no later than the time provided in the Credit Facility for presentations of drafts in order to receive payment in immediately available funds by 12:30 p.m., New York City time, on the date such principal or redemption premium (if covered by such Credit Facility) is payable, equal to the amount of such principal payment and, if covered by the Credit Facility then in effect, redemption premium, and accrued interest, and to use such drawing to make such payment. The proceeds of such drawing shall be deposited in the Series 200__ Credit Facility Account of the Bond Fund established pursuant to Section 3.01(f) hereof, separate and apart from any moneys not received pursuant to a draw on a Credit Facility, pending application to the payment of the principal and premium (if applicable) of such Series 200__ Bonds. The Trustee shall then transfer the proceeds of any such drawing directly to the Paying Agent or the Tender Agent, as appropriate. In determining the amount of such principal and premium (if applicable) then due, the Trustee shall not take into consideration any principal or redemption premium, if any, required on Bank Bonds or for any Series 200__ Bonds owned by or, to the knowledge of the Trustee, for the account of the Agency, the Lessee, AMR or any affiliate of any of them, and no drawings under the Credit Facility shall be made or be used to pay any principal or redemption premium, if any, of Bank Bonds or for any Series 200__ Bonds owned by the Agency or the Lessee or any affiliate of either of them.

(c) If at any time there shall have been delivered to the Trustee an Alternate Credit Facility pursuant to Section 3.02 of this _____ Series Supplemental Indenture, together with the documents required by such Section 3.02, then the Trustee shall accept such new Credit

Facility and surrender the previously held Credit Facility for cancellation in accordance with the terms of such previously held Credit Facility, *provided that* no such surrender shall occur until after the date on which the Series 200__ Bonds that are subject to mandatory purchase in accordance with Section 2.05(d) are so purchased. If at any time all of the Series 200__ Bonds then secured by a Credit Facility shall have been defeased pursuant to Article X of the Indenture, the Trustee shall surrender such Credit Facility in effect prior to such defeasance to the issuer or provider thereof in accordance with the terms of such Credit Facility for cancellation. The Trustee shall comply with the procedure set forth in the Credit Facility relating to the termination thereof and is authorized to deliver certificates reducing the stated amount of the Credit Facility in accordance with the provisions thereof.

(d) In connection with the replacement, termination, or expiration, of the Credit Facility requiring mandatory purchase of Series 200__ Bonds as provided in Section 2.05(d) hereof, the Bond Registrar is hereby directed to give the notice of mandatory tender for purchase of the Series 200__ Bonds as provided in Section 2.05(g).

(e) Money received pursuant to draws on a Credit Facility shall only be applied to the payment of principal (except for principal on any Bank Bonds), redemption premium (if any, excluding premium due on Bank Bonds, and only to the extent provided for by such Credit Facility), Purchase Price (only to the extent provided for by such Credit Facility) or interest on the Series 200__ Bonds (except for any interest accruing on the Series 200__ Bonds while such Series 200__ Bonds are Bank Bonds), or, if not needed for such purpose, shall be returned to the Credit Facility Provider to the extent that the Credit Facility Provider has not been reimbursed by the Lessee for draws made on the Credit Facility and otherwise to the Lessee.

(f) Upon delivery of a Credit Facility to the Trustee with respect to the Series 200__ Bonds, the Trustee shall establish and maintain a separate and segregated account within the Bond Fund entitled the "Series 200__ Credit Facility Account". Monies or the proceeds from the investment of such monies deposited in such account received shall be held separate and apart from all other monies in the Bond Fund, including specifically all monies transferred from the Lease Payments Fund to the Bond Fund.

SECTION 3.02. Alternate Credit Facility for Series 200__ Bonds. If at any time there shall be delivered to the Trustee (i) an Alternate Credit Facility, (ii) a Favorable Opinion of Bond Counsel, (iii) either (A) written evidence from Moody's, if the Series 200__ Bonds are then rated by Moody's, and S&P, if the Series 200__ Bonds are then rated by S&P, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and stating the ratings of the Series 200__ Bonds after substitution of such Alternate Credit Facility or (B) a statement of the Lessee that no ratings have been obtained, (iv) if such Alternate Credit Facility is other than a letter of credit issued by a domestic commercial bank, an Opinion of Counsel that no registration of the Series 200__ Bonds or such Alternate Credit Facility is required under the Securities Act of 1933, as amended, and (v) an Opinion of Counsel satisfactory to the Trustee to the effect that such Alternate Credit Facility is a valid and enforceable obligation of the issuer or provider thereof, (vi) all information required to give the notice of mandatory tender for purchase of the Series 200__ Bonds as required by Section 2.05(d), then the Trustee shall accept such Alternate Credit Facility and, after the date of the mandatory tender for purchase established pursuant to Section 2.05(d), promptly (x)

surrender the Credit Facility then in effect to the Credit Facility Provider which issued such Credit Facility in accordance with its terms for cancellation or (y) deliver any document necessary to reduce the coverage of such Credit Facility to zero.

SECTION 3.03. Rights and Duties under Credit Facilities Relating to Series 200__ Bonds. If a Credit Facility securing the Series 200__ Bonds has been delivered to the Trustee by the Credit Facility Provider, the Trustee is hereby instructed, without further direction, to draw amounts under such Credit Facility or such Alternate Credit Facility as may be substituted therefor in accordance with the terms and conditions set forth therein at the times, in the manner and for the purposes set forth in this _____ Series Supplemental Indenture. If the Trustee makes a drawing under a Credit Facility relating to the Series 200__ Bonds after the principal of the Series 200__ Bonds shall have been declared immediately due and payable following the occurrence of an Event of Default with respect to the Series 200__ Bonds, the proceeds of such drawing shall be applied by the Trustee as promptly as practicable to the payment of the Series 200__ Bonds entitled to be paid therefrom. So long as a Credit Facility remains in effect with respect to any Series 200__ Bonds, the Trustee may not waive any Event of Default with respect to the Series 200__ Bonds if a drawing has been made under the Credit Facility, all or any portion of which is subject to reinstatement as provided in the Credit Facility relating thereto, and such reinstatement has not yet occurred. The Agency agrees that the Trustee in its name or in the name of the Agency may enforce all rights of the Trustee and of the Agency and all obligations of any Credit Facility Provider (including the obligation of the Credit Facility Provider to honor drafts duly presented in accordance with the terms and conditions of the Credit Facility) under and pursuant to the Credit Facility, for the benefit of the holders of the Series 200__ Bonds. The Trustee agrees to assume and perform the duties and obligations contemplated under any Credit Facility to be assumed and performed by the Trustee.

SECTION 3.04. Notice of Termination or Other Change in Credit Facility for Series 200__ Bonds. The Trustee shall give notice by mail to the holders of the Series 200__ Bonds then payable from the Credit Facility (if any) on or before the 15th day preceding the replacement, termination or expiration of such Credit Facility in accordance with its terms, which notice shall, to the extent applicable, (1) describe generally the Credit Facility, if any, in effect prior to such replacement, termination, or expiration and the Alternate Credit Facility, if any, in effect or to be in effect upon such replacement, termination, or expiration (2) state the date of such replacement, termination, or expiration, and the date of the proposed substitution of the Alternate Credit Facility (if any), (3) specify the rating, if any, to be applicable to such Series 200__ Bonds after such replacement, termination, or expiration of the Credit Facility or state that no ratings have been obtained with respect to such Series 200__ Bonds for the period subsequent to such replacement, termination, or expiration, of the Credit Facility, and (4) state that the Series 200__ Bonds will be purchased pursuant to Section 2.05(d) on the fifth calendar day preceding such replacement, termination, or expiration. The Lessee will give the Trustee, Bond Registrar, the Remarketing Agent and Paying Agent written notification of any replacement, termination, or expiration of the Credit Facility as soon as practicable after receiving knowledge thereof. The Lessee shall provide the Trustee with written notice of any information required to enable the Trustee to give the foregoing notice and shall provide the Trustee with the form of such notice.

SECTION 3.05. Notice by Trustee to Reduce Credit Facility. In the event that the Series 200__ Bonds shall be redeemed in whole or in part, and if a Credit Facility is then in

effect with respect to the Series 200__ Bonds, the Trustee, at the written direction of the Lessee, shall give notice to the Credit Facility Provider in the manner required by the Credit Facility to reflect such reduction in the principal amount of the Series 200__ Bonds as a result of such redemption.

SECTION 3.06. Certificate of Assumption. Simultaneously with the delivery of any Credit Facility hereunder by any Credit Facility Provider, such Credit Facility Provider shall deliver to the Port Authority a Certificate of Assumption required by the Consent Agreement. Delivery of such Certificate of Assumption shall be a precondition to the acceptance by the Trustee of any Credit Facility hereunder.

## ARTICLE IV.

## ESTABLISHMENT OF ACCOUNTS; APPLICATION OF BOND PROCEEDS; CAPITALIZED INTEREST

SECTION 4.01. Establishment of Accounts. The following Accounts shall be established and held within the following Funds and said Accounts shall maintained and applied by the Trustee in accordance with Article V of the Indenture:

(a) Within the Project Fund

(i) Series 200__ Construction Account

(b) Within the Bond Fund

(i) Series 200__ Principal Account

(ii) Series 200__ Interest Account

(iii) Series 200__ Redemption Account

(iv) Series 200__ Sinking Fund Redemption Account

(v) Series 200__ Debt Service Reserve Account

(vi) Series 200__ Capitalized Interest Account

SECTION 4.02. Application of Series 200__ Bond Proceeds. All moneys received by the Agency from the sale of the Series 200__ Bonds shall be simultaneously disbursed as follows:

(i) $_____ shall be deposited into the Series 200__ Interest Account of the Bond Fund;

(ii) $_____.00 shall be deposited into the Series 200__ Construction Account of the Project Fund.

(iii) $_____ shall be deposited into the Series 200__ Debt Service Reserve Account of the Bond Fund.

(iv) $_____ shall be deposited into the Series 200__ Capitalized Interest Account.

## ARTICLE V.

## REMARKETING AGENT; TENDER AGENT; PURCHASE AND REMARKETING OF SERIES 200__ BONDS

SECTION 5.01. Remarketing Agent and Tender Agent for Series 200__ Bonds. (a) In accordance with and subject to the Remarketing Agreement, the Lessee, with the consent of the Agency, shall appoint the Remarketing Agent at least thirty (30) days prior to the date that the Series 200__ Bonds shall first be subject to mandatory tender. The Lessee shall with the consent of the Agency appoint any successor Remarketing Agent for the Series 200__ Bonds subject to the conditions set forth in Section 5.02(a). Each Remarketing Agent shall designate its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Agency, the Credit Facility Provider and the Lessee under which such Remarketing Agent will agree, particularly, to keep such books and records with respect to its duties as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Agency, the Credit Facility Provider and the Lessee at all reasonable times.

(b) The Lessee, with the consent of the Agency (such consent not to be unreasonably withheld) shall, appoint a Tender Agent at least sixty (60) days prior to the date that the Series 200__ Bonds shall first be subject to mandatory tender. The Lessee shall with the consent of the Agency, such consent not to be unreasonably withheld or delayed, appoint any successor Tender Agent for the Series 200__ Bonds, subject to the conditions set forth in Section 5.02(b). Each Tender Agent shall designate its principal office(s) for delivery of notices and delivery of Series 200__ Bonds and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Trustee, the Bond Registrar, the Lessee, the Credit Facility Provider and the Remarketing Agent. By acceptance of its appointment hereunder, the Tender Agent agrees:

(i) to hold all Series 200__ Bonds delivered to it pursuant to Section 2.05, as agent and bailee of, and in escrow for the benefit of, the respective owners which shall have so delivered such Series 200__ Bonds until moneys representing the Purchase Price of such Series 200__ Bonds shall have been delivered to or for the account of or to the order of such owners;

(ii) to establish and maintain a separate segregated trust fund designated as the "New York City Industrial Development Agency Special Facility Revenue Bonds Series 200__ (American Airlines, Inc. Kennedy International Airport Project), Bond Purchase Fund" (the "Series 200__ Bond Purchase Fund"), and to establish and maintain in the Series 200__ Bond Purchase Fund a remarketing account (the "Series 200__ Remarketing Account"), a Credit Facility Bond Purchase Account (the "Series 200__ Credit Facility Bond Purchase Account")

and a Lessee Payments account (the "Series 200__ Lessee Payments Account"), until such time as it has been discharged from its duties as Tender Agent hereunder;

(iii) to hold all moneys (without investment thereof) delivered to it hereunder in the Series 200__ Bond Purchase Fund for the purchase of Series 200__ Bonds pursuant to Section 2.05, as agent and bailee of, and in escrow for the benefit of, the person or entity which shall have so delivered such moneys until the Series 200__ Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity;

(iv) to hold all moneys delivered to it by the Lessee or the Guarantor for the purchase of Series 200__ Bonds pursuant to Section 2.05, as agent and bailee of, and in escrow for the benefit of, the owners or former owners who shall deliver Series 200__ Bonds to it for purchase until the Series 200__ Bonds purchased with such moneys shall have been delivered to or for the account of the Lessee; *provided, however,* that if the Series 200__ Bonds shall at any time become due and payable, the Tender Agent shall cause such moneys (other than moneys held pursuant to Section 5.03(c)(ii)) to be deposited into the Bond Fund;

(v) to hold all Series 200__ Bonds registered in the name of the new owners thereof that have been delivered to it by the Bond Registrar for delivery to the Remarketing Agent in accordance with the Tender Agreement;

(vi) to hold Series 200__ Bonds for the account of the Lessee or the Guarantor as contemplated by Section 5.03(c); and

(vii) to keep such books and records as shall be consistent with customary industry practice and to make such books and records available for inspection by the Agency, the Trustee, the Lessee, the Credit Facility Provider and the Remarketing Agent at all reasonable times.

The Agency shall cooperate with the Lessee, the Trustee and the Bond Registrar to cause the necessary arrangements to be made and to be thereafter continued to enable the Tender Agent to perform its duties and obligations described above.

SECTION 5.02. Qualifications of Remarketing Agent and Tender Agent; Resignation; Removal. (a) The Remarketing Agent shall be a member of the National Association of Securities Dealers, having a combined capital stock, surplus and undivided profits of at least $15,000,000 and authorized by law to perform all the duties imposed upon it by this _____ Series Supplemental Indenture. Any successor Remarketing Agent shall have, or be a subsidiary of another corporation or a partnership which includes as a general partner an entity which shall have, senior unsecured long-term debt which shall be rated, so long as the Series 200__ Bonds shall be rated by Moody's, at least Baa3/P-3 or otherwise qualified by Moody's. The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the Agency, the Lessee, the Tender Agent, the Credit Facility Provider, the Paying Agent, the Bond Registrar and the Trustee with 30 days' prior written notice. Subject to the written consent of the Agency, which consent will not be unreasonably withheld or delayed, the Remarketing Agent may be removed at any time, at the direction of the Lessee, by an instrument signed by the Lessee, filed with the Agency, the Trustee, the Tender Agent, the Bond Registrar, the Credit Facility Provider and the Remarketing Agent at least 30

days prior to the effective date of such removal. In the event that the Remarketing Agent has resigned or been removed and no successor Remarketing Agent has been appointed by the Lessee, the Lessee shall appoint a temporary remarketing agent qualified under Section 5.02(a) to perform the duties of the Remarketing Agent until a successor Remarketing Agent has been appointed; *provided, however,* that no resignation or removal shall be effective unless there is a successor Remarketing Agent or a temporary remarketing agent in place.

(b) The Tender Agent shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, and, if not a bank or trust company, for so long as the Series 200__ Bonds shall be rated by Moody's, shall have senior unsecured debt which shall be rated at least Baa3/P-3 or otherwise qualified by Moody's, and in any case having a combined capital stock, surplus and undivided profits of at least $15,000,000 and authorized by law to perform all the duties imposed upon it by this _____ Series Supplemental Indenture and the Tender Agreement. The Tender Agent may at any time resign and be discharged of the duties and obligations created by this _____ Series Supplemental Indenture by giving at least 60 days' notice to the Trustee, the Bond Registrar, the Lessee, the Credit Facility Provider and the Remarketing Agent. The Tender Agent may be removed, at the direction of the Lessee, by an instrument signed by the Lessee, filed with the Agency, the Tender Agent, the Trustee, the Bond Registrar, the Credit Facility Provider and the Remarketing Agent.

Upon the effective date of resignation or removal of the Tender Agent, the Tender Agent shall deliver any Series 200__ Bonds and moneys held by it in such capacity to its successor.

SECTION 5.03. Notice of Series 200__ Bonds Delivered for Purchase; Purchase of Series 200__ Bonds. (a) The Tender Agent shall determine timely and proper delivery of Series 200__ Bonds pursuant to this _____ Series Supplemental Indenture and the proper endorsement of such Series 200__ Bonds. Such determination shall be binding on the owners of such Series 200__ Bonds, the Agency, the Lessee, the Remarketing Agent, the Credit Facility Provider and the Trustee, absent manifest error. In accordance with the provisions of the Tender Agreement, the Tender Agent shall give notice by telephone, or telecopy, promptly confirmed by a written notice, to the Trustee, the Bond Registrar, the Remarketing Agent, the Credit Facility Provider and the Lessee specifying the principal amount of Series 200__ Bonds, if any, as to which it shall receive notice of tender for purchase in accordance with Section 2.05(a).

(b) Series 200__ Bonds required to be purchased in accordance with Section 2.05 shall be purchased from the owners thereof, on the date and at the Purchase Price at which such Series 200__ Bonds are required to be purchased. Funds for the payment of such Purchase Price shall be derived from the following sources in the order of priority indicated:

(i) proceeds of the sale of such Series 200__ Bonds remarketed to any person pursuant to Section 5.04 and furnished to the Tender Agent by the purchasers or by the Remarketing Agent for deposit into the Remarketing Account of the Series 200__ Bond Purchase Fund; and

(ii) moneys furnished by or at the direction of the Trustee to the Tender Agent for deposit into the Series 200__ Credit Facility Bond Purchase Account of the Series 200__ Bond Purchase Fund representing moneys received from draws on the Credit Facility; and

(iii) moneys furnished by the Trustee to the Tender Agent for deposit into the Series 200__ Lessee Payment Account of the Series 200__ Bond Purchase Fund representing moneys provided to the Trustee by the Lessee or the Guarantor.

In the event that a premium is required to be paid upon the purchase of any Series 200__ Bonds as provided in Section 2.05, and the Credit Facility then in effect with respect to such Series 200__ Bonds shall not provide for the payment of a premium upon the purchase of such Bond, then moneys derived from draws on the Credit Facility shall be applied solely to the payment of principal of and interest on such Series 200__ Bonds and not to the payment of any such premium.

The Tender Agent may establish separate accounts or sub-accounts within the Series 200__ Bond Purchase Fund for such purposes as the Tender Agent may deem appropriate.

(c) (i) If a book entry system is not in effect, the Bond Registrar shall authenticate a new Series 200__ Bond or Series 200__ Bonds in an aggregate principal amount equal to the principal amount of Series 200__ Bonds purchased in accordance with Section 5.03(b), whether or not the Series 200__ Bonds so purchased are presented by the owners thereof, bearing a number or numbers not contemporaneously outstanding. Every Bond authenticated and delivered as provided in this Section 5.03 shall be entitled to all the benefits of the Indenture equally and proportionately with any and all other Series 200__ Bonds duly issued hereunder. The Bond Registrar shall maintain a record of the Series 200__ Bonds purchased as provided in this Section 5.03, together with the names and addresses of the former owners thereof and shall in the case of any Series 200__ Bonds purchased pursuant to Section 5.03(b)(ii) make a notation required to be made on the Bond Register that such Series 200__ Bonds are Bank Bonds. If a book entry system is in effect with respect to the Series 200__ Bonds, on any date on which beneficial ownership in the Series 200__ Bonds is tendered at the option of the owner of such beneficial interest (acting through its participant in the Depository) in accordance with Section 2.05(a) of this _____ Series Supplemental Indenture (including transfer of the beneficial ownership interest of the tendering owner to the account of the Tender Agent at the Depository), the Tender Agent shall transfer ownership of such beneficial ownership on the records of the Depository as provided in Section 5.05 of this _____ Series Supplemental Indenture. In the event a book entry system is in effect with respect to the Series 200__ Bonds, on any date on which beneficial ownership interest in the Series 200__ Bonds is subject to mandatory tender in accordance with Section 2.05 of this _____ Series Supplemental Indenture, the Tender Agent shall transfer beneficial ownership of the Series 200__ Bonds on the records of the Depository to indicate the ownership of such Series 200__ Bonds as provided in Section 5.05 of this _____ Series Supplemental Indenture, regardless of whether the owners of the beneficial interests subject to mandatory tender transfer their beneficial ownership of the Series 200__ Bonds to the Tender Agent on the records of the Depository, and moneys for the purchase of the beneficial interests subject to mandatory tender shall be transferred by the Tender Agent to the Depository for transfer to the owners of such beneficial interests subject to mandatory purchase.

(ii) If a book entry system is not in effect, in the event any Series 200__ Bonds purchased as provided in this Section 5.03 shall not be presented to the Tender Agent, the Tender Agent shall segregate and hold the moneys for the Purchase Price of such Series 200__

Bonds in trust for the benefit of the former owners of such Series 200__ Bonds, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Series 200__ Bonds. Any moneys which the Tender Agent shall segregate and hold in trust for the payment of the Purchase Price of any Bond remaining unclaimed for one year after the date of purchase shall, upon the Lessee's written request to the Tender Agent, be paid to the Lessee. After the payment of such unclaimed moneys to the Lessee, the former Bondholder of such Series 200__ Bonds shall look only to the Lessee for the payment thereof, and the Lessee shall not be liable for any interest thereon and shall not be regarded as a trustee of such moneys. If a book entry system is in effect with respect to the Series 200__ Bonds, if the Series 200__ Bonds are subject to mandatory tender in accordance with the terms of this _____ Series Supplemental Indenture, then the Tender Agent shall transfer beneficial ownership of the Series 200__ Bonds on the records of the Depository as provided in Section 5.05 of this _____ Series Supplemental Indenture, regardless of whether the owners of the beneficial interests subject to mandatory tender transfer their beneficial ownership of the Series 200__ Bonds to the Tender Agent on the records of the Depository, and moneys for the purchase of the beneficial interests subject to mandatory tender shall be transferred by the Tender Agent to the Depository for transfer to the owners of such beneficial interests subject to mandatory purchase.

SECTION 5.04. Remarketing of Series 200__ Bonds; Notice of Interest Rates. (a) Upon notice of the tender for purchase of Series 200__ Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such Series 200__ Bonds, any such sale to be made on the date of such purchase at a price of par plus accrued interest, if any, in accordance with Section 2.05 at the rate determined in accordance with Section 2.04. The Remarketing Agent agrees that while a Credit Facility is in effect it shall not, to its knowledge, sell any Series 200__ Bonds purchased pursuant to Section 2.05 to the Lessee or the Agency, or to any person who controls, is controlled by, or is under common control with, the Agency or the Lessee. In addition, the Remarketing Agent shall offer for sale and use its best efforts to sell any Series 200__ Bonds that are Bank Bonds. The Remarketing Agent has no duty to remarket the Series 200__ Bonds if an Event of Default with respect to the Series 200__ Bonds under the Indenture has occurred and is continuing.

(b) The Remarketing Agent shall determine the rate of interest to be borne by the Series 200__ Bonds during each Interest Rate Period and by each Bond during each Bond Interest Term for such Bond and the Bond Interest Terms for each Bond during each Bond Interest Term Rate Period as provided in Section 2.04 hereof and shall furnish to the Lessee, the Trustee and the Bond Registrar on the Business Day of determination each rate of interest and Bond Interest Term so determined by telephone or telecopy, promptly confirmed in writing or shall make such information available to the Lessee, the Trustee and the Bond Registrar by readily accessible electronic means.

(c) The Remarketing Agent shall give the Tender Agent written or telephonic notice (promptly confirmed by telex or telecopier) not later than (i) 4:00 p.m., New York City time, on the Business Day preceding the Business Day on which the Series 200__ Bonds are to be purchased pursuant to Section 2.05(a)(ii), (c), (d) or (e) or (ii) 12:00 noon, New York City time, on the Business Day on which Series 200__ Bonds are to be purchased pursuant to Section 2.05(a)(i) or (b) of the aggregate principal amount of Series 200__ Bonds subject to

purchase which have not been remarketed. By 12:30 P.M., New York City time, on the Purchase Date (as defined in the Tender Agreement), the Remarketing Agent shall deliver to the Tender Agent the Purchase Price (as defined in the Tender Agreement) of the Series 200__ Bonds subject to purchase and remarketed by the Tender Agent. The Remarketing Agent shall give telephonic or telegraphic notice, promptly confirmed by a written notice, to the Lessee, the Trustee, the Bond Registrar and the Tender Agent on each date on which Series 200__ Bonds shall have been purchased pursuant to Section 5.03(b), specifying the principal amount of Series 200__ Bonds, if any, sold by it pursuant to Section 5.04(a) along with a list of such purchasers showing the names and denominations in which such Series 200__ Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

SECTION 5.05. Delivery of Series 200__ Bonds. (a) Series 200__ Bonds purchased with moneys described in clause (i) of Section 5.03(b) shall be made available by the Bond Registrar to the Remarketing Agent for delivery to the purchasers thereof against payment therefor in accordance with the Tender Agreement.

(b) Series 200__ Bonds purchased with moneys described in clause (ii) of Section 5.03(b) shall be held by the Tender Agent as Bank Bonds pursuant to the Tender Agreement.

(c) Series 200__ Bonds purchased with moneys described in clause (iii) of Section 5.03(b) shall be held by the Tender Agent for the account of the Lessee.

(d) Series 200__ Bonds delivered as provided in this Section 5.05 shall be registered in the manner directed by the recipient thereof or in the Tender Agreement.

SECTION 5.06. Delivery of Proceeds of Sale. The proceeds of the sale by the Remarketing Agent of any Series 200__ Bonds delivered to it by, or held by it for the account of, the Trustee or the Lessee, or delivered to it by any other Bondholder, shall be turned over to the Tender Agent as provided in the Tender Agreement.

SECTION 5.07. Draws on Credit Facility to Pay Purchase Price of Series 200__ Bonds. The Trustee, on each day on which Series 200__ Bonds are required to be purchased pursuant to Section 2.05, is directed, in accordance with the provisions of the Tender Agreement, to make drawings under a Credit Facility relating thereto by such times and in such manner as shall be required to receive in immediately available funds on such date amounts sufficient to pay the Purchase Price plus accrued interest, if any, of Series 200__ Bonds then payable from such Credit Facility tendered for purchase or required to be purchased pursuant to the provisions of this _____ Series Supplemental Indenture that have not been remarketed by the Remarketing Agent, and to deposit the proceeds of such drawings or cause such proceeds to be deposited in the Series 200__ Credit Facility Bond Purchase Account of the Series 200__ Bond Purchase Fund pending application of such moneys to the payment of the Purchase Price of such Series 200__ Bonds. In determining the amount of any such Purchase Price then due, the Trustee shall not take into consideration any Purchase Price due on Series 200__ Bonds held by the Agency or the Lessee or any affiliate of either of them, and no drawings under the Credit Facility shall be made or be used to pay the Purchase Price of any Bank Bonds or Series 200__ Bonds held by the Agency or the Lessee or any affiliate of either of them.

## ARTICLE VI.

## MISCELLANEOUS

SECTION 6.01. Partial Invalidity. In case any one or more of the provisions of this _____ Series Supplemental Indenture or of the Series 200__ Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of the Indenture, the _____ Series Supplemental Indenture or of the Series 200__ Bonds, but the Indenture, the _____ Series Supplemental Indenture and the Series 200__ Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement of the Agency contained in the Series 200__ Bonds or in the Indenture shall for any reason be held to be in violation of the law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Agency to the full extent permitted by law.

SECTION 6.02. Counterparts. This _____ Series Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.03. Laws Governing _____ Series Supplemental Indenture. THE EFFECT AND MEANING OF THIS _____ SERIES SUPPLEMENTAL INDENTURE AND THE RIGHTS OF ALL PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED ACCORDING TO, THE LAWS OF THE STATE, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF.

SECTION 6.04. No Pecuniary Liability of Agency Members. No provision, covenant or agreement contained in this _____ Series Supplemental Indenture or in the Series 200__ Bonds or any obligations herein or therein imposed upon the Agency or the breach thereof, shall constitute or give rise to or impose upon the Agency a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this _____ Series Supplemental Indenture, the Agency has not obligated itself except with respect to the Facility and the application of the revenues, income and all other property therefrom, as hereinabove provided.

All covenants, stipulations, promises, agreements and obligations of the Agency contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal, Purchase Price or Redemption Price, if any, of and interest on the Series 200__ Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing the Series 200__ Bonds.

SECTION 6.05. Indenture to Remain In Effect. Save and except as supplemented by this _____ Series Supplemental Indenture, the Indenture shall remain in full force and effect.

SECTION 6.06. Date for Reference Purposes Only. The date of this _____ Series Supplemental Indenture shall be for reference purposes only and shall not be construed to

imply that this _____ Series Supplemental Indenture was executed on the date first above written. This _____ Series Supplemental Indenture was executed and delivered on _____, 20___.

IN WITNESS WHEREOF, New York City Industrial Development Agency, New York, New York, has caused this _____ Series Supplemental Indenture of Trust to be executed in its name and behalf by its Chairperson, General Counsel, Vice Chairperson or Executive Director or Deputy Executive Director and to evidence its acceptance of the trust hereby created, The Bank of New York has caused this _____ Series Supplemental Indenture of Trust to be signed in its name and behalf by a duly authorized officer, all as of the day and year first above written.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____

Deputy Executive Director

THE BANK OF NEW YORK, as Trustee

By: _____

Assistant Treasurer

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

On the ____ day of July, in the year two thousand and two, before me the undersigned personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

On the ____ day of July, in the year two thousand and two, before me the undersigned personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

**EXHIBIT N**

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

AND

AMERICAN AIRLINES, INC.

AMENDATORY LEASE AGREEMENT NO. ____

Dated as of _____ , 200___

$_____
New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 200__
(American Airlines, Inc. John F. Kennedy International Airport Project)

AMENDATORY LEASE AGREEMENT NO. ____

THIS AMENDATORY LEASE AGREEMENT NO. ____, dated as of the date set forth on the cover page hereof (this "Amendatory Lease Agreement No. ____"), by and between the NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, New York, New York, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation duly organized and existing under the laws of the State of New York (the "Agency"), having its principal office at 110 William Street, New York, New York 10038, party of the first part, and AMERICAN AIRLINES, INC. (the "Lessee"), a corporation organized and existing under and by virtue of the laws of the State of Delaware, having its principal office at 4333 Amon Carter Boulevard, Forth Worth, Texas 76155, party of the second part.

WITNESSETH:

WHEREAS, the Agency and the Lessee have entered into a IDA Lease Agreement, dated as of July 1, 2002 as heretofore amended (the "IDA Lease Agreement");

WHEREAS, the Lessee has requested that the Agency issue its Special Facility Revenue Bonds, Series 200__ (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 200__ Bonds") in the aggregate principal amount of $_____; and

WHEREAS, in conjunction with the issuance of the Series 200__ Bonds the Lessee has requested that the Agency enter into this Amendatory Lease Agreement No. ____.

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not create a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable on any obligation so incurred, but any such obligation shall be payable solely out of the lease rentals, revenues and receipts payable by the Lessee under this Amendatory Lease Agreement No. ____):

ARTICLE I

**Definitions and Representations**

Section 1.1. Definitions. All capitalized terms used herein but not otherwise defined in the body of this Amendatory Lease Agreement No. ____ shall be as defined in Appendix A to the IDA Lease Agreement.

Section 1.2. Construction. Unless the context otherwise requires, this Amendatory Lease Agreement No. ____, shall be construed consistent with Section 1.2 of the IDA Lease Agreement.

Section 1.3. Representations and Warranties by Agency. The Agency makes, confirms and incorporates herein by reference as of the date hereof those same representations and

warranties of the Agency made by the Agency pursuant to Section 1.3 of the IDA Lease Agreement.

Section 1.4. Representations and Warranties by Lessee. The Lessee makes, confirms and incorporates herein by reference as of the date hereof those same representations and warranties of the Lessee made by the Lessee pursuant to Section 1.5 of the IDA Lease Agreement.

ARTICLE II

**Issuance of Series 200__ Bonds**

[The title to Section 2.3 of the IDA Lease Agreement entitled "Issuance of Series 2002 Bonds" is hereby amended to be entitled "Issuance of Bonds". Existing Section 2.3 is hereby renumbered to be Section 2.3(___) and] [A/a] new Section 2.3(___) is hereby added to the IDA Lease Agreement:

"(___) Issuance of Series 200__ Bonds. Contemporaneously with the execution and delivery of this Amendatory Lease Agreement No. ____, the Agency will sell and deliver the Series 200__ Bonds in the aggregate principal amount of $_____ under and pursuant to the Applicable Bond Resolution authorizing the issuance of the Series 200__ Bonds and under and pursuant to the Master Indenture and the _____ Series Supplemental Indenture. The proceeds of the sale of the Series 200__ Bonds shall be applied as follows: $_____."

ARTICLE III

**Payments of Fees**

Section 3.1. Payment of Agency Fees. On the date of the sale and delivery by the Agency of the Series 200__ Bonds, the Lessee shall pay to the Agency, and the Agency acknowledges receipt of a financing fee in the amount of $_____.

ARTICLE IV

**Miscellaneous**

Section 4.1. Severability. If any clause, provision or section of this Amendatory Lease Agreement No. ____ is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

Section 4.2. Effective Date; Counterparts. This Amendatory Lease Agreement No. ____ shall become effective upon its delivery. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.3. Binding Effect. This Agreement shall inure to the benefit of, and shall be binding upon, the Agency, the Lessee and their respective successors and assigns.

IN WITNESS WHEREOF, the Agency has caused its corporate name to be hereunto subscribed by its duly authorized Chairman, Vice Chairman, Executive Director or Deputy Executive Director and the Lessee has caused its corporate name to be subscribed hereto, such execution by each such party being done as of the year and day first above written.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By _____
Name:
Title:

AMERICAN AIRLINES, INC.,
as Lessee

By _____
Name:
Title:

EXHIBIT O

SUCCESSOR TRUSTEE
CERTIFICATE OF ASSUMPTION AND AGREEMENT

**To:** The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003
**Attention:** Executive Director

Pursuant to the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002 (the "Consent Agreement") by and among American Airlines, Inc. (the "Lessee"), AMR Corporation, the New York City Industrial Development Agency, The Bank of New York and The Port Authority of New York and New Jersey (the "Port Authority"), and pursuant to Section 92 (such term and all other terms of special meaning having the meanings ascribed to such terms in or pursuant to the Consent Agreement), the undersigned, as a Successor Trustee, as defined in the Consent Agreement, hereby agrees to, and agrees to be bound by, all the terms, provisions and conditions of the Consent Agreement.

The undersigned Successor Trustee hereby certifies that the proper address for giving of written notice by the Port Authority to the Successor Trustee is as follows:

ATTEST: [Legal Name of Successor Trustee]

_____
Secretary

By_____

(Title) Vice-President

(Corporate Seal)

## EXHIBIT P

**[Form of Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee]**

**To:** The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003
**Attention:** Executive Director

Pursuant to that certain agreement of lease by and between The Port Authority of New York and New Jersey ("the Port Authority") and American Airlines, Inc. (the "Lessee"), as amended, supplemented and modified, bearing Port Authority Lease No. AYB-085, made as of August 1, 1976, which agreement was further amended, supplemented and modified, and restated, in an Amended and Restated Agreement of Lease made as of the 22nd day of December, 2000, bearing Port Authority Lease No. AYB-085R (such agreement of lease, as so supplemented, amended, modified and restated, and amended, modified and supplemented by Supplement No. 1 thereto dated July 31, 2002 and as the same may have been further supplemented, modified or amended (the "Lease") and pursuant to the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002 (the "Consent Agreement") by and among the Lessee, AMR Corporation, the New York City Industrial Development Agency, The Bank of New York and the Port Authority, the Lessee hereby certifies, represents and warrants to the Port Authority

(1) that all of the Reletting Rights Effective Date Conditions (such term and all other terms of special meaning having the meanings ascribed to such terms in the Lease or the Consent Agreement) set forth in paragraph (d) (i), (ii), (iii), (iv) and (v) of Section 92 of the Lease have been fully satisfied in accordance with the Lease and the Consent Agreement and that the requirement set forth in paragraph (d) (2)(i)(B) of Section 92 shall be satisfied by the delivery of this Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee, all so as to allow the Lessee to date and execute the Leasehold Mortgage and deliver the Leasehold Mortgage to the Leasehold Mortgagee in full compliance with the terms of the Lease and the Consent Agreement;

(2) that the Lessee's dating and execution of the Leasehold Mortgage and the Lessee's delivery of the Leasehold Mortgage to the Leasehold Mortgagee for recording shall not constitute a breach or default of the Lease or any of the terms, provisions, covenants and conditions thereof or of the Consent Agreement or of any of the terms, provisions, covenants and conditions thereof;

(3) that the form of the Leasehold Mortgage attached to this Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee is the same as the form of the Leasehold Mortgage attached as Exhibit G to the Consent Agreement;

(4) that the Lessee intends to, and shall, date and execute the Leasehold Mortgage and deliver the Leasehold Mortgage to the Leasehold Mortgagee for recording in the form of the Leasehold Mortgage attached as Exhibit G to the Consent Agreement not earlier than fifteen (15) days after the date of delivery of this Notice to the Port Authority in full compliance with the Lease and the Consent Agreement;

(5) that the Lessee shall not itself record the Leasehold Mortgage;

(6) that the dated date of the Lessee's Notice of Intent to Deliver the Leasehold Mortgage to the Leasehold Mortgagee, when delivered shall constitute the Reletting Rights Effective Date (as defined in Section 92 of the Lease);

(7) that Lessee's dating, execution and delivery of the Leasehold Mortgage and the recording of the Leasehold Mortgage by the Leasehold Mortgagee shall not constitute a Wrongful Recording of the Leasehold Mortgage; and

(8) that attached hereto is the form of Opinion of Counsel of [ ], the Lessee's counsel, with respect to the validity of the Leasehold Mortgage and the compliance of the same with the Lease and the Consent Agreement.

ATTEST:

AMERICAN AIRLINES, INC.

_____
Secretary

By_____

(Title)_____President

(Corporate Seal)

[Letterhead of Counsel of American Airlines, Inc.]

[Date of Delivery of Leasehold Mortgage]

To Each of the Persons
Listed on Schedule I Attached Hereto:

**$500,000,000**
**New York City Industrial Development Agency**
**Special Facility Revenue Bonds, Series 2002**
**(American Airlines, Inc. John F. Kennedy International Airport Project)**

Ladies and Gentlemen:

We have acted as special New York counsel to (i) American Airlines, Inc., a Delaware corporation (the "Company") and (ii) AMR Corporation, a Delaware corporation ("AMR"), in connection with the issuance and sale by the New York City Industrial Development Agency (the "Issuer") of [*insert reference to the various series of Bonds*] (the "Bonds") issued pursuant to a Master Indenture of Trust, dated as of July 1, 2002, as amended and supplemented (the "Indenture") between the Issuer and [The Bank of New York], as Trustee (the "Trustee") (the "Bond Transaction").

In our capacity as counsel to the Company and AMR, we have reviewed the following documents dated as of July 1, 2002 (unless otherwise indicated) executed in connection with the Bond Transaction:

(a) the Leasehold Mortgage and Security Agreement (the "Leasehold Mortgage"), dated _____, 200__ made by the Company in favor of the Trustee and joined by the Issuer (the "Leasehold Mortgagee");

(b) unfiled copies of the fixture filing financing statement and the personal property financing statement on Form UCC-1 (respectively, the "Fixture Filing" and "Financing Statement" and collectively, the "Property Financing Statements") naming the Company, as debtor and the Trustee as secured party, setting forth their respective correct addresses, indicating whether the debtor is an organization or an individual and the jurisdiction of organization of the debtor and describing certain collateral as to which security interests are intended to be perfected by filing under the UCC, which we understand will be filed in the appropriate filing offices in the States of New York and Delaware (each a "Filing Office");

(c) the organizational documents of the Company listed on Exhibit A hereto; and

(d) the Operative Agreements delivered in connection with the Bond Transaction listed on Exhibit B hereto (the "Operative Agreements").

We have also (i) examined and relied on such corporate documents and records of the Company and AMR and such other instruments and certificates of public officials, officers and representatives of the Company and AMR and other persons as we have deemed necessary or appropriate for the purposes of this opinion, (ii) examined and relied upon the representations and warranties as to factual matters contained in or made pursuant to the Operative Agreements or Leasehold Mortgage, and (iii) made such investigations of law as we have deemed appropriate as a basis for this opinion.

The opinions expressed below are furnished to you pursuant to Section 6.17(i) of the IDA Lease Agreement, Section 92 and Exhibit P of the Consent Agreement. Unless otherwise defined herein, capitalized terms used herein without definition shall have the meaning specified in the Indenture. The term "UCC" means the Uniform Commercial Code as in effect in the State of New York on the date hereof.

In rendering the opinions expressed below, we have assumed, with your permission, without independent investigation or inquiry, (i) the authenticity of all documents submitted to us as originals, (ii) the genuineness of all signatures on all documents that we examined, (iii) the conformity to authentic originals of documents submitted to us as certified, conformed or photostatic copies, (iv) the due authorization, execution and delivery by each of the parties thereto of each of the Operative Agreements, and (v) the corporate or partnership power and authority of each such person to enter into and perform its obligations under each such document, the enforceability of each such document and the binding effect thereof as against each such person.

Based upon and subject to the foregoing and the qualifications hereinafter set forth, we are of the opinion that:

1. The Leasehold Mortgage has been duly authorized, executed and delivered by the Company.

2. The Leasehold Mortgage is the legal, valid and binding obligation of the Company and, upon the recordation of the Leasehold Mortgage in the office of the City Register for Queens County, New York and the Fixture Filing in the appropriate Filing Office and the payment of the applicable recording and filing fees and any mortgage recording tax due thereon, the Leasehold Mortgage and the Fixture Filing will be effective to create a valid lien and security interest of record in favor of the Leasehold Mortgagee in the portion of the Mortgaged Property described in the Leasehold Mortgage which portion consists of the Company's leasehold interest in the real property (the "Mortgaged Premises") and fixtures, as such term is defined in the UCC (which leasehold interest in the Mortgaged Property is created under that that certain Amended and Restated Agreement of Lease (Lease No. AYB-085R) made as of December 22, 2000

between the Company and the Port Authority (the "Lease")), and the Leasehold Mortgage will be enforceable in accordance with its terms. We have assumed that the Company has or will have a leasehold interest of record in the Mortgaged Premises at the time of recording of the Leasehold Mortgage. With respect to fixtures, we have also assumed that such fixtures are located on the Mortgaged Premises.

3. Upon the recordation of the Leasehold Mortgage and the Financing Statement in the appropriate Filing Office and the payment of the applicable recording and filing fees and any mortgage recording tax due thereon, the Leasehold Mortgage and the Financing Statement will be effective to create a valid perfected security interest in favor of the Leasehold Mortgagee in all of the Mortgaged Property described in the Leasehold Mortgage that is of the type in which a security interest can be created under Article 9 of the UCC (the "Article 9 Collateral"), to the extent the UCC is applicable to the creation of such security interest and to the extent perfection of the security interest in the Mortgaged Property may be accomplished by the filing of financing statements in the Filing Office under the UCC.

4. The dating, execution and delivery of the Leasehold Mortgage by the Company and the recording of the Leasehold Mortgage will not constitute a Wrongful Recording of the Leasehold Mortgage (as defined in the Lease).

The opinion set forth in paragraph 4 above is based solely on and in total reliance, without any independent investigation, upon the representations made by the Company in the certificate of the Company delivered to the Port Authority in the form of Exhibit P to the Consent and attached hereto as Exhibit C.

Our opinions set forth above are subject to the effects of (i) bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization and moratorium laws and other similar laws relating to or affecting creditors' rights or remedies generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law), (iii) an implied covenant of good faith, reasonableness and fair dealing, and concepts of materiality, and (iv) limitations on the enforceability of rights to indemnification under federal or state securities laws or regulations or to the extent such indemnification would violate public policy. In addition, applicable state laws and interpretations may affect the validity or enforceability of certain remedies provided for in the Leasehold Mortgage, but such limitations do not, in our opinion, make the remedies provided for therein inadequate for the practical realization of the rights and benefits intended to be provided thereby (subject to the other qualifications expressed herein). With respect to the opinion expressed in paragraph 2 as to the enforceability of the Leasehold Mortgage, as used therein, the term "enforceable" shall not imply any opinion as to the availability of equitable remedies other than judicial foreclosure of the lien intended to be created by the Leasehold Mortgage in accordance with the laws of the State of New York and non-judicial foreclosure of the liens intended to be created thereby pursuant to the powers of sale contained therein if the right to exercise such powers of sale have been judicially determined.

Without limiting the foregoing, we express no opinion as to the validity, binding effect or enforceability of any provision of the Leasehold Mortgage that purports to waive, release or vary any right of, or any duties owing to, the Company to the extent that such waiver, release or variation may be limited by Sections 1-102(3), 9-602 or 9-603 of the UCC or other provisions of applicable law. Our opinions set forth in paragraphs 2 and 3 with respect to Article 9 Collateral above are limited to Articles 8 and 9 of the UCC and therefore do not address (i) laws of jurisdictions other than the State of New York, (ii) with respect to our opinion in paragraph 3, laws of the State of New York other than Articles 8 and 9 of the UCC or (iii) collateral of a type not subject to Article 9 of the UCC.

We express no opinion as to the effect of, or compliance with, any federal or state laws regarding fraudulent transfers or fraudulent conveyances or laws governing preferential transfers, or any federal or state securities laws, rules or regulations, including without limitation as to the effect thereof on the validity, binding effect or enforceability of the Leasehold Mortgage.

We have assumed with your permission that (i) the Leasehold Mortgagee has not waived, subordinated or agreed with any third party to any modification of the perfection or priority of any lien or security interest granted by the Leasehold Mortgage, (ii) the Company has sufficient rights in the Mortgaged Property and (iii) value has been given sufficient for the lien and security interests granted by the Leasehold Mortgage to attach.

Except as set forth above, we express no opinion as to the validity or perfection of the lien and security interests purported to be created by the Leasehold Mortgage. We express no opinion as to the validity, perfection or priority of such lien and security interests:

(i) with respect to Article 9 Collateral, insofar as such collateral is sold, exchanged or otherwise disposed of by the Company;

(ii) to the extent such lien and security interests may be affected by (x) Section 552 of the United States Bankruptcy Code, under which a bankruptcy court has discretion as to the extent to which post-petition proceeds may be subject to a lien arising from a security agreement entered into by the debtor before the commencement of the case, or (y) Section 547(b) of the United States Bankruptcy Code, relating to the power to avoid a preference;

(iii) with respect to proceeds of Article 9 Collateral, to the extent of limitations under Section 9-315 of the UCC on the perfection of a security interest in proceeds;

(iv) as to any Article 9 Collateral acquired by the Company more than four months after the Company changes its name so as to make the relevant financing statements seriously misleading, unless new appropriate financing statements indicating the new name of such party are properly filed before the expiration of such four months;

(v) as to any Article 9 Collateral acquired by the Company following any change in the jurisdiction of organization (within the meaning of Section 9-102(a)(50) of the UCC) of the Company unless a new financing statement is properly filed in the applicable new jurisdiction within the time specified in Section 9-316 of the UCC; or

(vi) as to any Article 9 Collateral subject to a statute, regulation or treaty of the United States, whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to such property preempt Section 9-310(a) of the UCC.

We express no opinion as to the priority of the lien and security interests purported to be created by the Leasehold Mortgage. Without limiting the foregoing, we express no opinion as to the priority of any security interest (i) as against any claims or liens in favor of the United States or any state thereof, or any federal or state agency, instrumentality or political subdivision, including but not limited to liens for payment of federal, state or local taxes that are given priority by operation of law, liens under Title IV of the Employee Retirement Security Act of 1974, as amended, or claims arising under 31 U.S.C. § 3713, (ii) as against any rights of a person in possession of proceeds consisting of money or "instruments" (as defined in the UCC), (iii) as against liens under Section 4-208 of the UCC, relating to security interests of a collecting bank, (iv) as against liens granted under Section 364(d) of the United States Bankruptcy Code, relating to liens granted by a court after the commencement of a case, or (v) that has been perfected by "control" under Sections 8-106, 9-104, 9-105, 9-106 or 9-107 of the UCC, as against any other security interest in the same property that has also been perfected by "control."

We call to your attention that the UCC requires periodic filing of continuation statements in order to maintain the effectiveness of financing statements filed pursuant thereto.

We have not made or undertaken to have made any investigation of the state of title to the real property, fixtures or personal property which are referred to in the Leasehold Mortgage and the Property Financing Statements, and we express no opinion as to (i) the title to or other ownership rights in such property, (ii) the legal description of such property, or (iii) the absence of any conflicting rights of others with respect to such property. We express no opinion as to any law relating to the protection of the environment or to building codes, zoning, land use controls, environmental or similar matters.

The opinion expressed herein does not encompass, and we express no opinion with respect to, the recordings, filings and other acts that may be required in the State of New York in connection with foreclosure or other realization upon the property subject to security interests pursuant to the Leasehold Mortgage.

We express no opinion with respect to any provision of the Leasehold Mortgage that purports to permit the Leasehold Mortgagee or any person to sell or otherwise

dispose of any of the collateral described therein except in compliance with the applicable federal and state laws.

We have assumed that any party seeking to enforce the Leasehold Mortgage against the Company is duly qualified to do business in the State of New York and has timely filed all franchise or income tax returns required to be filed in the State of New York and timely paid all State of New York franchise or income taxes as may be due.

We express no opinion as to the effectiveness against third parties of any provision of the Leasehold Mortgage purporting to grant a lien on after-acquired real property.

We express no opinion with respect to the ability of the Leasehold Mortgagee to proceed with foreclosure of any of the liens or security interests under the Leasehold Mortgage without accelerating the underlying indebtedness evidenced by the Bonds as guaranteed by the Guaranty.

[Such other exceptions, assumption and qualifications as is appropriate at time of delivery of opinion.]

In giving the opinions contained in the foregoing paragraphs 1 through 3, we call to your attention the fact that we are not general counsel to the Company or AMR and have only been engaged by the Company and AMR to give substantive attention to certain matters and that we have limited our inquiry insofar as the foregoing opinion concerns our knowledge of such matters to those matters with respect to which we have been engaged to give substantive attention.

In rendering the foregoing opinions, we have relied upon the opinion, dated today, of [Anne McNamara, Esq.], General Counsel of the Company and AMR, as to all matters contained therein. To the extent of such reliance, our opinion is subject to the same assumptions, qualifications and limitation as are contained therein. We express no opinion as to the laws of any jurisdiction other than the laws of the State of New York and the Federal laws of the United States of America, in each case that in our experience are generally applicable to transactions of this type. In particular (and without limiting the generality of the foregoing) we express no opinion as to the laws of any country (other than the Federal laws of the United States of America) or as to the effect of such laws (whether limiting, prohibitive or otherwise) on any of the rights or obligations of the Company or AMR or of any other party to or beneficiary of any of the Operative Agreements. We have assumed, with your permission, that the execution and delivery of each of the Operative Agreements by each of the parties thereto and the performance of their respective obligations thereunder will not violate any fundamental public policy under applicable law (other than the laws of the State of New York and Federal laws of the United States of America).

Our opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters. This opinion is given as of the date hereof, and we assume no obligation to advise you of facts,

circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinion expressed herein.

The opinions expressed herein are solely for your benefit and, without our prior consent, neither our opinion nor this opinion letter may be relied upon by any other person.

Very truly yours,

Schedule I

List of Recipients

The Port Authority of New York and New Jersey

[Add other appropriate recipients]

Exhibit A

Organizational Documents of the Company

Certificate of Incorporation of the Company as certified by the Secretary of State of [Delaware] on [*insert date*].[1]

By-Laws of the Company.[2]

Certificate of Good Standing, dated [*insert date*], of the Company issued by the Secretary of State of [Delaware].[3]

[Resolutions of the Company.][4]

---

[1] Certified Copy.

[2] Certified by an officer of the Company as true and correct as of the date of delivery of the opinion.

[3] Dated within a reasonable time of the date of the opinion.

[4] Reference would be made to the appropriate corporate resolutions that have been adopted, or might be adopted between now and the mortgage delivery date, relating to the transaction.

Exhibit B

Operative Agreements

*Capitalized terms used herein without definition shall have the meanings specified in the Bond Purchase Agreement.

Lease Agreement
Company Guaranty
AMR Guaranty
Bond Purchase Agreement
Company Sublease
Equipment Security Agreement
Port Authority Lease
Consent to Subleases
Tax Certificate
ATEIL
RNDA
Undertaking

[Such other documents that the Company may enter into prior to the execution and delivery of the Leasehold Mortgage.]

Exhibit C

Copy of the certificate of the Company delivered to the Port Authority in the form of Exhibit P to the Consent

**Exhibit Q**

**Additional Lessee Covenant Certificate**

**To:** The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003
**Attention:** Executive Director

Pursuant to the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002 (the "Consent Agreement") by and among American Airlines, Inc. (the "Lessee"), AMR Corporation, the New York City Industrial Development Agency (the "IDA"), The Bank of New York and The Port Authority of New York and New Jersey (the "Port Authority"), the Lessee hereby covenants and certifies to the Port Authority (all terms of special meaning used herein having the meanings ascribed to such terms in or pursuant to the Consent Agreement), that:

(1) On _____, the following Additional Minor Modification Document(s) were executed: [List and identify and attach final executed copies]

(2) The Additional Minor Modification Document(s) attached hereto and hereby made a part hereof, were entered into solely for the purpose of, and have no effect other than, (i) further fixing and determining, or modifying, the Financial Terms of Bonds which are Outstanding and/or (ii) curing any ambiguity, or curing or correcting any defective provision or omission;

(3) The Additional Minor Modification Document(s) attached hereto do not and shall not alter, impair or adversely impact the Port Authority's rights and remedies under this Consent Agreement, the Lease or the Basic Lease or otherwise; and

(4) Attached hereto is an opinion of Lessee's counsel [insert name and address of counsel] addressed to the Port Authority, that the execution and issuance of the Additional Minor Modification Documents do not violate the terms and conditions of this Consent Agreement or of the Lease.

ATTEST:

_____
Secretary

AMERICAN AIRLINES, INC.

By_____
(Title)_____
(Corporate Seal)

**EXECUTION COPY**

---

---

# COMPANY SUBLEASE AGREEMENT

Between

AMERICAN AIRLINES, INC.

and

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

Dated as of July 1, 2002

New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. John F. Kennedy International Airport Project)

---

---

# COMPANY SUBLEASE AGREEMENT

THIS COMPANY SUBLEASE AGREEMENT, made as of the first day of July, 2002 (the "Company Sublease"), by and between AMERICAN AIRLINES, INC., a corporation organized and existing under the laws of State of Delaware, having its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, party of the first part (the "Lessee"), and NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York, having its principal office at 110 William Street, New York, New York 10038, party of the second part (the "Agency") (capitalized terms used in this Company Sublease and not defined herein shall be as defined in Appendix A hereto and made a part hereof):

WITNESSETH:

WHEREAS, to accomplish its corporate purposes, the Agency has entered into negotiations with the Lessee to induce the Lessee to construct, renovate, equip, expand and install the Facility which is comprised of terminal facilities and related facilities at John F. Kennedy International Airport in Queens, New York; and

WHEREAS, the Leased Facilities (i) are subject to the terms of the Basic Lease, (ii) have been subleased by the Port Authority to the Lessee pursuant to the PA Lease, and (iii) are described in the appendices hereto in the Description of Leased Facilities; and

WHEREAS, the Lessee desires to further sub-sublease the Leased Facilities to the Agency pursuant to this Company Sublease; and

WHEREAS, the Agency will sub-sub-sublease the Leased Facilities, and lease the Facility Equipment, to the Lessee pursuant to an IDA Lease Agreement of even date herewith between the Agency and the Lessee; and

WHEREAS, the Agency, in order to provide funds for a portion of the cost of the Project, will issue from time to time its Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project) pursuant to the Act, a resolution of the Agency adopted on October 23, 2001 as amended November 13, 2001, and a Master Indenture of Trust, dated as of July 1, 2002 as amended and supplemented by Series Supplemental Indentures of Trust each between the Agency and The Bank of New York, as trustee (the "Trustee"), and as otherwise supplemented or amended from time to time;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and representations hereinafter contained, the Lessee and the Agency hereby agree as follows:

## ARTICLE I

The Lessee does hereby sub-sublease to the Agency and the Agency hereby sub-subleases from the Lessee the Leased Facilities for the term herein provided , which sub-sublease to the Agency shall continue unless terminated pursuant to Article II hereof regardless of whether the Lessee's leasehold estate in the Facility is now or hereafter derived from the PA

Lease, the City-American Lease or a holdover, month to month or statutory tenancy arising out of the Port Authority Lease or the City-American Lease.

ARTICLE II

(a) The term of this Company Sublease shall commence on July 31, 2002 and, unless earlier terminated pursuant to the terms hereof, shall terminate on the earliest of:

(i) the expiration or earlier termination of the IDA Lease Agreement;

(ii) the earlier of (x) two (2) days immediately preceding the thirtieth ($30^{th}$) anniversary of the Redevelopment Work Completion Date and (y) December 20, 2036;

(iii) the date on which no Bonds are "Outstanding" under the Indenture;

(iv) the termination of the Basic Lease, provided that the Company Sublease shall not terminate on the termination of the Basic Lease if the City-American Lease is effective upon the termination of the Basic Lease or there is a RNDA Effective Date upon such termination of the Basic Lease;

(v) the termination of the letting of the Lessee under the PA Lease during the stated term thereof or during a Permitted Tenancy (as defined in the PA Lease), except (A) as a result of the termination of the Basic Lease, if there is a RNDA Effective Date upon such termination of the Basic Lease or (B) if the PA Lease is deemed terminated solely due to the occurrence of a Triggering Event under the PA Lease as such term is defined in the PA Lease;

(vi) the termination of any month-to-month periodical tenancy of the Lessee created pursuant to Section 52 or 53 of the PA Lease, except as a result of the termination of the Basic Lease, if there is a RNDA Effective Date upon such termination of the Basic Lease;

(vii) one day prior to the expiration without renewal of any month-to-month periodical tenancy of the Lessee created pursuant to Section 52 or 53 of the PA Lease, provided that the Company Sublease shall not terminate upon any such expiration caused by the expiration of the Basic Lease if the City-American Lease is effective upon the expiration of the Basic Lease;

(viii) if the City-American Lease has been executed, then upon the termination, but not upon the surrender, of the City-American Lease, except that the Company Sublease shall not terminate if the Lessee is reinstated as or becomes tenant of the Leased Premises as described in Section 94(c)(i) of the PA Lease;

(ix) if a City-American Lease has been executed, then one day prior to the expiration of the stated term of the City-American Lease;

(x) if a City-American Lease has not been executed, then the later of (A) two (2) days prior to the date on which the Port Authority surrenders possession of the Airport to the City, following termination or expiration of the Basic Lease (as the same may have been renewed or extended, including any renewal as a result of a permitted holdover tenancy), except as a result of the termination of the Basic Lease if there is a RNDA Effective Date upon such termination of the Basic Lease or (B) if a New Basic Lease and/or a New Premises Lease shall have been executed and delivered prior to the date on which the Port Authority surrenders possession of the Airport to the City following the termination or expiration of the Basic Lease (as the same may have been renewed or extended, including any renewal as a result of a permitted holdover tenancy), the earlier of (x) one day prior to the date of expiration or earlier termination of the New Premises Lease or (y) two days prior to the date of the expiration or earlier termination of the New Basic Lease.

Notwithstanding the foregoing, any assignment of the Lessee's rights hereunder or substitution of the Lessee herein, in accordance with the provisions of the Security Documents, shall not result in the termination or expiration of this Company Sublease.

(b) The Lessee and the Agency acknowledge and agree, in consideration for the issuance of the Bonds by the Agency and the purchase of the same by the Holders thereof, upon the due execution and delivery of the City-American Lease, if any, the following terms and conditions shall become effective:

(i) "Gap Differential" shall mean either (1) the difference between the expiration of the Lessee's interest under the PA Lease and the Commencement of the City-American Lease Term or (2) the two day differential described in clause (A) of paragraph (a)(x) of this Article II.

(ii) Notwithstanding any technical termination of this Company Sublease as a matter of law by reason of the Gap Differential (a "Technical Termination") and, provided that the City-American Lease, if any, shall be in full force and effect regardless of whether the term thereof has commenced on the date of a Technical Termination and the Lessee remains in possession of the Leased Premises after such Technical Termination, the rights and obligations of the Lessee and the Agency under this Company Sublease shall continue and extend without interruption through and after any Technical Termination.

(iii) To the extent necessary to give effect to the parties' intent in paragraph (b)(ii) above, the Lessee and the Agency shall be deemed to have entered into a replacement and continuation lease on the same terms and conditions as this Company Sublease, whose terms and conditions shall be

effective during the period of the Gap Differential and shall continue through the term of the City-American Lease and until the scheduled termination of this Company Sublease as set forth in paragraph (a) above.

(iv) Neither the Lessee nor the Agency shall claim or assert, or be entitled to claim or assert, in any court or proceeding or other context, that either the Gap Differential or any Technical Termination constitutes a termination or suspension of the parties' obligations as set forth in this Company Sublease.

(c) Without limiting the effectiveness of the termination of the term of this Company Sublease pursuant to paragraph (a) of this Article II, the covenants and agreements set forth in this Article II shall survive the termination of this Company Sublease and continue until the Bonds are no longer Outstanding.

ARTICLE III

The Lessee warrants and represents that the PA Lease continues in full force and effect; that the Lessee is not in default under the PA Lease; that to the knowledge of the Lessee, the Port Authority is not in default under the PA Lease; that the Lessee has neither received nor delivered any notice of default or termination under the PA Lease; and that the Lessee is authorized and empowered to enter into this Company Sublease.

ARTICLE IV

The sole rental hereunder shall be the sum of ten dollars ($10), receipt of which is hereby acknowledged by the Lessee.

ARTICLE V

The Lessee shall promptly undertake the portion of the Project to be financed with the proceeds of the Bonds and work as agent for and on behalf of the Agency.

ARTICLE VI

The Lessee represents and warrants that it has full right and lawful authority to enter into this Company Sublease for the full term hereof, that the execution, delivery and performance by the Lessee of this Company Sublease have been duly authorized by all requisite corporate action on the part of the Lessee and will not violate (i) any applicable provision of law, or any order of any court or agency of government having jurisdiction thereover, (ii) the articles of incorporation or by-laws of the Lessee, or (iii) any indenture, agreement or other instrument to which the Lessee is a party (including the PA Lease) or by which it or any of its property is subject to or bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, which violation, conflict, breach or default would have a material adverse effect upon the affairs, assets, properties, business or condition, financial or otherwise, of the Lessee, or would result in the imposition of any lien, charge or encumbrance of any nature whatsoever on the Facility other than Permitted Encumbrances. The Lessee covenants and agrees that, so long as the IDA Lease

Agreement shall be in full force and effect, the Agency shall have, hold and enjoy a valid leasehold estate in the Leased Facilities during the term hereof, subject to the terms of the Basic Lease, the PA Lease, and the Consent Agreement, the ATL, the RNDA and upon effectiveness thereof, the City-American Lease and the Lessee shall from time to time take all necessary action to that end.

The Agency represents and warrants that it has full right and lawful authority to enter into this Company Sublease for the full term hereof, that the execution, delivery and performance by the Agency of this Company Sublease have been duly authorized by all requisite corporate action on the part of the Agency and will not violate (i) any provision of law, or any order of any court or agency of government having jurisdiction thereover, or (ii) the bylaws of the Agency or any indenture, agreement or other instrument to which the Agency is a party or by which it is bound, or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument, which violation, conflict, breach or default would have a material adverse effect upon the ability of the Agency to perform its obligations under this Company Sublease, or result in the imposition of any lien, charge or encumbrance of any nature whatsoever on the Facility other than Permitted Encumbrances.

## ARTICLE VII

Neither the Agency nor the Lessee shall assign or transfer this Company Sublease, nor sublease the whole or any part of the Leased Facilities nor subject the Leased Facilities or any part thereof or this Company Sublease to any lien, claim, mortgage or encumbrance (other than Permitted Encumbrances), in any manner, nor sell, assign, convey or otherwise dispose of the Leased Facilities or any part thereof, during the term of this Company Sublease, in any manner, to any Person, except that (i) the Agency may sublease the Leased Facilities to the Lessee pursuant to the IDA Lease Agreement for a term not greater than the term herein provided (subject to Article II hereof), (ii) the Lessee may and shall assign and transfer this Company Sublease upon any assignment or transfer of the IDA Lease Agreement in accordance with the provisions for assignment or transfer of the IDA Lease Agreement as provided in the IDA Lease Agreement (the Company Sublease must be assigned to the same party as the IDA Lease Agreement), (iii) the Lessee may sublease the whole or any part of the Leased Facilities in accordance with the IDA Lease Agreement and (iv) the Agency may assign its rights under the IDA Lease Agreement to the Trustee pursuant to the Indenture and the IDA Lease Agreement.

## ARTICLE VIII

In the event that any portion (but not all) of the Leased Facilities shall be released from the PA Lease (or upon the effectiveness thereof, the City-American Lease) this Company Sublease shall be deemed amended to exclude from the premises demised hereunder that portion of the Leased Facilities so released.

## ARTICLE IX

Except for the Indenture, the IDA Lease Agreement, the Consent Agreement, the ATL, the RNDA and the City-American Lease, if any, this Company Sublease contains the entire agreement between the parties hereto with respect to the subject matter hereof and all prior

negotiations and agreements are merged in this Company Sublease. This Company Sublease may not be changed, modified or discharged in whole or in part and no oral or executory agreement shall be effective to change, modify or discharge in whole or in part this Company Sublease or any obligations under this Company Sublease, unless such agreement is set forth in a written instrument executed by the Lessee and the Agency. No consent or approval of the Lessee shall be deemed to have been given or to be effective for any purposes unless such consent or approval is set forth in a written instrument executed by the Lessee. No consent or approval of the Agency shall be deemed to have been given or to be effective for any purposes unless such consent or approval is set forth in a written instrument executed by the Agency.

ARTICLE X

All notices required to be given or authorized to be given by any party pursuant to this Company Sublease shall be in writing and shall be served personally or sent by registered or certified mail, return receipt requested, addressed as follows:

| | |
|---|---|
| If to the Agency: | New York City Industrial<br>Development Agency<br>110 William Street<br>New York, New York 10038<br>Attention: Chairman (with a copy<br>to the Executive Director of the<br>Agency at the same address) |
| If to the Lessee: | American Airlines, Inc.<br>4333 Amon Carter Boulevard, MD 5566<br>Fort Worth, Texas 76155<br>Attention: Treasurer |

If to any other party, to the address indicated in Section 9.7 of the Master IDA Lease Agreement. The Agency and the Lessee may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. A copy of any notice given to the Agency or the Lessee under this Company Sublease shall also be given to the Trustee at the address indicated in the Master Indenture.

ARTICLE XI

THIS COMPANY SUBLEASE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

The terms of this Company Sublease are and shall be binding upon and inure to the benefit of the Agency and the Lessee and their respective successors and assigns.

If any one or more of the provisions of this Company Sublease shall be ruled invalid by any court of competent jurisdiction, the invalidity of such provision(s) shall not affect any of the

remaining provisions hereof, but this Company Sublease shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

## ARTICLE XII

This Company Sublease shall become effective upon the original issuance of the Series 2002 Bonds. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

## ARTICLE XIII

All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Company Sublease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of any amounts hereunder against any member, director, officer, employee or agent of the Agency. In addition, in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not create a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable on any obligation so incurred, but any such obligation shall be payable solely out of the lease rentals, revenues and receipts payable to the Agency by the Lessee under the IDA Lease Agreement.

## ARTICLE XIV

The use of the Leased Facilities, the Facility Equipment and all other rights, duties, liabilities and obligations of the Lessee and the Agency with respect thereto and the Project and the financing thereof, not fixed in this Company Sublease, shall be as set forth in the Basic Lease, the PA Lease, the Consent Agreement, the IDA Lease Agreement, the ATL, the RNDA and upon the effectiveness thereof, the City-American Lease.

IN WITNESS WHEREOF, the Lessee has caused its name to be subscribed hereto by its duly authorized officer and the Agency has caused its corporate name to be hereunto subscribed by its duly authorized Deputy Executive Director, all being done as of the year and day first above written.

AMERICAN AIRLINES, INC.

By _____
Name:
Title: Leslie M. Benners
Managing Director
Corporate Finance & Banking

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By _____
Name: Carolyn A. Edwards
Title: Deputy Executive Director

STATE OF New York )
: ss.:
COUNTY OF New York )

On the 30th day of July, in the year two thousand and two, before me, the undersigned, personally appeared Leslie Benners, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Gary R. Basso

Notary Public

GARY R. BASSO
NOTARY PUBLIC, State of New York
No. 4880911
Qualified in ~~Westchester~~ County
Commission Expires Dec. 29, 20 02

STATE OF NEW YORK )
: ss.:
COUNTY OF NEW YORK )

On the 29th day of July, in the year two thousand and two, before me, the undersigned, personally appeared Carolyn A. Edwards, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Judith A. Capolongo
~~Notary Public~~

JUDITH A. CAPOLONGO
Commissioner of Deeds, City of New York
No. 5-1425
Cert. Filed in New York County
Commission Expires October 23, 2003

Legal Description

All that certain plot, piece or parcel of land, situate, lying and being in the Borough and County of Queens, City and State of New York being a portion of Lot 1 in Block 14260 of Section 58 as shown on the Tax Map of the City of New York for the Borough of Queens, said premises being a part of the John F. Kennedy International Airport designated as Terminals 8 and 9 and more particularly delineated on the maps attached hereto.

# APPENDIX A

## DEFINITIONS

Accounts or Subaccounts shall mean those accounts or subaccounts established pursuant to Section 5.01 of the Indenture and any accounts or subaccounts established pursuant to any Series Supplemental Indenture.

Act or Sales and Use Tax Act shall mean, collectively, the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York), in effect on the effective date of the IDA Lease Agreement, and Chapter 1082 of the 1974 Laws of New York, as amended through the date of the IDA Lease Agreement.

Act of Bankruptcy shall mean the commencement of a bankruptcy or similar proceeding by or against the Lessee or the Guarantor, including, but not limited to, the following: the making of a general assignment for the benefit of creditors, the commencing of a voluntary case under the Bankruptcy Code or the filing of a petition thereunder, petitioning or applying to any tribunal for the appointment of a receiver, or any trustee for the Lessee or the Guarantor or a substantial part of the assets of the Lessee or the Guarantor, commencing any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or the appointment of a receiver or any trustee for the Lessee or the Guarantor or any substantial part of any of the properties of the Lessee or the Guarantor.

Additional Bonds shall mean all Series of Bonds that are issued by the Agency subsequent to the issuance of the Series 2002 Bonds, in accordance with the terms and conditions of Section 6.2 of the Consent Agreement, pursuant to the IDA Lease Agreement and the Indenture to finance Project Costs.

Affiliate shall mean any Person under common control with the Lessee. "Control" (including the related term "under common control with") of a Person shall exist only when the following criteria are met: (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and (ii) the ownership, either directly or indirectly, of more than 50% of the voting stock or other equity or ownership interest of such Person.

Agency shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Agency's Reserved Rights shall mean, collectively,

(i) the right of the Agency in its own behalf to receive all Opinions of Counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications required to be delivered to the Agency under the IDA Lease Agreement;

(ii) the right of the Agency to grant or withhold any consents or approvals required of the Agency under the IDA Lease Agreement;

(iii) the right of the Agency to enforce in its own behalf the obligation of the Lessee to complete the Project;

(iv) the right of the Agency to enforce or otherwise exercise in its own behalf all agreements of the Lessee with respect to ensuring that the Facility shall always constitute a qualified "project" as defined in and as contemplated by the Act;

(v) the right of the Agency in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Sections 2.5, 3.2, 4.3, 4.4, 4.5, 4.6, 6.1, 6.2, 6.3, 6.6, 6.7(b)(3), 6.9, 6.11, 6.12, 6.13, 6.14, 6.15, 6.17, 7.7, 8.1, 8.1A, 9.3, 9.10, 9.13, 9.17 and 9.19 of the IDA Lease Agreement; and

(vi) the right of the Agency in its own behalf to declare an Event of Default under Section 7.1 of the IDA Lease Agreement or with respect to any of the Agency's Reserved Rights subject to the limitations contained therein.

Airport shall mean John F. Kennedy International Airport in Queens, New York.

Alternate Credit Facility shall mean an irrevocable letter of credit, a municipal bond insurance policy, a standby bond purchase agreement, a surety bond, a line or lines of credit, guaranty or other similar agreement or agreements or any other agreement or agreements used to provide liquidity and/or credit support for a Series of Bonds, containing administrative provisions reasonably satisfactory to the Trustee or the provider of any policy of municipal bond insurance then insuring such Series of Bonds and issued and delivered to the Trustee in accordance with the Indenture.

American Guaranty or Lessee Guaranty shall mean the guaranty dated as of July 1, 2002 from the Lessee to the Trustee.

AMR shall mean AMR Corporation, the parent corporation of the Lessee and a corporation organized and existing under the laws of the state of Delaware, and its successors and assigns.

AMR Guaranty shall mean the guaranty dated as of July 1, 2002 from AMR to the Trustee.

Applicable as used with respect to a Series of Bonds shall mean (i) with respect to any Bond Purchase Fund, Construction Account, Capitalized Interest Account, Lessee Payments Account, Principal Account, Interest Account, Redemption Account, Sinking Fund Installment Account, Credit Facility Account or an Account held within the Debt Service Reserve Fund, the Fund or Account so designated and established by the Applicable Series Supplemental Indenture authorizing such Series of Bonds, (ii) with respect to any Debt Service Reserve Account Requirement, the Debt Service Reserve Account Requirement established in connection with such Series of Bonds by the Indenture, (iii) with respect to any Series Supplemental Indenture, the Series Supplemental Indenture relating to such Series of Bonds authorized thereby, (iv) with respect to a Credit Facility Issuer, the respective Credit Facility Issuer, if any, providing a Credit Facility with respect to such Series of Bonds (v) with respect to a Credit Facility, the Credit Facility, if any, securing such Series of Bonds, (vi) with respect to a Bond Resolution, the Bond Resolution of the Agency authorizing the issuance of such Series of Bonds, (vii) with respect to a Tax Certificate, the particular Tax Certificate executed with respect to such Series of Bonds, (viii) with respect to the Purchase Price for such Series of Bonds, the Purchase Price specified in the Applicable Series Supplemental Indenture, and (ix) with respect to any IDA Lease Amendment, the IDA Lease Amendment entered into with respect to such Series of Bonds.

Approved Successor Lessee shall have the same meaning as defined in Section 92.

ATL or Agreement Towards Entering Into a Lease shall mean the Agreement Towards Entering Into a Lease dated as of July 31, 2002, between the City and the Lessee.

Authorized Denominations shall mean: (i) $100,000 and any integral multiple of $5,000 in excess thereof during any Long-Term Interest Rate Period when the Series 2002 Bonds shall be rated less than Baa3 by Moody's and BBB- by S&P (ii) $5,000 and any integral multiple thereof during any Long-Term Interest Rate Period when the Series 2002 Bonds shall be rated at least Baa3 by Moody's or BBB- by S&P and (iii) $100,000 and any integral multiple of $5,000 in excess thereof during any Daily Interest Rate Period, Weekly Interest Rate Period or Bond Interest Term Rate Period.

Authorized Representative shall mean, (i) in the case of the Agency, the Chairman, Vice Chairman, Treasurer, Assistant Treasurer, Secretary, Assistant Secretary, Executive Director or Deputy Executive Director of the Agency, or any officer or employee of the Agency authorized to perform specific acts or to discharge specific duties, (ii) in the case of the Lessee, its President, Treasurer, Executive Vice President, Senior Vice President, Vice President, Managing Director or any other person designated by the Lessee to act on behalf of the Lessee by a written certificate, containing a specimen signature of such person, which is duly executed on behalf of the Lessee and delivered to the other Notice Parties, and (iii) in the case of the Guarantor, its President, Treasurer, Executive Vice President, Senior Vice President, Vice President, Managing Director or any other person designated by the Guarantor to act on behalf of the Guarantor by a written certificate, containing a specimen signature of such person, which is duly executed on behalf of the Guarantor and delivered to the other Notice Parties.

Bank Bonds with respect to a Series of Bonds shall have the meaning specified in the Applicable Series Supplemental Indenture.

Bankruptcy Code shall mean the Bankruptcy Reform Act of 1978, as amended (Title 11 of the United States Code, as amended).

Bankruptcy Counsel shall mean any counsel nationally recognized in bankruptcy matters which is independent of the Lessee and the Agency and which is reasonably acceptable to the Trustee.

Basic Lease shall mean the Agreement of Lease, dated April 17, 1947, as the same may now have been or may hereafter be amended, supplemented or extended, between the City and the Port Authority or any agreement in replacement or substitution thereof providing for the letting of the Airport or the Premises by the City to the Port Authority.

Bond Counsel shall mean Winston & Strawn or any other nationally recognized attorney or firm of attorneys experienced in matters relating to municipal bond law and the tax exemption of interest on bonds of states and their political subdivisions, as selected by the Agency.

Bond Fund shall mean the Bond Fund established by Section 5.01 of the Indenture.

Bond Purchase Fund shall mean, with respect to a Series of Bonds, mean any Bond Purchase Fund created and held by the Tender Agent with respect to the tender and remarketing of such Series of Bonds.

Bond Registrar shall mean the Trustee acting as registrar as provided in Section 3.10 of the Indenture.

Bond Resolution with respect to a Series of Bonds shall mean the resolution or resolutions of the Agency authorizing such Series of Bonds.

Bondholder, Holder of the Bonds, Holder or holder shall mean any Person who shall be the registered owner of any Bond or Bonds.

Bonds shall mean, collectively, the Series 2002 Bonds and Additional Bonds of the Agency authorized and issued pursuant to the Master Indenture and any Series Supplemental Indenture.

Book-Entry Bond shall mean a Bond authorized to be issued to, and issued to and registered in the name of, a Depository for one or more participants in such Depository.

Business Day shall mean any day which is not a Saturday, a Sunday or a legal holiday in the State or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided that, with respect to Bonds of a Series secured by a Credit Facility, such term means any day which is not a Saturday, Sunday or legal holiday in the State or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, or the principal office of Credit Facility Provider, if any, for such Bonds is legally authorized to close.

Capitalized Interest Account shall mean any special trust account of the Project Fund so designated, established pursuant to Section 5.01 of the Indenture.

City shall mean The City of New York.

City-American Lease shall mean the lease agreement, if any, between the City and the Lessee entered into pursuant to the ATL.

Code shall mean the Internal Revenue Code of 1986, as amended, and the temporary, proposed or final regulations promulgated thereunder.

Commencement of City-American Lease Term shall mean the date following the day after the expiration, but not the earlier termination, of the Lessee's interest under the PA Lease.

Company Sublease shall mean the Company Sublease Agreement of even date herewith between the Lessee and the Agency, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Consent Agreement shall mean the Consent to Subleases and Leasehold Mortgage Agreement, dated as of July 31, 2002, by and among the Lessee, the Agency, AMR, the Trustee and the Port Authority, as the same may be amended and supplemented from time to time pursuant to its terms.

Consent Protections shall mean the Mortgage and Consent Protections as defined in the ATL.

Construction Account shall mean any special trust account of the Project Fund so designated and established pursuant to Section 5.01 of the Indenture.

Controlled Entity shall mean any Person, more than 50% of the voting stock or equity interest of which is owned by any obligor under any of the Security Documents (other than the Agency) or by another Controlled Entity of any such obligor.

Costs of Issuance shall mean (i) all reasonable costs incurred in connection with the issuance of a Series of Bonds including, but not limited to, legal, financial, consulting and accounting fees and expenses, financing charges (including underwriting fees and discounts), printing and engraving costs, the fees and expenses of Bond Counsel, the fees and expenses of rating agencies, expenses incurred in the preparation of the Security Documents, the financing statements, any disclosure document and any other documents necessary for the issuance of a Series of Bonds and (ii) any other cost incurred in connection with the issuance of a Series of Bonds that constitutes an "issuance cost" within the meaning of section 147(g) of the Code.

Credit Facility shall mean (i) an irrevocable letter of credit, surety bond, loan agreement, standby bond purchase agreement, line of credit, municipal bond insurance policy or other agreement or arrangement used to provide liquidity and/or credit support for a Series of Bonds, containing administrative provisions reasonably satisfactory to the Trustee or the provider of any policy of municipal bond insurance then insuring such Series of Bonds and issued and delivered

to the Trustee in accordance with the Applicable Series Supplemental Indenture and (ii) any Alternate Credit Facility. The Guaranty is not a Credit Facility

Credit Facility Agreement shall mean any agreement to provide credit support or liquidity with respect to a Series of Bonds between the Credit Facility Provider and the Lessee.

Credit Facility Provider shall mean the issuer of any Credit Facility or Alternate Credit Facility and any successors thereto.

Credit Facility Provider Certificate of Assumption shall have the same meaning as set forth in the Consent Agreement.

Debt Service Reserve Fund shall mean the Debt Service Reserve Fund established by Section 5.01 of the Indenture.

Debt Service Reserve Account Requirement shall mean, with respect to each Series of Bonds, the amount, if any, required by any Series Supplemental Indenture authorizing the issuance of such Series of Bonds, to be deposited and maintained in the Account within the Debt Service Reserve Fund established with respect to such Series of Bonds.

Depository shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Supplemental Indenture authorizing a Series of Bonds to serve as securities depository for the Bonds of such Series.

Determination of Taxability shall mean with respect to any Series of Tax-Exempt Bonds (a) the issuance of a published or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Lessee has participated or has been given the opportunity to participate, and which ruling or memorandum the Lessee, in its discretion, does not contest or from which no further right of judicial review or appeal exists, (b) a final determination from which no further right of appeal exists of any court of competent jurisdiction in the United States in a proceeding in which the Lessee has participated or has been a party, or has been given the opportunity to participate or be a party or (c) the delivery to the Agency and the Lessee of a written opinion of Bond Counsel, in any of the foregoing cases, to the effect that, as a result of a failure by the Lessee to observe any covenant or agreement of the Lessee in the IDA Lease Agreement or any Applicable Tax Certificate or the inaccuracy of any Lessee representation or warranty therein, the interest payable on the Bonds of such Series is includable in the gross income of the holders thereof for federal income tax purposes, other than a Person who is a "substantial user" or a "related person" of such substantial user within the meaning of the Code; *provided, however*, that no such Determination of Taxability described in (a) or (b) shall be considered to exist unless (i) the registered or beneficial owner or former registered or beneficial owner of such Series of Bonds involved in such proceeding or action (A) gives the Lessee and the Trustee prompt notice of the commencement thereof and (B) (if the Lessee agrees to pay all expenses in connection therewith) offers the Lessee the opportunity to control unconditionally the defense thereof and (ii) either (A) the Lessee does not agree within 30 days of receipt of such offer to pay such expenses and liabilities and to control such defense or (B) the Lessee shall exhaust or choose not to exhaust all available proceedings for the contest, review, appeal or

rehearing of such decree, judgment or action which the Lessee determines to be appropriate, and no such Determination of Taxability described in (c) above shall be considered to exist if the Lessee gives the Agency prompt written notice of its intent to obtain (at the Lessee's expense) a second opinion and within 60 days of the receipt of the opinion described in (c) delivers to the Agency an opinion of a nationally recognized attorney or firm of attorneys, reasonably acceptable to the Agency and experienced in matters relating to municipal bond law and the tax exemption of interest on bond of states and their political subdivisions, to the effect that the failure to observe the covenant or agreement or the inaccuracy of the representation or warranty identified in the opinion described in (c) does not adversely affect the exclusion of interest on the Bonds of such Series from gross income, for federal income tax purposes, of the holders (and agrees to take the action or actions, if any, required of the Lessee in the second opinion); *provided, further,* no Determination of Taxability described above will result from the inclusion of interest on any Bond in the computation of minimum or indirect taxes.

Eligible Affiliate shall mean any Person controlled by the Lessee. "Control" (including the related term "controlled by") of a Person will exist only when the following criteria are met: (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and (ii) the ownership, either directly or indirectly, of more than 50% of the voting stock or other equity or ownership interest of such Person.

Eligible Personalty shall mean machinery, equipment, furniture, fixtures, apparatus and other items of tangible personal property, the acquisition of which is characterized (whether or not so characterized by the Lessee) in accordance with Accounting Standards of the Financial Accounting Standards Board, as a capital expenditure, to be used by the Lessee, the Affiliates, and the Eligible Affiliates at the Leased Facilities for the Project but excluding rolling stock, ordinary office supplies such as pencils, paper clips and paper and decorative items such as fine art, plants and objets d'art.

Equipment Security Agreement shall mean the Equipment Security Agreement dated as of July 1, 2002 with respect to the Bonds among the Lessee, the Agency and the Trustee.

Event of Default with respect to any default under the IDA Lease Agreement, shall have the meaning specified in Section 7.1 of the IDA Lease Agreement and with respect to any default under the Indenture, shall have the meaning specified in Section 8.01 of the Indenture.

Facility shall mean, collectively, the Leased Facilities and the Facility Equipment.

Facility Equipment shall mean such items of machinery, equipment, furniture, fixtures, furnishings, apparatus and other items of tangible personal property the acquisition of which is financed from Bond proceeds and/or undertaken by use of the Sales Tax Letter or the Preliminary Sales Tax Letter and the acquisition of which is characterized (whether or not so characterized by the Lessee) in accordance with Accounting Standards of the Financial Accounting Standards Board as a capital expenditure, to be used at the Premises [or in connection with the Premises] by the Lessee, the Affiliates, and the Eligible Affiliates, but excluding rolling stock, ordinary office supplies such as pencils, paper clips and paper and decorative items such as fine art, plants and other objets d'art. Facility Equipment includes all

property substituted for or replacing items of Facility Equipment in accordance with the provisions of Sections 5.1 and 8.1 of the IDA Lease Agreement, and excludes all items of Facility Equipment so substituted for or replaced.

Facility Improvement Materials shall mean construction materials, building materials, building supplies, and other tangible personal property which are used, depleted or consumed by the Lessee exclusively for the Project.

Facility Provider shall mean the issuer of a Credit Facility or a Reserve Fund Facility delivered to the Trustee pursuant to the Indenture or any Series Supplemental Indenture.

Favorable Opinion of Bond Counsel shall mean an opinion of Bond Counsel, addressed to the Agency, the Credit Facility Provider, if any, the Lessee and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the laws of the State of New York and the Indenture and, if taken with respect to Tax-Exempt Bonds, will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

Financed Property shall mean those items of Project Costs, Facility Equipment, Leased Personalty, Tenant Improvements and Facility Improvement Materials financed in whole or in part with the proceeds of the Bonds.

Findings Assessment shall have the same meaning as defined in Section 1.4(b) of the IDA Lease Agreement.

Fiscal Year of the Lessee shall mean a year of 365 or 366 days, as the case may be, commencing on January 1 and ending on December 31, or such other year of similar length as to which the Lessee shall have given prior written notice thereof to the Agency and the Trustee at least ninety (90) days prior to the commencement thereof.

Foreclosure Payment Account shall mean any special trust account of the Mortgage Reserve Fund so designated established pursuant to, by Section 5.01 of the Indenture.

Foreclosure Payment Account Requirement shall mean

Funds shall mean those Funds established pursuant to Section 5.01 of the Indenture and any Funds established pursuant to any Series Supplemental Indenture.

Gap Differential shall have the same meaning as set forth in the Company Sublease.

General Airport Agreement shall have the same meaning as set forth in the PA Lease or any successor or replacement agreement or agreement covering the payment of flight fees, fueling fees and other matters described therein.

Government Obligations shall mean (a) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is unconditionally guaranteed as a full faith and credit obligation

of the United States of America for the timely payment thereof, (c) municipal obligations the payment of principal (either to the maturity thereof or an earlier stated redemption date), redemption price, if any and interest on which is irrevocably secured by obligations described in clauses (a) or (b) above which have been deposited in an escrow arrangement which is irrevocably pledged to the credit of such municipal obligations and which municipal obligations are rated at the time of acquisition or purchase in the highest rating category by Moody's and S&P or (d) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in clauses (a), (b) or (c) above, the full and timely payment of which securities, receipts or portions of obligations is unconditionally guaranteed as a full faith and credit obligation of the United States.

Guarantor shall mean each of the Lessee and AMR and their respective successors and assigns under the Guaranty.

Guaranty shall mean collectively the Lessee Guaranty and the AMR Guaranty.

IDA Equipment shall have the same meaning as set forth in Section 3.6 of the IDA Lease Agreement.

IDA Lease Agreement shall mean the IDA Lease Agreement dated as of July 1, 2002 between the Agency and the Lessee, as amended by any and all IDA Lease Amendments thereto hereafter made in conformity herewith and with the Indenture.

IDA Lease Amendment shall mean any amendment to the IDA Lease Agreement entered into by and between the Lessee and the Agency pursuant to the IDA Lease Agreement and the Indenture in conjunction with the issuance of a Series of Additional Bonds or otherwise.

Indenture shall mean the Master Indenture together with any amendment or supplement thereto including any Series Supplemental Indentures.

Interest Account shall mean any special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Interest Payment Date shall mean, with respect to a Series of Bonds, the Interest Payment Date specified in the Applicable Series Supplemental Indenture.

Interest Rate Period shall mean, with respect to a Series of Bonds, each of the respective periods during which such Series of Bonds shall bear interest at a Daily Interest Rate, Weekly Interest Rate, Long-Term Interest Rate or Bond Interest Term Rate.

Lease Payments Fund shall mean the Lease Payments Fund established by Section 5.01 of the Indenture.

Leased Facilities shall mean those certain facilities, structures, buildings, fixtures and improvements exclusive of Facility Equipment as shall constitute a new air passenger terminal together with related arrival and departure access ramps, parking facilities to be located on the Project Premises and a passenger tunnel connecting Concourse C to the main terminal to be

located at the Project Premises in the vicinity of Terminals 8 and 9 at John F. Kennedy International Airport in Queens County, New York such Project Premises as described in the Description of Leased Facilities in Exhibit B to the IDA Lease Agreement, together with any extensions, substitutions, repairs or additions thereto. The Leased Facilities do not include the land underlying the Facility.

Leased Personalty shall mean one or more items of tangible personal property, in which the Agency acquires a leasehold interest under a Qualified Personalty Lease in accordance with Section 2.1 of the IDA Lease Agreement, to be used exclusively for the Project by the Lessee, the Affiliates, and the Eligible Affiliates. Leased Personalty shall not include rolling stock. Notwithstanding the foregoing definition, Facility Equipment, Facility Improvement Materials, and Eligible Personalty incorporated into or installed at the Leased Facilities in accordance with the PA Lease does not constitute Leased Personalty by virtue of the provisions of the PA Lease.

Leasehold Mortgage shall mean the Leasehold Mortgage and Security Agreement to be granted by the Lessee to the Leasehold Mortgagee, as contemplated by the Indenture and the IDA Lease Agreement, and shall include any and all amendments thereof and supplements thereto made in conformity therewith and herewith. All references to the Leasehold Mortgage shall be qualified by the fact that the Leasehold Mortgage will not be effective, the lien created by the Leasehold Mortgage will not attach, the Leasehold Mortgagee will not have the rights under the Leasehold Mortgage, the Leasehold Mortgage shall not be dated, executed, delivered or recorded and the Reletting Rights shall not be exercisable until the Reletting Rights Effective Date.

Leasehold Mortgagee shall mean The Bank of New York and its successors and assigns under the Leasehold Mortgage.

Legal Requirements shall have the same meaning as defined in Section 4.6 of the IDA Lease Agreement.

Lessee shall mean American Airlines, Inc., a corporation organized and existing under and by virtue of the laws of the State of Delaware and authorized to do business in the State of New York and its permitted successors and assigns pursuant to Section 6.1 or 9.3 of the IDA Lease Agreement (including any surviving, resulting or transferee corporation as provided in Section 6.1 of the IDA Lease Agreement).

Lessee's Property shall have the same meaning as defined in Section 4.1(c) of the IDA Lease Agreement.

Loss Event shall have the meaning set forth for such term in Section 5.1 of the IDA Lease Agreement.

Maintenance Contracts shall mean contracts entered into by the Lessee as agent for the Agency for the maintenance, service or repair of Eligible Personalty or Leased Personalty used at the Leased Facilities by the Lessee, the Affiliates, and the Eligible Affiliates, exclusively for the Project, solely to the extent such contracts encompass Qualified Maintenance.

Major Release shall mean any release of any part of the Leased Facilities which does not constitute a Minor Release.

Master Indenture shall mean the Master Indenture of Trust dated as of July 1, 2002 by and between the Agency and the Trustee.

Minor Release shall mean a release of part of the Leased Facilities with respect to which (together with the parts of the Leased Facilities previously released) the Lessee certifies will not have a material adverse effect on the use of the remaining Leased Facilities as a passenger terminal facility comparable to the passenger terminal facility on the Leased Facilities immediately prior to such release.

Moody's shall mean Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and its and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency by notice to the Lessee and the Trustee.

Mortgaged Premises shall have the meaning set forth for such term in Section 92.

Mortgage Recording Tax shall mean the tax imposed under Article II of the New York State Tax Law, as the same may be amended from time to time.

Mortgage Reserve Fund shall mean the Mortgage Reserve Fund established pursuant to Section 5.01 of the Indenture.

Multi-Modal Interest Rate Bonds shall mean Bonds the interest on which is subject to adjustment at a Variable Interest Rate or a Long-Term Interest Rate.

Net Proceeds shall mean, with respect to a particular Series of Bonds, the "net proceeds" of such Bonds, as such term is used in Section 142(a) of the Code and applicable Treasury Regulations.

New Basic Lease shall mean a lease entered into by the City or its designee for the Airport commencing upon the date on which the Port Authority surrenders possession of the Airport to the City following the expiration or earlier termination of the Basic Lease (inclusive of any renewal or extension including any permitted holdover thereof). In the event a New Basic Lease is executed and delivered, all references in the IDA Lease Agreement and the other Security Documents to the Basic Lease Agreement shall be deemed to mean and refer to such New Basic Lease.

New Lease Effective Date shall mean the date on which the Port Authority surrenders possession of the Airport to the City following the expiration or earlier termination of the Basic Lease (inclusive of any renewal or extension including any permitted holdover thereof).

New Premises Lease shall mean either (i) a lease or leases entered into by the City or its designee with the Lessee for the Facility (and which is hereby deemed to include the City-

American Lease) commencing upon the date on which the Port Authority surrenders possession of the Airport to the City following the expiration or earlier termination of the Basic Lease (inclusive of any renewal or extension including any permitted holdover thereof), or (ii) a lease or leases entered into by the lessee under the New Basic Lease and the Lessee for the Facility commencing upon the date on which the Port Authority surrenders possession of the Airport to the City following the expiration or earlier termination of the Basic Lease (inclusive of any renewal or extension including any permitted holdover thereof). In the event a New Premises Lease is executed and delivered, all references in the IDA Lease Agreement, any Supplemental Lease Agreement and the other Security Documents to the PA Lease shall be deemed to mean and refer to such New Premises Lease, as the case may be. In the further event the Port Authority is the lessor under the New Premises Lease and the lessee under the New Basic Lease, the conditions set forth in clause (z) above shall be deemed satisfied if the Port Authority ratifies and confirms its consent to the IDA Lease Agreement.

Nonqualified Cost shall mean the Project Costs paid pursuant to Article V of the Indenture which are not Qualified Costs.

Notice Parties shall mean the Agency, the Lessee, the Trustee, each Paying Agent, each Remarketing Agent, each Tender Agent and each Credit Facility Provider, if any.

Opinion of Counsel shall mean a written opinion of counsel, who may (except as otherwise expressly provided in the IDA Lease Agreement or any other Security Document) be counsel for the Lessee, the Guarantor, any Credit Facility Provider or the Agency and who shall be reasonably acceptable to the Trustee.

Outstanding when used with reference to a Bond or Series of Bonds, as of any particular date or Series, shall mean all Bonds which have been issued, executed, authenticated and delivered under the Indenture, except:

(i) Bonds canceled by the Trustee because of payment or redemption prior to maturity or surrendered to the Trustee under the Indenture for cancellation;

(ii) any Bond (or portion of a Bond) for the payment or redemption of which, in accordance with Section 10.01 of the Indenture, there has been separately set aside and held in any Redemption Account of the Bond Fund either:

(A) moneys, and/or

(B) non-callable Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys,

in an amount sufficient to effect payment of the principal or Applicable Redemption Price of such Bond or Bonds (or portion thereof), together with accrued interest on such Bond or Bonds to the payment or redemption date, which payment or redemption date will be specified in irrevocable instructions given to the Trustee to apply such moneys and/or Government Obligations to such payment on the date so specified, provided, that, if such Bond or Bonds (or

portion thereof) is to be redeemed, notice of such redemption must have been given as provided in the Indenture or provision satisfactory to the Trustee must have been made for the giving of such notice; and

(iii) Bonds paid pursuant to Section 3.07 of the Indenture and Bonds in exchange for or in lieu of which other Bonds shall have been authenticated and delivered under Article III of the Indenture,

*provided, however*, that in determining whether the Holders of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, any Bond or Bonds owned by the Lessee or any Affiliate of the Lessee or the Agency will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which a responsible officer of the Trustee actually knows to be so owned will be so disregarded. Bonds which have been pledged in good faith to a Person may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Lessee or any Affiliate or Controlled Entity of the Lessee.

PA Lease shall mean the Agreement of Lease entered into as of August 1, 1976, bearing Port Authority Agreement number AYB-085 as amended and supplemented, and as further amended, supplemented, and restated in an Amended and Restated Lease (No. AYB-085R), dated as of December 22, 2000, between the Port Authority and the Lessee, as the same may now or hereafter be amended, modified or supplemented from time to time. The term "PA Lease" shall mean and include the foregoing agreement during any period when the City has become the lessor under the PA Lease in accordance with the provisions of the RNDA.

Paying Agent shall mean any paying agent for any Series of Bonds appointed pursuant to the Indenture (and may include the Trustee) and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

Permitted Encumbrances shall mean, as of any particular time,

(i) the ATL, the RNDA, the Basic Lease, the PA Lease, the Company Sublease, the Leasehold Mortgage, the IDA Lease Agreement as amended, the Equipment Security Agreement, the Indenture as supplemented and amended and any other Security Documents;

(ii) liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds, completion bonds, government contracts or other obligations of a like nature, including liens in connection with workers' compensation, unemployment insurance and other types of statutory obligations or to secure the performance of tenders, bids, leases, contracts and other similar obligations incurred in the ordinary course of business;

(iii) liens for real estate taxes, assessments, levies and other governmental charges, the payment of which is not in default or that are being contested in good faith

by appropriate proceedings in accordance with Sections 4.3, 4.6, or 6.7(b) of the IDA Lease Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Lessee certifies to the Agency and the Trustee will not materially interfere with or impair the Lessee's use of the Facility as provided in the IDA Lease Agreement;

(v) such minor defects, irregularities, encumbrances, easements, rights-of-way (including agreements with any railroad the purpose of which is to service a railroad siding) and clouds on title as normally exist with respect to property similar in character to the Facility and as do not, in the Opinion of Counsel, either singly or in the aggregate, materially impair the property affected thereby for the purpose for which it was acquired and held by the Agency under the IDA Lease Agreement;

(vi) any mechanic's, workmen's, repairmen's, materialmen's, contractors', warehousemen's, carriers', suppliers' or vendors' lien or right in respect thereof if payment is not yet due and payable (or which, if past due, is being contested in good faith by appropriate proceedings), all if and to the extent permitted by Section 6.7 of the IDA Lease Agreement;

(vii) any mortgage, lien, security interest or other encumbrance which exists in favor of the Trustee or to which the Trustee consents;

(viii) any liens, security interests or other encumbrances created by the City or the Port Authority resulting from the acts or failure to act of the City or the Port Authority;

(ix) any lien, security interest or other encumbrance on any property or interests other than the interests of the Agency or the Lessee in the Company Sublease or the interests of the Agency, the Company or the Trustee in the IDA Lease Agreement or in amounts payable thereunder; and

(x) subleases of the Facility permitted under Section 9.3 of the IDA Lease Agreement.

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

Port Authority shall mean The Port Authority of New York and New Jersey, a body corporate and politic established by Compact between the States of New York and New Jersey with the consent of the Congress of the United States of America, and its successors and assigns.

Possessory Rights and Remedies shall mean without limitation any possessory rights and remedies, such as, but not limited to, any rights to appointment of a receiver, any rights of entry, re-entry, redemption, eviction, possession, regaining or resumption of assigning, letting, re-sub-

letting, or any similar rights with respect to the possession, sale, conveyance, transferring, mortgaging, pledging, assigning, letting, or re-subletting of the Facility.

Preliminary Sales Tax Letter shall mean (i) the Preliminary Sales Tax Letter of the Agency dated July 27, 2000, (ii) the First Amended and Restated Preliminary Sales Tax Letter of the Agency dated, January 1, 2002 and (iii) the Second Amended and Restated Preliminary Sales Tax Letter of the Agency dated July 1, 2002.

Premises shall have the meaning set forth for such term in the PA Lease.

Premises Redevelopment Work shall mean the Redevelopment Work performed on the Mortgaged Premises.

Primary Term shall have the same meaning as set forth in Section 3.5 of the IDA Lease Agreement.

Principal Account shall mean any special trust Account of the Bond Fund so designated and established pursuant to Section 5.01 of the Indenture.

Prohibited Person shall mean (i) any Person (A) that is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or the City, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that is in default or in breach, beyond any applicable grace period, of its obligations under any written agreement with the Agency or the City, unless, in either case, such default or breach has been waived in writing by the Agency or the City, as the case may be, and (ii) any Person (A) that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude (other than, with respect to the Lessee or AMR, the felony conviction of AMR arising out of United States of America v. AMR Corporation, United States District Court, Southern District of Florida, Miami Division, Case No. 99-00902-CR-HIGHSMITH) or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by, or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

Project shall mean solely with respect to the Premises Redevelopment Work, the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York, the construction, acquisition, installation and equipping of the Facility by the Lessee, and the acquisition, construction, installation and equipping by the Lessee from time to time at the Leased Facilities of the Tenant Improvements, the Facility Improvement Materials, Facility Equipment, Leased Personalty and Maintenance Contracts, all for use by the Lessee, Affiliates and Eligible Affiliates solely for the construction, acquisition, installation and equipping of the Facility.

Project Costs shall mean

(i) all costs of engineering, architectural, construction and project management services with respect to the Project, including the cost of test borings, surveys, estimates, plans and specifications and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of, and the making of alterations, renovations, additions and improvements in connection with, the completion of the Project;

(ii) all costs paid or incurred for labor, materials, services, supplies, machinery, equipment and other expenses and to contractors, suppliers, builders and materialmen in connection with the completion of the Project;

(iii) all costs of contract bonds and of insurance that may be required or necessary during the period of Project construction;

(iv) all costs paid or incurred in connection with the acquisition of the Leased Facilities or the Lessee's interest in the Leased Facilities;

(v) the fees and expenses of the Trustee, each Credit Facility Provider, if any, each remarketing agent, if any, each tender agent, if any, paid during any period of construction of the Project provided such payments are capable of being characterized (whether or not so characterized by the Lessee) in accordance with Accounting Standards of the Financial Accounting Standards Board as capital expenditures;

(vi) the interest on Bonds of a Series (or other indebtedness incurred by the Lessee for the construction of the Project) for the time specified in the Series Supplemental Indenture authorizing the issuance of such Series of Bonds;

(vii) all costs which the Lessee shall be required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Lessee for advances made for any item otherwise constituting a Project Cost or for any other costs incurred and for work done which are properly chargeable to the Project;

(viii) all fees and charges of the Port Authority which the Lessee is required to pay under the PA Lease for (a) the review and approval of the plans and specifications relating to the Project, (b) obtaining the required permits and approvals for the construction and completion of the Project, (c) inspecting and/or supervising construction of the Project, and (d) reimbursement of other costs incurred in connection with the construction of the Project and related facilities;

(ix) subject to the limitations contained in Section 1.5(c) of the IDA Lease Agreement, expenses for supervision by the officers or employees of the Lessee and expenses for work done by such officers or employees in connection with the Project;

(x) all other costs and expenses relating to the completion of the Project or the issuance of a Series of Bonds including soft costs and costs of the funding any amounts to be held in any Account of the Debt Service Reserve Fund; and

(ix) Costs of Issuance.

Project Fund shall mean the Project Fund established by Section 5.01 of the Indenture.

Project Premises shall mean those certain premises described in the Description of Project Premises in Exhibit B attached to the IDA Lease Agreement and made a part hereof, and which on the date of execution and delivery of the IDA Lease Agreement are subject to the Company Sublease, the PA Lease, the Basic Lease, and all rights or interests therein or appertaining thereto.

Purchase Date shall mean, with respect to a Series of Bonds, any date on which Bonds of such Series shall be tendered or deemed tendered for purchase pursuant to any Series Supplemental Indenture authorizing such Series of Bonds.

Purchase Price shall, with respect to a Series of Bonds, have the meaning as defined in the Applicable Series Supplemental Indenture.

Qualified Costs shall mean the cost of exempt facilities, including facilities functionally related and subordinated thereto, as set forth in the Code.

Qualified Financial Institution shall mean a bank or other financial services corporation or institution, a trust company, a national banking association (including the Trustee or its affiliates), a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York (or an entity which owns a majority equity interest in such a government bond dealer) (a) in each case whose long term unsecured debt or whose claims paying ability is rated in either of the three highest Rating Categories (without qualification by symbols "+" or "-" or a numerical notation) by S&P or Moody's or whose debt is unconditionally guaranteed by a corporation whose long-term unsecured debt or whose claims paying ability is rated in one of such categories and (b) in each case whose short-term unsecured debt paying ability is rated as least A-1 by S&P and P-1 by Moody's, or whose debt is unconditionally guaranteed by a corporation whose short-term unsecured debt or whose claims-paying ability is rated in one of such categories.

Qualified Investments shall mean, to the extent permitted by applicable law, the following:

(i) Government Obligations.

(ii) Commercial paper, rated at least P-1 by Moody's and at least A-1 by S&P, issued by a corporation or banking institution organized under the laws of the United States of America or any state thereof.

(iii) Direct and general long-term obligations of any state of the United States of America to which the full faith and credit of the state is pledged and which are rated in either of the two highest Rating Categories by Moody's and S&P.

(iv) Direct and general short-term obligations of any state of the United States to which the full faith and credit of the state is pledged and which are rated in the highest Rating Category by Moody's and S&P.

(v) Interest bearing demand or time deposits with or certificates of deposit issued by a national banking association or a state bank or trust company which is a member of the Federal Deposit Insurance Corporation ("FDIC") which are (a) continuously and fully insured by the FDIC, or (b) with a bank which has outstanding debt, or which is a subsidiary of a holding company which has outstanding debt, rated in either of the two highest Rating Categories by Moody's and S&P or (c) continuously and fully secured by obligations of the type described in (i) and (ii) above which have a market value at all times at least equal to the principal amount of the deposit and which are held by the Trustee or its agent or, in the case of uncertificated securities, are registered in the name of the Trustee as pledgee.

(vi) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and, if rated by S&P, rated "AAAm-G," "AAAm," or "AAm" and, if rated by Moody's, rated "Aaa," "Aa1," or "Aa2," including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services.

(vii) Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee or its affiliates) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Governmental Obligations.

(viii) Investment agreements for the investment of moneys held by the Trustee pursuant to the Indenture with a Qualified Financial Institution.

(ix) Asset backed securities rated Aaa by Moody's or AAA by S&P.

(x) Corporate medium term notes having a long term rating of A2 or above from Moody's or A or above from S&P or having a short term rating of A-1 or above from Moody's or P-1 and above from S&P.

(xi) Any other investment permitted by law and approved in writing by each provider of a Credit Facility, so long as the related Credit Facility is then in effect.

Qualified Maintenance shall mean, with respect to any item of Eligible Personalty or Leased Personalty, the acquisition or leasing of which would be characterized (whether or not so characterized by the Lessee) in accordance with Accounting Standards of the Financial Accounting Standards Board as a "capital expenditure", the replacement of parts (other than parts that contain materials or substances that are consumed in the operation of such property (e.g., a toner cartridge) where such parts must be replaced whenever the substance is consumed) or the making of repairs, but does not include maintenance of the type constituting janitorial services.

Qualified Personalty Lease shall mean the IDA Lease Agreement and any lease of one or more items of Leased Personalty to the Lessee on behalf of and as agent for the Agency, (1) which lease would be characterized (whether or not so characterized by the Lessee) in accordance with Accounting Standards of the Financial Accounting Standards Board as a "capital lease", or (2) pursuant to which an option to purchase the subject property of such lease is granted thereunder by the lessor.

Rating Agency shall mean S&P if S&P shall be then rating the Bonds and Moody's if Moody's shall be then rating the Bonds, and such other nationally recognized securities rating agency, if any, as shall be then rating the Bonds.

Rating Category shall mean one of the generic rating categories of the Rating Agencies without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rebate Fund shall mean the Rebate Fund established by Section 5.01 of the Indenture.

Rebate Requirement shall mean, with respect to each Series of Tax-Exempt Bonds, the amount, if any, required by any Applicable Tax Certificate with respect to such Series, to be deposited and maintained in the Rebate Fund with respect to such Series.

Record Date shall mean (a) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, the last Business Day of each calendar month or, in the case of the last Interest Payment Date in respect of a Daily Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (b) with respect to any Interest Payment Date in respect of any Weekly Interest Rate Period or any Bond Interest Term Rate Period, the Business Day immediately preceding such Interest Payment Date, and (c) with respect to any Interest Payment Date in respect of any Long-Term Interest Rate Period, the 15th day immediately preceding such Interest Payment Date or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, such first day.

Redemption Account shall mean any special trust Account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

Redemption Price shall mean, with respect to any Bond or a portion thereof, the principal amount thereof to be redeemed in whole or in part, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

Redevelopment Work shall have the same meaning as set forth in the PA Lease.

Redevelopment Work Completion Date shall mean the date appearing on the certificate issued by the Port Authority pursuant to subparagraph (1) of paragraph (n) of Section 2 of the PA Lease after substantial completion of the Redevelopment Work as defined in the PA Lease.

Related Security Documents shall mean all Security Documents other than the Indenture.

Release Price shall mean at any time of the calculation thereof the Outstanding principal amount of the Bonds multiplied by a fraction the numerator of which equals the total revenues attributable to the proposed Released Property and the denominator of which equals the total annual revenues attributable to the Leased Facilities prior to the release of such Released Property.

Released Property shall means the portions of the Leased Facilities which the Lessee, the Port Authority or, upon the effectiveness of the City-American Lease, the City, have released from the Leased Facilities.

Reletting Election Notice Service Date shall have the same meaning as set forth in Section 92.

Reletting Rights shall have the same meaning as set forth in Section 92.

Reletting Rights Effective Date shall have the same meaning as set forth in Section 92.

Remarketing Account shall, with respect to a Series of Bonds, have the meaning given such term in the Tender Agreement relating to such Series of Bonds.

Remarketing Agent shall mean any Remarketing Agent appointed with respect to any Series of Bonds.

Remarketing Agreement shall mean any Remarketing Agreement, entered into at any time between the Lessee and the Remarketing Agent, as the same may be amended or supplemented from time to time, or any remarketing agreement entered into with a successor Remarketing Agent.

Reserve Fund Facility shall mean a surety bond, insurance policy, letter of credit or investment agreement (which investment agreement must be a Qualified Investment) which constitutes any part of the Debt Service Reserve Account Requirement for a Series of Bonds authorized to be delivered to the Trustee pursuant to Section 5.07 of the Indenture and/or a surety bond, insurance policy, letter of credit, or investment agreement (which investment agreement must be a Qualified Investment) which constitutes any part of the Foreclosure Payment Account to be delivered to the Trustee pursuant to Section 5.13 of the Indenture.

RNDA or Recognition, Nondisturbance and Attornment Agreement shall mean the Recognition, Non-Disturbance and Attornment Agreement dated as of July 31, 2002 between the City and the Lessee.

RNDA Effective Date shall mean the date that the City has become lessor under the PA Lease in accordance with the RNDA.

S&P shall mean Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State, its successors and its and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Agency by notice to the Trustee and the Lessee.

Sales and Use Taxes shall mean New York State and local sales and/or compensating use taxes imposed pursuant to Sections 1105, 1107, 1108, 1109 and 1110 of the New York State Tax Law, as each of the same may be amended from time to time (including any successor provisions to such statutory sections).

Sales Tax Letter shall mean that certain Sales Tax Letter of the Agency dated July 31, 2002.

Sales Tax Savings shall mean all exemptions of Sales and Use Taxes actually realized by the Lessee pursuant to the IDA Lease Agreement, the Sales Tax Letter and the Preliminary Sales Tax Letter. The term Sales Tax Savings does not include any exemption from Sales and Use Taxes realized by the Lessee other than (i) pursuant to the provisions of Article 18-A of the General Municipal Law or (ii) pursuant to the Agency's involvement in the Project.

Section 92 shall mean Section 92 of the PA Lease, entitled "Reletting Rights -Leasehold Mortgagee".

Security Documents shall mean with respect to all Bonds, the Equipment Security Agreement, the Company Sublease, the IDA Lease Agreement, the Guaranty, the Indenture, the ATL, the RNDA, and the Leasehold Mortgage, and, with respect to a particular Series of Bonds, each Applicable Tax Certificate, each Applicable Credit Facility, if any, each Applicable Reserve Fund Facility by Series, if any, and any and all other documents or instruments delivered to the Trustee in connection with the provision of security for such Series of Bonds; provided that in no event shall the PA Lease, the City-American Lease or the Consent Agreement be or be deemed to be Security Documents hereunder.

Series shall mean all of the Bonds designated as being of the same series authenticated and delivered on the date of original issuance thereof in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefore pursuant to the Master Indenture and any Series Supplemental Indenture.

Series Supplemental Indenture shall mean any indenture supplemental to or amendatory of the Indenture authorizing the issuance of a Series of Bonds and executed and delivered by the Agency and the Trustee in accordance with Section 2.03 and Article XI of the Indenture.

Series 2002 Bonds shall mean the Special Facility Revenue Bonds (2002 American Airlines, Inc. John F. Kennedy International Airport Project) Series 2002A and Series 2002B of the Agency, executed, authenticated and delivered under the Indenture.

Sinking Fund Installment shall mean the amount required by the Indenture, if any, as payable on a single future date for the retirement of any Outstanding Bonds which are expressed to mature after such future date, but does not include any amounts payable by reason only of the maturity of a Bond.

Sinking Fund Installment Account shall mean any special trust account of the Bond Fund so designated, established pursuant to Section 5.01 of the Indenture.

State shall mean the State of New York.

Successor Trustee shall have the meaning given to such term in Section 92.

Tax Certificate shall mean, with respect to a Series of Tax-Exempt Bonds, any Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the date of original issuance of such Series of Tax-Exempt Bonds, executed by Authorized Representatives of the Agency and the Lessee and delivered to the Agency, the Lessee and the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith.

Tax-Exempt Bond (or Series of Tax-Exempt Bonds) shall mean any Bond (or Series of Bonds) issued with the intent of the Agency, expressed in the applicable Supplemental Indenture, that interest on such Bond (or on the Bonds of such Series) be excluded pursuant to Section 103 of the Code from the gross income of the owners thereof for federal income tax purposes.

Technical Termination shall have the meaning set forth in Article II of the Company Sublease.

Tenant Improvements shall mean all improvements, renovations and upgrades to the Leased Facilities including the installation of Facility Improvement Materials relating thereto for use by the Lessee, the Affiliates, and the Eligible Affiliates solely for the purposes of the construction of the Project and for which Sales Tax Savings will have been taken pursuant to the IDA Lease Agreement and the Sales Tax Letter.

Tender Agent shall mean any Tender Agent appointed with respect to a Series of Bonds.

Tender Agreement shall mean any Tender Agreement, entered into at any time among the Trustee, the Lessee, the Tender Agent, Bond Registrar, Paying Agent, and the Remarketing Agent relating to any Series of Bonds, as supplemented or amended.

Trust Estate shall mean all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

Trustee shall mean The Bank of New York, in its capacity as Trustee under the Indenture, and its successors in such capacity and its and their assigns hereafter appointed in the manner provided in the Indenture.

Undelivered Bond shall mean any Series 2002A Bond that is deemed to be an "Undelivered Bond" as provided in Sections 2.05(g) or 2.05(h)(ii) of the First Series Supplemental Indenture.

Variable Interest Rate shall mean a Weekly Interest Rate, Bond Interest Term Rate, Daily Interest Rate or any other interest rate other than a Long-Term Interest Rate or a rate fixed to maturity, borne or to be borne by any Series of Bonds, the method of computing such variable interest rate to be specified in the Applicable Series Supplemental Indenture with respect to such Series of Bonds.

Wrongful Recording of the Leasehold Mortgage shall have the same meaning as set forth in Section 92(d)(2)(ii) of the PA Lease.

**Execution Copy**

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

AND

AMERICAN AIRLINES, INC.

# IDA LEASE AGREEMENT

Dated as of July 1, 2002

New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. Kennedy International Airport Project)

ARTICLE I Definitions and Representations ..... 3
Section 1.1. Definitions ..... 3
Section 1.2. Construction ..... 3
Section 1.3. Representations and Warranties by Agency ..... 3
Section 1.4. Findings by Agency ..... 4
Section 1.5. Representations and Warranties by Lessee ..... 4
ARTICLE II The Project ..... 6
Section 2.1. The Project ..... 6
Section 2.2. Completion by Lessee ..... 8
Section 2.3. Issuance of Series 2002 Bonds ..... 9
Section 2.4. Appointment ..... 10
Section 2.5. Limitation on Sales Tax Exemption ..... 10
Section 2.6. Title Insurance ..... 14
ARTICLE III Issuance of Bonds and Additional Bonds, Lease of Facility and Rental Provisions ..... 14
Section 3.1. Issuance of Additional Bonds ..... 14
Section 3.2. Lease of the Facility ..... 15
Section 3.3. Duration of Term with Respect to Leased Facilities ..... 15
Section 3.4. Rental Provisions; Pledge of Agreement and Rent ..... 15
Section 3.5. Allocation of Rent ..... 17
Section 3.6. Ownership of the Facility Equipment. ..... 18
Section 3.7. Obligation of Lessee Unconditional ..... 19
Section 3.8. Payment of Purchase Price of Tendered Bonds ..... 20
Section 3.9. Credit Facility. ..... 20
ARTICLE IV Maintenance, Taxes and Insurance ..... 21
Section 4.1. Maintenance, Alterations and Improvements ..... 21
Section 4.2. [Reserved] ..... 22
Section 4.3. Taxes, Assessments and Charges ..... 22
Section 4.4. Insurance ..... 23
Section 4.5. Advances by Agency ..... 27
Section 4.6. Compliance with Law ..... 27
ARTICLE V Damage, Destruction and Condemnation ..... 28
Section 5.1. Damage, Destruction and Condemnation. ..... 28
ARTICLE VI Particular Covenants ..... 30
Section 6.1. Dissolution or Merger of Lessee; Restrictions on Lessee ..... 30
Section 6.2. Indemnity ..... 30
Section 6.3. Compensation and Expenses of Trustee, Bond Registrar, Paying Agents and Agency ..... 33
Section 6.4. Retention of Interest in Facility ..... 34
Section 6.5. Lessee's Covenant as to Tax Exemption ..... 35
Section 6.6. Annual Filings; No-Default Certificates ..... 36
Section 6.7. Discharge of Liens ..... 37
Section 6.8. Agency's Authority; Covenant of Quiet Enjoyment ..... 38
Section 6.9. No Warranty of Condition or Suitability ..... 38
Section 6.10. Amounts Remaining in Funds ..... 39

Section 6.11. Non-Discrimination, Employment Information, Opportunities and Guidelines. ....39
Section 6.12. Redemption Under Certain Circumstances; Special Covenants ....40
Section 6.13. Further Assurances ....41
Section 6.14. Current Facility Description ....41
Section 6.15. Filing ....41
Section 6.16. Right to Cure Agency Defaults ....42
Section 6.17. Certain Covenants with Respect to the PA Lease, the Leasehold Mortgage, the RNDA, the City-American Lease and the ATL ....42
Section 6.18. Certain Acknowledgments ....44
ARTICLE VII Events of Default; Remedies ....45
Section 7.1. Events of Default ....45
Section 7.2. Remedies on Default ....45
Section 7.3. [Reserved]. ....46
Section 7.4. Remedies Cumulative ....46
Section 7.5. No Additional Waiver Implied by One Waiver ....47
Section 7.6. Effect on Discontinuance of Proceedings ....47
Section 7.7. Agreement to Pay Attorneys' Fees and Expenses ....47
Section 7.8. Limitation on Remedies Upon an Event of Default ....47
Section 7.9. Non-Default Remedies ....47
ARTICLE VIII Options ....48
Section 8.1. Options. ....48
Section 8.2. Lessee's Right to Prepay Rentals ....50
Section 8.3. Prepayment by Port Authority ....51
Section 8.4. Conveyance on Exercise of Option to Purchase ....51
Section 8.5. Option to Purchase or Invite Tenders of Bonds ....51
Section 8.6. Termination of Agreement ....52
Section 8.7. Recapture of Agency Benefits ....52
ARTICLE IX Miscellaneous ....54
Section 9.1. Indenture; Amendment ....54
Section 9.2. Force Majeure ....54
Section 9.3. Assignment or Sublease. ....55
Section 9.4. Separate Leases for Tax Purposes ....56
Section 9.5. Benefit of and Enforcement by Trustee ....57
Section 9.6. Amendments ....57
Section 9.7. Notices ....57
Section 9.8. Prior Agreements Superseded ....57
Section 9.9. Severability ....57
Section 9.10. Inspection of Facility ....57
Section 9.11. Effective Date; Counterparts ....57
Section 9.12. Binding Effect ....58
Section 9.13. Net Lease ....58
Section 9.14. Law Governing ....58
Section 9.15. Investment of Funds ....58
Section 9.16. References to Credit Facility Provider Ineffective During Certain Periods and Under Certain Other Circumstances ....58

Section 9.17. Waiver of Trial by Jury ..... 58
Section 9.18. No Recourse under the IDA Lease Agreement or on Bonds ..... 58
Section 9.19. Acknowledgment of the Leasehold Mortgage ..... 59
Section 9.20. Date of Agreement for Reference Purposes Only ..... 59

Exhibit A - Form of Equipment Schedule and Form of Leased Facilities Schedule
Exhibit B - Description of Leased Facilities

Appendix A - Definitions
Appendix B - Form ST 340
Appendix C-1 - Form of Annual Employment Report
Appendix C-2 - Form of Employment Report (Bond Redemptions and Terminations)
Appendix D - Benefits Report
Appendix E - Subtenant Survey

Schedule I - Property Schedule

# IDA LEASE AGREEMENT

THIS IDA LEASE AGREEMENT, made and entered into as of the date set forth on the cover page hereof, by and between NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York (the "Agency"), having its principal office at 110 William Street, New York, New York 10038, party of the first part, and AMERICAN AIRLINES, INC. (the "Lessee"), a corporation organized and existing under and by virtue of the laws of the State of Delaware, having its principal office at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, party of the second part (capitalized terms used in the recitals to the IDA Lease Agreement and not defined herein shall have the respective meanings assigned to such terms in Appendix A to this IDA Lease Agreement):

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act"), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes and which may include or mean an industrial pollution control facility to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "Act"), for the benefit of The City of New York and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Lessee to induce the Lessee to commence with the construction, equipping, improvement and renovation of an air passenger terminal consisting of: (i) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport (the "Airport") in Queens, New York, and (ii) the acquisition, construction and equipping of a new air passenger terminal together with related arrival and departure access ramps, parking facilities to be located on the Project Premises and a passenger tunnel connecting Concourse C to the main terminal, all to be used and managed by the Lessee, and in furtherance of said purpose on December 9, 1999 the Agency adopted an inducement resolution with respect to the Project, as hereinafter defined, undertaking to permit the issuance of its special facility revenue bonds to finance the Project; and

WHEREAS, by undertaking the Project the Agency will finance the Facility which Facility is to consist in part of the Leased Facilities, which Leased Facilities: (i) are subject to the terms of the Basic Lease; and (ii) have been subleased by the Port Authority to the Lessee pursuant to the PA Lease; and

WHEREAS, such Leased Facilities are subject to the provisions of an Agreement Towards Entering Into a Lease between the Lessee and the City of New York dated July 31, 2002 (the "ATL"); and

WHEREAS, pursuant to the Company Sublease, the Lessee is concurrently herewith, subject to the Consent Agreement, the PA Lease and the Basic Lease, sub-subleasing the Leased Facilities to the Agency; and

WHEREAS, the Agency, in order to provide funds for a portion of the cost of the Project and for incidental and related costs thereto, will from time to time issue and sell Series of Bonds constituting Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project), pursuant to the Act, a resolution of the Agency adopted on October 23, 2001, as amended November 13, 2001 and the Master Indenture of Trust as amended and supplemented by Series Supplemental Indentures from time to time by and between the Agency and The Bank of New York, as Trustee, securing said Bonds; and

WHEREAS, in conjunction with the issuance of Additional Bonds, the Agency and the Lessee will enter into amendments to the IDA Lease Agreement providing for, among other things, the payment of such Series of Bonds; and

WHEREAS, in connection with the Project, the Agency intends to grant the Lessee financial assistance in the form of Sales Tax Savings; and

WHEREAS, concurrently herewith AMR Corporation, a corporation duly organized and existing under the laws of the state of Delaware and the parent corporation of the Lessee and the Lessee (each a "Guarantor"), will each enter into separate Guaranty Agreements with the Trustee whereunder each Guarantor will each guarantee the payment of the principal of, Redemption Price, Sinking Fund Installments and Purchase Price, if any, on the Bonds; and

WHEREAS, in order to secure the payment of amounts due under the Guaranty, the Lessee will grant a mortgage lien on and security interest in its interest under the PA Lease to the Trustee pursuant to the Leasehold Mortgage and Security Agreement; and

WHEREAS, the Leasehold Mortgage shall not be dated, executed, delivered or recorded, the lien created by the Leasehold Mortgage shall not attach, the Leasehold Mortgagee shall not have rights under the Leasehold Mortgage, and the Reletting Rights (as defined in the PA Lease) shall not be exercisable until the Reletting Rights Effective Date; and

WHEREAS, concurrently herewith, the Agency, the Lessee and the Trustee will enter into an Equipment Security Agreement pursuant to which the Agency and the Lessee will grant a security interest in certain equipment financed with the proceeds of the Bonds to the Trustee; and

WHEREAS, the Project is necessary to provide employment in, and is beneficial for the economy of, The City of New York and is reasonably necessary to induce the Lessee to proceed to completion with the Project at its anticipated scope;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not create a debt of the State of New York or of The City of New York, and neither the State of New York nor The City of New York shall be liable on any obligation so incurred, but any such obligation shall be payable solely out of the lease rentals, revenues and receipts payable by the Lessee under the IDA Lease Agreement):

## ARTICLE I

### Definitions and Representations

Section 1.1. Definitions. All capitalized terms used herein but not otherwise defined in the body of this IDA Lease Agreement shall be as defined in Appendix A hereto.

Section 1.2. Construction. In this IDA Lease Agreement, unless the context otherwise requires:

(a) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in the IDA Lease Agreement, as amended from time to time, refer to the IDA Lease Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of the execution and delivery of the IDA Lease Agreement.

(b) Words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of the IDA Lease Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of the IDA Lease Agreement, nor shall they affect its meaning, construction or effect.

Section 1.3. Representations and Warranties by Agency. The Agency makes the following representations and warranties:

(a) The Agency is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation duly organized and existing under the laws of the State, and is authorized and empowered to enter into the transactions contemplated by the IDA Lease Agreement and to carry out its obligations hereunder. By proper action of its members, the Agency has duly authorized the execution and delivery of the IDA Lease Agreement.

(b) In order to finance the cost of the Project, the Agency will from time to time issue Series of Bonds. The Bonds of each Series will mature, bear interest, be subject to tender, be redeemable and have the other terms and provisions set forth in the Indenture and the related Series Supplemental Indenture.

Section 1.4. Findings by Agency. (a) The Agency, based upon the representations and warranties of the Lessee contained in the IDA Lease Agreement and the information contained in the application and other materials heretofore submitted by or on behalf of the Lessee to the Agency, hereby finds and determines that the financing of the Project Costs by the Agency and the sub-sub-subleasing of the Facility to the Lessee is reasonably necessary to induce the Lessee to proceed with the Project at its anticipated scope.

(b) The Agency has commissioned and reviewed the Findings Assessment Related to Provision of Air Travel Services at JFK International Airport and American Airlines Terminals Eight and Nine dated January 2000 of Allee King Rosen & Fleming, Inc. (the "Findings Assessment"). The Agency has determined by resolution dated January 11, 2000, that the predominant purpose of the Project is to make available goods or services which would not, but for the Project, be reasonably accessible to City residents because of a lack of reasonably accessible retail trade facilities offering such goods and services.

Section 1.5. Representations and Warranties by Lessee. The Lessee makes the following representations and warranties:

(a) The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and in good standing and qualified to do business under the laws of the State of New York, has the corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute and deliver the IDA Lease Agreement, the Company Sublease, the PA Lease, the ATL, the RNDA and the Consent Agreement and to perform its obligations under the IDA Lease Agreement, the Company Sublease, the PA Lease, the ATL, the RNDA and the Consent Agreement.

(b) The execution and delivery by the Lessee of the IDA Lease Agreement and the Company Sublease, and the performance by the Lessee of its obligations under the IDA Lease Agreement, the Company Sublease, the ATL, the RNDA and the PA Lease and the consummation of the transactions contemplated in the IDA Lease Agreement, the Company Sublease, the PA Lease, the RNDA and the ATL have been duly authorized by all requisite corporate action on the part of the Lessee and (i) will not violate any provision of law, any order of any court or agency of government, or the certificate of incorporation or by-laws of the Lessee, and (ii) to the best knowledge of the Lessee, will not violate in any material respect any indenture, agreement or other instrument to which the Lessee is a party or by which it or any of its property is subject to or bound, or result in a material breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(c) Salary or other compensation paid to the officers or employees of the Lessee for work done by such officers or employees in connection with the Project will be included as a

Project Cost only to the extent that such Persons were specifically employed for such particular purpose, such salary or other compensation does not exceed the actual cost thereof and would, if such Project Cost had been undertaken by the Lessee with respect to its own property, be or be allowed to be treated on the books of the Lessee as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis.

(d) The assistance of the Agency in the financing of the Project Costs is reasonably necessary to induce the Lessee to proceed with the Project at its anticipated scope.

(e) The Project will not result in the removal of an industrial, manufacturing, warehousing or commercial plant or facility of the Lessee from a location outside of the City but within the State to within the City, or in the abandonment of one or more of such plants or facilities of the Lessee located outside of the City but within the State.

(f) The aggregate of Project Costs will not be less than the principal amount of the Bonds.

(g) Any Project Costs paid from the proceeds of the sale of any Series of Bonds would be or properly could be treated on the books of the Lessee as capital expenditures in conformity with generally accepted accounting principles applied on a consistent basis if such expenditures or costs had been incurred for assets owned by the Lessee.

(h) The Financed Property is either property of a character subject to the allowance for depreciation under Section 167 of the Code, or land, and the Financed Property constitutes an "airport facility" within the meaning of Section 142(a)(1) of the Code.

(i) No part of the proceeds of a Series of Bonds will be used to finance inventory or will be used for working capital.

(j) The Project is included within the definition of "project" under the Act.

(k) The Security Documents to which the Lessee is a party, the Company Sublease, the Consent Agreement, the ATL, the RNDA and the PA Lease constitute the legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

(l) The Project has been and will be designed, and the operation of the Project is intended to be, in compliance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(m) There is no action or proceeding pending or to the knowledge of the Lessee threatened by or against the Lessee by or before any court or administrative agency that would materially adversely affect the ability of the Lessee to perform its obligations under the IDA Lease Agreement, the ATL, the RNDA, the Company Sublease, each other Security Document to which the Lessee is a party, the PA Lease, or the Consent Agreement and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Lessee

as of the date hereof in connection with the execution and delivery of the IDA Lease Agreement, the RNDA, the ATL, the Company Sublease and each other Security Document to which the Lessee is a party or in connection with the performance of the obligations of the Lessee hereunder, thereunder, under the Consent Agreement and under the PA Lease have been obtained, other than consents required to be obtained in the ordinary course by the Lessee from the Port Authority under the PA Lease with respect to the Project work.

(n) The PA Lease, the ATL, the RNDA and the Consent Agreement continue in full force and effect without default thereunder by the Lessee or, to the best knowledge of the Lessee, by the Port Authority, or the City, respectively and the Lessee has neither received nor delivered any notice of default or termination thereunder.

(o) Pursuant to the PA Lease, the Company Sublease and the Consent Agreement, the Lessee has conveyed to the Agency a valid leasehold interest in the Leased Facilities, such interest being subject to the terms of the Basic Lease and the PA Lease.

(p) (Reserved)

(q) No portion of the proceeds of any Series of Bonds will be applied to acquire, construct, renovate, equip, expand or install any property that is not subject to the IDA Lease Agreement.

(r) The completion of the Project will enhance the quality of the services provided by the Lessee at the Airport. The Lessee has reviewed the Findings Assessment and the findings of the Agency contained in Section 1.4, and hereby finds and determines that said findings are reasonable and consistent with all information available to the Lessee.

(s) The fiscal year of the Lessee currently commences January 1 and ends December 31.

(t) The aggregate square footage of the Leased Facilities shall be approximately 2,000,000 square feet.

(u) Neither the Lessee nor any Affiliate thereof is a Prohibited Person.

## ARTICLE II

## The Project

Section 2.1. The Project. (a) The Lessee represents and warrants that pursuant to the Consent Agreement and the Company Sublease, the Lessee simultaneously herewith is conveying to the Agency a valid leasehold interest in the Leased Facilities on or prior to the time of the delivery and payment for the first Series of Bonds issued under the Indenture. The Lessee further represents and warrants that it will convey to the Agency good legal title to items of the Facility Equipment (subject to any interest in title of the Port Authority or the City in such Facility Equipment) the costs of which are to be reimbursed with the proceeds of a Series of Bonds, in each case free and clear of all liens, claims, charges, encumbrances, security interests

and servitudes other than Permitted Encumbrances. Said conveyance shall be made against payment therefor by the Agency from the proceeds of such Series of Bonds deposited in an Applicable Construction Account of the Project Fund to the extent permitted in Section 2.2 hereof and Section 5.02 of the Indenture. The Lessee further covenants and agrees that the PA Lease constitutes the legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity. The Agency acknowledges and the Lessee covenants and agrees, that the leasehold interest conveyed by the Lessee to the Agency under the Company Sublease is subject to, and the enjoyment by the Agency of the Facility Equipment is burdened by, the Company Sublease, the Consent Agreement, the Basic Lease and the PA Lease.

(b) The Agency acknowledges that the Lessee has pursuant to the Preliminary Sales Tax Letter commenced construction of the Project. As promptly as practicable after receipt of the proceeds of sale of any Series of Bonds and out of said proceeds of sale and proceeds of sales of subsequent Series of Bonds, the Lessee will, on behalf of the Agency, proceed with the Project through the acquisition and installation of Facility Improvement Materials, Facility Equipment, the leasing of Leased Personalty, the entering into of Maintenance Contracts, the entering into of Qualified Personalty Leases and the making of Tenant Improvements to the Leased Facilities. The cost of the Project shall be paid from each Construction Account of the Project Fund established under the Indenture or as otherwise provided in Section 2.2 hereof. All contractors, materialmen, vendors, suppliers and other companies, firms or persons furnishing labor, machinery, equipment, services or materials for or in connection with the Project shall be designated by the Lessee.

(c) In order to accomplish the purposes of the Agency, and to assure the effectuation of the Project in conformity with the requirements of the IDA Lease Agreement, the Lessee has undertaken to proceed with the design of the Project, the preparation of the Leased Facilities and the completion of the Tenant Improvements.

(d) The Lessee covenants that it has obtained or will obtain or cause to be obtained all necessary approvals, consents, permits, authorization and licenses from any and all governmental agencies and appropriate authorities requisite to the effectuation by the Lessee of the Tenant Improvements and the acquisition of the Facility Improvement Materials, the Facility Equipment, Leased Personalty and Maintenance Contracts and the operation and use of the same and shall furnish copies of the same to the Agency promptly upon request by the Agency thereof, all of which will be done in compliance in all material respects with all Federal, State and local laws, ordinances and regulations applicable thereto, and with the conditions and requirements of the Port Authority, the Basic Lease, the Consent Agreement and the PA Lease and all policies of insurance required to be maintained hereunder and under the PA Lease with respect to the Leased Facilities. Upon completion of the Project, the Lessee will promptly obtain or cause to be obtained all required occupancy permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility for the purposes contemplated by the IDA Lease Agreement, except if such non-compliance shall not materially adversely affect the Agency, and upon the written request of the Agency or the Trustee therefor, shall furnish copies of the same to the Agency and the Trustee.

(e) The Lessee shall take such action and institute such proceedings, and enforce such warranties, as shall be reasonably necessary to cause all vendors, contractors and material suppliers to complete their contracts in accordance with the terms of said contracts (subject to the independent right of the Lessee, in the exercise of its good faith business judgment, to waive or modify performance in whole or in part by any such contractor or supplier). The Agency will cooperate in any such action or proceeding, at the Lessee's sole cost and expense, provided that the Agency shall not be required to take any action it does not deem to be reasonable. Any amounts received by way of credits, refunds, adjustments or otherwise in connection with the foregoing, after deductions of expenses incurred in such recovery shall be deposited in any Construction Account of the Project Fund as designated by the Lessee and expended in accordance with the Indenture.

(f) Subject to any interest in title of the Port Authority or the City in Facility Improvement Materials and Facility Equipment installed as part of the Facility as Tenant Improvements and exclusive of materials or equipment not constituting Financed Property, possession of which is conveyed to the Agency subject to the Basic Lease, the PA Lease, the Consent Agreement, and the Company Sublease, title to all said Facility Equipment and leasehold title to Facility Improvement Materials acquired as part of the Project shall vest in the Agency immediately upon the execution by the Lessee as agent for the Agency of a contract, lease, bill of sale, invoice or purchase order thereof and upon delivery to or installation at the Leased Facilities or payment therefor, whichever shall occur first. The Lessee shall take all action reasonably necessary to protect such title of the Agency in such Facility Improvement Materials and Facility Equipment against claims of any third parties.

(g) Subject to any interest in title of the Port Authority or the City in Facility Improvement Materials and Facility Equipment installed as part of the Facility as Tenant Improvements, and exclusive of materials or equipment not constituting Financed Property, possession of which is conveyed to the Agency subject to the Basic Lease, the PA Lease, the Consent Agreement and the Company Sublease, the Lessee shall, within a reasonable time after the acquisition of such Facility Improvement Materials and Facility Equipment by or on behalf of the Lessee, convey or cause to be conveyed to the Agency by bill(s) of sale with full warranties of title, good title to any item of such Facility Improvement Materials or Facility Equipment which has not theretofore been conveyed to the Agency as contemplated by Section 2.1(a) hereof, free and clear of all liens, claims, charges, security interests and encumbrances other than Permitted Encumbrances. The Lessee shall take all action necessary to so vest title to such Facility Improvement Materials and Facility Equipment in the Agency and to protect such title against claims of any third parties.

(h) Except as provided in the IDA Lease Agreement, the Lessee agrees that none of the Facility Improvement Materials, Facility Equipment, Leased Personalty or Maintenance Contracts shall be located or used at any location other than at the Leased Facilities and none of the Facility Improvement Materials, Facility Equipment, Leased Personalty or Maintenance Contracts shall be acquired, leased or undertaken other than for the purposes of the Project.

Section 2.2. Completion by Lessee. The Lessee covenants and agrees that, subject to the terms hereof and of the Indenture, it will complete the Project, or cause the Project to be completed, in a prompt and expeditious manner, by August 31, 2010, and that such completion

will be effected in accordance with the IDA Lease Agreement, the Company Lease, the PA Lease and the Indenture. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Lessee shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in the Project Fund and shall not be entitled to any reimbursement therefor from the Agency, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Lessee be entitled to any diminution of the rents payable or other payments to be made under the IDA Lease Agreement. To the extent not paid out of the proceeds of the Bonds, the Lessee shall pay (i) all of the costs and expenses in connection with the preparation of any instruments of conveyance, the delivery of any instruments and documents and their filing and recording, if required, (ii) all taxes and charges payable in connection with the Facility, and (iii) all shipping and delivery charges and other expenses or claims incurred in connection with the construction, renovation, equipping, expansion and installation of the Project. Any such payment of unreimbursed Project Costs by the Lessee shall be treated as additional rental payments hereunder and shall be allocated in the reasonable discretion of the Lessee to or among that unit or those units of property to which such payments relate. Such allocations and the accounting therefor for each unit of property shall be set forth on the respective Leased Facilities Schedule (as defined in Section 3.2 hereof) or Equipment Schedule (as defined in Section 3.2 hereof) delivered in respect thereof in accordance with Section 3.5 hereof.

The date of completion for the Project shall be evidenced to the Agency and the Trustee by a certificate of an Authorized Representative of the Lessee stating, except for any costs not then due and payable or the liability for payment of which is being contested or disputed in good faith by the Lessee, (i) the date of completion of the Project, and that all labor, services, machinery, equipment, materials and supplies used therefor have been paid for, (ii) that the Agency has a good and valid leasehold interest in the Leased Facilities and that the Leased Facilities have been completed in accordance with and are subject to the PA Lease, the Company Sublease and the IDA Lease Agreement and that the Lessee has conveyed to the Agency good and valid title to all property constituting part of the Facility Equipment (subject in each case to Permitted Encumbrances and the respective rights of the Port Authority and the City under the PA Lease and Basic Lease), and all Financed Property of the Facility is subject to the IDA Lease Agreement and the lien and security interest of the Leasehold Mortgage (upon the effective date thereof) or the lien and security interest of the Equipment Security Agreement, and (iii) the amount, if any, required in his or her opinion for the payment of any remaining part of the costs of the Project. Notwithstanding the foregoing, such certificate shall state (x) that it is given without prejudice to any rights of the Lessee against third parties that exist at the date of such certificate or that may subsequently come into being, (y) that it is given only for the purposes of this Section and Section 5.02 of the Indenture, and (z) that no Person other than the Agency and the Trustee may benefit therefrom. The Lessee shall also deliver a copy of such certificate to the Port Authority.

Section 2.3. Issuance of Series 2002 Bonds. Contemporaneously with the execution and delivery of the IDA Lease Agreement, the Agency will sell and deliver the Series 2002 Bonds in the aggregate principal amount of $500,000,000 under and pursuant to the Bond Resolution, authorizing the issuance of the Series 2002 Bonds and under and pursuant to the Indenture. The proceeds of sale of the Series 2002 Bonds equal to (i) the interest accruing on the Series 2002A and the Series 2002B to the date of delivery thereof, if any, shall be deposited into

the respective Series 2002A and Series 2002B Interest Accounts of the Bond Fund, (ii) the Series 2002A Debt Service Reserve Account Requirement and the Series 2002B Debt Service Reserve Account Requirement shall be deposited into the respective Series 2002A Debt Service Reserve Account and the Series 2002B Debt Service Reserve Account of the Debt Service Reserve Fund, and (iii) the balance of the proceeds shall be deposited in the respective Series 2002A and Series 2002B Construction Accounts of the Project Fund and applied to the payment of Project Costs in accordance with the provisions of the Indenture. Pending such application, amounts in the Project Fund may be invested as provided in the Indenture.

Section 2.4. Appointment. The Agency hereby authorizes the Lessee to act as its agent for and on behalf of the Agency in connection with the undertaking of the Project. The Lessee shall, subject to the provisions of the IDA Lease Agreement and the Sales Tax Letter, at all times during the term of the IDA Lease Agreement acquire and use the Facility Improvement Materials and acquire, use and operate the Facility Equipment, Leased Personalty, Maintenance Contracts and Lease Facilities and the Tenant Improvements thereto as a qualified "project" in accordance with the provisions of the Act solely for the acquisition, construction and equipping of the Facility as specified in the recitals to the IDA Lease Agreement.

Section 2.5. Limitation on Sales Tax Exemption. (a) Any exemption from Sales and Use Taxes resulting from or occasioned by Agency involvement with the Project shall be limited to the acquisition and installation of Facility Improvement Materials, Facility Equipment, the Leasing of Leased Personalty, the entering into of Maintenance Contracts, the entering into of Qualified Personalty Leases and the making of Tenant Improvements to the Leased Facilities effected by or for the Lessee as agent for the Agency, it being the intent of the parties that no operating expenses of the Lessee and no purchase of equipment or other personal property other than Facility Equipment or Facility Improvement Materials shall be subject to an exemption from Sales and Use Taxes because of the Agency's involvement with the Project. The Lessee shall be entitled to Sales Tax Savings pursuant to the Sales Tax Letter and/or the IDA Lease Agreement in the maximum amount set forth in the Sales Tax Letter until the earliest of (i) August 31, 2010, (ii) the completion of the Project as provided in Section 2.2 hereof, (iii) the termination of the IDA Lease Agreement, (iv) receipt by the Lessee of notice from the Agency of the termination of the Sales Tax Letter, or (v) the termination of the Sales Tax Letter pursuant to Section 7.2 hereof.

(b) The Lessee covenants and agrees that it shall include the following language (through an attached rider or by reference to the Sales Tax Letter or otherwise) in and as part of each contract, invoice, bill or purchase order entered into by the Lessee as agent for the Agency in connection with the Project.

> "This contract is being entered into by American Airlines, Inc., a corporation organized under the laws of the State of Delaware (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for the Agent consisting of (y) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York (the "Project Premises") and the acquisition, construction and equipping on the Project Premises by the Agency with the proceeds of one or more bond issues of an air passenger terminal facility consisting of the

acquisition, construction and equipping of a new air passenger terminal together with related arrival and departure access ramps, parking facilities to be located on the Project Premises and a passenger tunnel connecting Concourse C to the main terminal (collectively, the "Facility") and (z) the acquisition, construction, installation, leasing, subleasing, repair, replacement and maintenance of building materials, machinery, equipment, furniture, fixtures, furnishings, apparatus and other items of tangible personal property all as generally described in and limited to scope as set forth in Exhibit A attached hereto for use in connection with the construction, installation and equipping of the Facility and the demolition of Terminals 8 and 9 at the Project Premises and all pursuant to and as more specifically described in the IDA Lease Agreement (the "IDA Lease Agreement") dated as of July 1, 2002, as amended, between the Agency and the Agent (collectively, the "Project"). The acquisition, construction, installation and equipping of the Facility at the Project Premises by the Agency with the proceeds of bonds issued by the Agency and the acquisition, installation and leasing, subleasing, repair, replacement and maintenance of building materials, machinery, equipment, fixtures, furniture, furnishings, apparatus and other tangible personal property for purposes of the Project that is the subject of this [lease, sublease, contract, invoice, bill or purchase order] shall be exempt from the Sales and Use Taxes levied by the State of New York and The City of New York if effected in accordance with the terms and conditions set forth (y) in the attached Sales Tax Letter of the Agent, and (z) the IDA Lease Agreement, and the Agent hereby represents that this [lease, sublease, contract, invoice, bill or purchase order] is in compliance with the terms of the IDA Lease Agreement and the Sales Tax Letter. The liability of the Agency hereunder is limited as set forth in the IDA Lease Agreement and the Sales Tax Letter. By execution or acceptance of this [lease, sublease, contract, invoice, bill or purchase order], the [vendor, lessor or sublessor] hereby acknowledges the terms and conditions set forth in this paragraph."

If the Lessee shall fail to include, incorporate by reference or otherwise cause the contract, invoice, bill or purchase order to be subject to, the above applicable language in substantially the above form, then solely for purposes of Sales and Use Taxes, such contract, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits of sales or use tax exemptions able to be conferred by the Agency, and the Lessee shall not claim any Sales Tax Savings with respect to any such contract, invoice, bill or purchase order and the Lessee shall return to the Agency any such benefits or exemptions so taken, together with interest on such amount at the rate of eighteen percent (18%) per annum, from the date of such taking.

(c) Concurrently with the execution of the IDA Lease Agreement, the Agency shall make available to the Lessee the Sales Tax Letter. The Agency, at the sole cost and expense of the Lessee, shall also execute such other authorizations, letters and documents (and such amendments and supplements to the Sales Tax Letter) as may be reasonably necessary to permit the Lessee to obtain the intended benefits hereunder. Subject to the terms of the IDA Lease Agreement, it is intended that the aggregate scope of the Sales Tax Savings received by the

Lessee pursuant to the IDA Lease Agreement and the Sales Tax Letter shall be limited as set forth below:

(i) The Sales Tax Letter shall be dated the date of execution of the IDA Lease Agreement and shall be effective for a term (said term constituting the "Sales Tax Exemption Period") commencing on its date and expiring upon the earliest of (1) August 31, 2010, (2) the completion of the Project as provided in Section 2.2 hereof, (3) the termination of the IDA Lease Agreement, (4) receipt by the Lessee of notice from the Agency of the termination of the Sales Tax Letter, or (5) the termination of the Sales Tax Letter pursuant to Section 7.2 hereof.

(ii) The sales and use tax exemption to be provided pursuant to the Sales Tax Letter:

(A) shall not be available for payment of any costs other than Project Costs for Tenant Improvements, Facility Improvement Materials, Facility Equipment, Leased Personalty and Maintenance Contracts,

(B) shall only be utilized for Tenant Improvements, Facility Improvement Materials, Facility Equipment, Leased Personalty and Maintenance Contracts which shall be purchased, completed or installed for use only by the Lessee at the Leased Facilities (and not with any intention to sell, transfer or otherwise dispose of any such Tenant Improvements, Facility Improvement Materials, Facility Equipment, Leased Personalty and Maintenance Contracts to a Person as shall not constitute the Lessee, an Affiliate or an Eligible Affiliate),

(C) [Reserved],

(D) shall not be available for any date subsequent to which the Sales Tax Letter shall have been suspended, provided, however, that in the event the Lessee shall thereafter cure any defaults under the IDA Lease Agreement, or the Agency shall thereafter waive such suspension, as applicable, the Sales Tax Savings shall again continue from the date of such cure or such waiver,

(E) shall not be available for any date subsequent to which the Sales Tax Letter shall have been suspended as provided in Section 2.5(c)(i) hereof, provided, however, that in the event the Lessee shall thereafter cure any defaults under the IDA Lease Agreement, or the Agency shall thereafter waive such suspension, as applicable, the Sales Tax Savings shall continue,

(F) shall not be available for any cost of utilities, cleaning service or supplies,

(G) shall only be available for those costs set forth in Exhibit A to the Sales Tax Letter.

(iii) The Sales Tax Savings authorizations provided to the Lessee under the Sales Tax Letter and the IDA Lease Agreement availed of by the Lessee shall extend to

those Project Costs the payment for which shall be made from the proceeds of the Bonds, Project Costs the payment of which is to be reimbursed from the proceeds of the Bonds and Project Costs paid by the Lessee.

(iv) Upon request by the Agency of, and reasonable notice to the Lessee, the Lessee shall make available at reasonable times to the Agency and the Independent Accountant all such books and records of the Lessee and require all appropriate officers and employees of the Lessee to respond to reasonable inquiries by the Agency and the Independent Accountant, as shall be necessary to indicate in reasonable detail those costs to which the Lessee shall have utilized the Sales Tax Letter and the dates and amounts so utilized.

(v) The Lessee shall use its best efforts to obtain covenants to the Agency from each materialman, supplier, vendor or laborer to whom the Sales Tax Letter is presented by the Lessee to the effect that such materialman, supplier, vendor or laborer shall not utilize the Sales Tax Letter for any purpose other than for the acquisition of Facility Improvement Materials or Tenant Improvements for incorporation into the Leased Facilities.

(vi) The Lessee shall submit to the Agency on August 1 of each year commencing August 1, 2003, until completion of the Project, a completed Benefits Report in the form of Appendix D attached hereto to the extent that the Lessee shall have received Sales Tax Savings during the twelve-month period ending on the June 30 immediately preceding such August 1.

(vii) The Lessee shall, at the end of the Sales Tax Exemption Period, return the original Sales Tax Letter to the Agency, or if the original Sales Tax Letter has been lost, the Lessee shall submit an affidavit to the Agency stating the fact of such loss.

(viii) The Lessee shall on February 28, 2003 and on each February 28 thereafter during the term hereof, annually file a statement (Form ST-340) in the form attached hereto as Appendix B or any successor or additional mandated form, with the New York State Department of Taxation and Finance, at such times as are prescribed or permitted by applicable regulations of the New York State Department of Taxation and Finance, of the value of all Sales Tax Savings claimed by the Lessee under the Sales Tax Letter, including, but not limited to, consultants or subcontractors of such agents, under the authority granted pursuant to the Sales Tax Letter and the IDA Lease Agreement. Should the Lessee fail to comply with the foregoing requirement within 30 days after notice from the Agency to the Lessee of such failure, the Lessee shall immediately cease to be the agent for the Agency for purposes of this Section 2.5 and the Sales Tax Letter (such agency relationship being deemed to be immediately revoked upon such failure) without any further action of the parties and the Agency shall have no liability (whether pecuniary or otherwise) for any failure of the Lessee to realize the Sales Tax Savings intended to be conferred pursuant to this Section 2.5 and the Sales Tax Letter. In the event that within sixty (60) days (or such longer period as may be permitted by the Agency in its sole discretion) of such failure to comply, the Lessee remedies any aforesaid noncompliance,

then the Agency shall reinstate the Lessee as agent of the Agency for purposes of this Section 2.5 and the Sales Tax Letter.

Notwithstanding any other provision of the IDA Lease Agreement or the Sales Tax Letter, Eligible Personalty, Facility Equipment, Facility Improvement Materials, Leased Personalty, Maintenance Contracts, Project, Project Premises, Qualified Maintenance, Qualified Personalty Lease, and Tenant Improvements shall specifically be deemed to exclude any land or site underlying such items. Lessee's Property with regard to which no such Sales Tax Savings is taken shall not be subject to the obligations set forth in the IDA Lease Agreement or the Sales Tax Letter. Solely for purposes of this Section 2.5 and Section 8.7 hereof, Eligible Personalty, Facility Equipment, Facility Improvement Materials, Leased Personalty, Maintenance Contracts, Project, Project Premises, Qualified Maintenance, Qualified Personalty Lease, and Tenant Improvements shall in each case only refer to such items for which Sales Tax Savings shall have been granted pursuant to the IDA Lease Agreement and the Sales Tax Letter. Any Facility Improvement Materials, Facility Equipment, Leased Personalty and Lessee Property for which no Sales Tax Savings have been granted pursuant to the IDA Lease Agreement and the Sales Tax Letter shall not be subject to Sections 2.5 and 8.7 of the IDA Lease Agreement.

Section 2.6. Title Insurance. Prior to the delivery of the first Series of Bonds to the original purchaser(s) thereof, the Lessee will obtain leasehold title insurance in an amount not less than $1,000,000 insuring the Agency's leasehold interests under the Company Sublease.

## ARTICLE III

### Issuance of Bonds and Additional Bonds, Lease of Facility and Rental Provisions

Section 3.1. Issuance of Additional Bonds. The Agency and the Lessee recognize that under the provisions of and subject to the conditions set forth in the Indenture, the Agency is authorized to enter into Series Supplemental Indentures and issue one or more Series of Additional Bonds for the purpose of paying Project Costs. If an Event of Default shall not exist hereunder, the Agency in its sole discretion, will consider the issuance of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture. In conjunction with the issuance of each Series of Additional Bonds pursuant to the Indenture, the Agency and the Lessee shall enter into an IDA Lease Amendment amending the IDA Lease Agreement providing, among other things, for the payment by the Lessee of such rentals as are necessary in order to pay the principal of, Purchase Price and Redemption Price, if any, of and interest on such Additional Bonds and any other costs in connection therewith. The proceeds of sale of each series of Additional Bonds shall be deposited and applied in accordance with the Indenture. Any completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions, improvements or substitutions financed by Additional Bonds shall become a part of the Facility and shall be included under the IDA Lease Agreement to the same extent as if originally included hereunder. It is not the intention of the parties to the IDA Lease Agreement that the Lessee be deemed to have acquired any ownership interest in any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions, improvements or substitutions.

Section 3.2. Lease of the Facility. Subject to the Basic Lease, the Port Authority has subleased the Leased Facilities to the Lessee pursuant to the PA Lease, and the Lessee has, subject to the Basic Lease, the PA Lease, the Consent Agreement, the ATL and the RNDA, sub-subleased the Leased Facilities to the Agency pursuant to the Company Sublease. Pursuant to the IDA Lease Agreement, the Agency will sub-sub-sublease the Leased Facilities to the Lessee and the Lessee will sub-sub-sublease such Leased Facilities from the Agency, in each case subject to the Basic Lease, the PA Lease, the Company Sublease, the Consent Agreement, the ATL and the RNDA and the City-American Lease (if then effective), and the Agency shall lease the Facility Equipment to the Lessee and the Lessee shall lease the Facility Equipment from the Agency, all for and during the term herein provided and upon and subject to the terms and conditions herein set forth. Each unit or class of units of property comprised or expected to be comprised by the Leased Facilities, the cost of the construction or improvement of which is to be paid or reimbursed out of the proceeds of the Bonds, shall be described in accordance with Section 3.5 hereof in one or more leased facilities schedules in the form of Exhibit A (each a "Leased Facilities Schedule"), to be attached as a part of Schedule I hereto and each Leased Facilities Schedule will thereupon be deemed to be made a part of the IDA Lease Agreement for all purposes. Each item of Facility Equipment, the cost of acquisition of which is to be paid or reimbursed out of the proceeds of the Bonds, shall be described in accordance with Section 3.5 hereof in one or more equipment schedules, in the form of Exhibit A (each an "Equipment Schedule"), to be attached as a part of Schedule I hereto and each Equipment Schedule will thereupon be deemed to be made a part of the IDA Lease Agreement for all purposes. The Lessee shall at all times during the term of the IDA Lease Agreement occupy, use and operate the Facility, or cause the Facility to be occupied, used and operated, as a qualified "project" in accordance with the provisions of the Act, and in accordance with the Basic Lease, the PA Lease, the Consent Agreement, the ATL and the RNDA and the City-American Lease (if then effective), and for the general purposes specified in the recitals to the IDA Lease Agreement.

Section 3.3. Duration of Term with Respect to Leased Facilities. (a) The term of the IDA Lease Agreement shall commence on the date of execution hereof and unless earlier terminated pursuant to the terms hereof shall terminate on termination of the Company Sublease.

(b) The Lessee's obligations hereunder (including without limitation, the Lessee's obligations to pay rentals as set forth in Sections 3.4, 3.8 and 6.3 hereof, and the Lessee's indemnification obligations set forth in Section 6.2 hereof) shall continue in full force and effect notwithstanding any termination or expiration of the IDA Lease Agreement until the date on which no Bonds are Outstanding under the Indenture.

Section 3.4. Rental Provisions; Pledge of Agreement and Rent. (a) With respect to each Series of Bonds the Lessee covenants to make rental payments which the Agency agrees shall be paid by the Lessee (or by a Credit Facility Provider for the account of the Lessee) in immediately available funds directly to the Trustee on or prior to each Interest Payment Date, date of acceleration, principal payment date (whether principal is due by scheduled maturity, acceleration or otherwise), or redemption date for the Bonds for deposit in the Lease Payments Fund (if made by the Lessee, but only to the extent amounts then on deposit in such Lease Payments Fund shall not be available and sufficient therefor) or the Bond Fund (if made by a Credit Facility Provider for the account of the Lessee) in an amount equal to the sum of (i) with respect to interest due and payable on the Bonds of such Series, an amount equal to the interest

due and payable on the Bonds on such Interest Payment Date, principal payment date, redemption date or date of acceleration, (ii) the principal amount of the Bonds of such Series then Outstanding due on such Interest Payment Date, principal payment date or date of acceleration (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), (iii) the Sinking Fund Installments, if any, due on the Bonds of such Series on such Interest Payment Date, and (iv) the Redemption Price of the Bonds of such Series to be redeemed which will become due on such redemption date together with accrued interest to the date of redemption.

(b) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Lease Payments Fund (if payments made pursuant to Section 3.4(a) are made by the Lessee) or in the Bond Fund (if payments made pursuant to Section 3.4(a) are made by a Credit Facility Provider for the account of the Lessee) is not sufficient to pay the principal of, Sinking Fund Installments for, redemption premium, if any, and interest on such Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Lessee shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Lease Payments Fund and such payment shall constitute rental payments hereunder.

(c) The Lessee further covenants to make rental payments which the Agency agrees shall be paid by the Lessee in immediately available funds directly to the applicable Tender Agent for deposit into the applicable Lessee Payments Account of the applicable Bond Purchase Fund on or prior to each Purchase Date for the Bonds in an amount equal to Purchase Price for such Bonds tendered or deemed tendered for purchase solely to the extent amounts available under any applicable Credit Facility or amounts on deposit in the applicable Bond Purchase Fund shall be insufficient to pay the Purchase Price thereof on a Purchase Date therefor.

(d) In the event the Lessee should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Lessee until the amount not so paid shall have been fully paid, and continue to bear interest at the rate or rates borne by the Bonds.

(e) The Lessee shall have the option to prepay its rental obligations with respect to the Bonds, in whole or in part at the times and in the manner provided in Article VIII hereof as and to the extent provided in the Indenture for redemption of Bonds.

(f) At its option, to be exercised on or before the thirtieth (30th) day next preceding the date any Bonds are to be redeemed from mandatory Sinking Fund Installments, the Lessee may deliver to the Trustee Bonds that are subject to mandatory Sinking Fund Installment redemption on that date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Agency in such amounts for each such Sinking Fund Installment payment date as shall be designated in writing by the Lessee to the Trustee, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(g) No further rental payments need be made to the Agency during the term of the IDA Lease Agreement when the amount of cash and/or Government Obligations on deposit in

the Bond Fund is sufficient to satisfy and discharge the obligations of the Agency under the Indenture and pay all of the Bonds as provided in Section 10.01 of the Indenture.

(h) Pursuant to the Leasehold Mortgage, as security for the payment of amounts due under the Guaranty, the Lessee shall grant a leasehold mortgage lien on and security interest in its leasehold interest under the PA Lease. The lien of the Leasehold Mortgage will be superior to the lien on lease payments hereunder granted to the Trustee pursuant to the Indenture. Pursuant to the Indenture, the Agency will pledge and assign to the Trustee as security for the Bonds all of the Agency's non-possessory right, title and interest in the IDA Lease Agreement (except for the Agency's Reserved Rights), including all rental payments under the IDA Lease Agreement, and in furtherance of said pledge the Agency will unconditionally assign such rental payments to the Trustee for deposit in the Lease Payments Fund and/or the Applicable Bond Purchase Fund as the case may be in accordance with the Indenture. The Lessee hereby consents to the above-described pledge and assignment of the IDA Lease Agreement.

(i) The Lessee acknowledges and consents to the provisions of the Indenture with respect to the Lessee and agrees that the Trustee shall have the power, authority, rights and protections provided in the Indenture.

(j) The Lessee covenants and agrees (i) in accordance with clauses (ii) and (iii) below, to cause any Account of the Debt Service Reserve Fund established with respect to a particular Series of Bonds to be maintained at the Applicable Debt Service Reserve Account Requirement relating to such Series of Bonds, subject to withdrawals therefrom and to deficiencies therein based on a valuation of the asset thereof, (ii) to replenish any withdrawals from such Account of the Debt Service Reserve Fund, to the extent necessary to cause such Account of the Debt Service Reserve Fund to be funded at the Applicable Debt Service Reserve Account Requirement, by paying twelve (12) monthly installments to the Trustee in an amount equal to one-twelfth (1/12) of such withdrawal, in immediately available funds, the payment of such installments to commence on the first Business Day of the first calendar month immediately succeeding such withdrawal, and (iii) to replenish any deficiencies in such Account of the Debt Service Reserve Fund based on a valuation of the assets thereof in each case by making twelve (12) monthly installments to the Trustee in an amount equal to one-twelfth (1/12) of such valuation deficiency, in immediately available funds, the payment of such installments to commence on the first Business Day of the calendar month immediately succeeding such valuation.

Section 3.5. Allocation of Rent. The Agency and the Lessee acknowledge the intent of the Lessee, and the Lessee covenants that solely for Federal income tax purposes the Leased Facilities and each unit of Facility Equipment constituting Financed Property are to be treated as property that is governmentally owned (within the meaning of section 142(b) of the Code) and leased to the Lessee pursuant to the terms of the IDA Lease Agreement, the PA Lease and the City-American Lease (if then effective). Payments made pursuant to the IDA Lease Agreement entered into with respect to such property are to be characterized as rental payments (or interest in respect of deferral or acceleration of rental payments) in respect of the right to possession of such property conveyed to the Lessee thereby.

Within a reasonable period of time following the execution and delivery of the IDA Lease Agreement and in addition to the Lessee's obligations under Section 2.5(c)(vi), the Lessee shall prepare and provide to the Agency for attachment as Schedule I of the IDA Lease Agreement a Leased Facilities Schedule and Equipment Schedule (sometimes collectively referred to herein as a "Property Schedule") that (w) describes (with such specificity as the Lessee deems necessary or appropriate) by the portion of the cost thereof financed with such proceeds, the expected economic life thereof and the period of time over which the Lessee shall have the right to possession thereof pursuant to this IDA Lease Agreement (the "Primary Term" in respect thereof), each unit or class of units of property comprised or expected to be comprised by the Leased Facilities or Facility Equipment constituting Financed Property (x) sets forth the schedule of payments under the IDA Lease Agreement (and, if deemed desirable by the Lessee, of any payments under the PA Lease or the Basic Lease) to be paid by the Lessee in respect of such unit or class of units for federal income tax purposes in accordance with section 467 of the Code, (y) specifies the portions of such allocated payments (or the method of determination of such portions) allocable to each rental period in respect of such unit or class of units for federal income tax purposes in accordance with section 467 of the Code, and (z) in the case in which there is to be rent paid on a deferred basis (as described in section 467(d) of the Code) or a prepayment basis (as referred to in section 467(f) of the Code), specifies or provides a formulaic process for the allocation of each aforementioned payment for federal income tax purposes as rent, as payments treated as interest paid by the Lessee in respect of deferred rent, or as payments treated as interest received by the Lessee in respect of prepaid rent (or, alternatively or additionally, includes a schedule that sets forth the amount of interest to accrue for purposes of section 467 of the Code in respect of amounts treated as prepaid or deferred rent for federal income tax purposes for each applicable period and the balance on which such interest will accrue). The Lessee may subsequently prepare and provide to the Agency in accordance with Section 6.14 hereof, for substitution onto Exhibit A of the IDA Lease Agreement in lieu of the then-effective Property Schedule, a modified Property Schedule that may contain such additional descriptions and allocations of rental payments for federal income tax purposes as the Lessee deems appropriate and shall indicate the extent to which such modifications are to be treated as of retroactive effect.

Notwithstanding the foregoing, to the extent that any payment made under the IDA Lease Agreement is not yet allocable to the use of any property (for example, because one or more units of property financed with proceeds of Bonds has not yet been placed in service), such payment shall be treated as being for the maintenance under the IDA Lease Agreement of its right to lease subsequently identified property (a "Lease Facility Maintenance Payment"). The Lessee and the Agency understand and intend that Lease Facility Maintenance Payments, being payments that are not yet allocable for federal income tax purposes to the use of any unit of property, are to be treated for such purposes not as rent or stated interest (within the meaning of section 467 of the Code), but rather as charges (net of earnings on the investment of such proceeds) by the Agency for maintaining the continued availability of such monies for application by the Agency to additional costs of property to be leased to the Lessee hereunder.

Section 3.6. Ownership of the Facility Equipment.

(a) It is the intent of the parties hereto that solely for Federal income tax purposes, the Agency will be treated as the owner and lessor of the Facility Equipment constituting Financed

Property not deemed owned by the Port Authority or the City under the PA Lease, the Basic Lease, or the City-American Lease (if then effective) (the "IDA Equipment"). The parties hereto hereby agree that neither the Agency, nor any person controlled by, in control of, or under common control with the Agency or the Lessee, directly or indirectly, will at any time take any action or file any return or other document that is inconsistent with the foregoing assumption.

(b) Pursuant to the IDA Lease Agreement, except as otherwise provided hereunder, no right, title or interest in any item of IDA Equipment shall pass to, or be owned, held or claimed by the Lessee, except the right to maintain possession and use of such item during the term and subject to the provisions of the IDA Lease Agreement, except such right, title and interest as may pass to the Lessee by reason of the exercise of its right of substitution or its Right of First Refusal pursuant to Article VIII hereof.

(c) Upon the request of the Agency, the Lessee shall, at the Lessee's expense, affix and keep affixed in or on any item of IDA Equipment, labels, plates or other markings, acceptable in design, placement and content to the Agency, stating that the Agency is the "owner-lessor" of such item of IDA Equipment; provided, however, that the Lessee shall not be required to affix any such materials if in the reasonable judgment of the Lessee such affixation would interfere with the use of such IDA Equipment for its intended application.

(d) Upon the expiration of the Primary Term in respect of each item of IDA Equipment or any prior termination of the IDA Lease Agreement for any reason, the Lessee shall return such item of IDA Equipment not previously purchased or replaced in accordance with the provisions of Article VIII hereof to the Agency free and clear of all liens, encumbrances, taxes, impositions and charges of every kind and nature, ordinary or extraordinary, general or special, foreseen or unforeseen (except Permitted Encumbrances); provided, however, that any taxes or other liabilities that have accrued with respect to such item of IDA Equipment, but that are not yet payable, at the expiration of the Primary Term, shall be paid or discharged by the Lessee. In addition, subject to the Lessee's rights to determine that the IDA Equipment has become obsolete or surplus, or that repair or use thereof has become uneconomical to the Lessee as provided in Section 8.1, such IDA Equipment shall be returned to the Agency in such condition as the Agency shall have deemed appropriate for its own uses. Any item of IDA Equipment not delivered in accordance with this paragraph shall continue to be subject to all of the rights and duties of the parties set forth in the IDA Lease Agreement.

(e) Notwithstanding any other provision of the IDA Lease Agreement to the contrary, except as provided in Section 8.3 hereof, upon expiration of the duration of the term of the IDA Lease Agreement, all remaining IDA Equipment shall be transferred by the Agency to the City or the designee of the City.

Section 3.7. Obligation of Lessee Unconditional. The obligation of the Lessee to pay the rent and all other payments provided for in the IDA Lease Agreement and to maintain the Facility in accordance with Section 4.1 of the IDA Lease Agreement shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Port Authority, the City, the Trustee or the Holder of any Bond and the obligation of the Lessee shall arise whether or not the Project has been completed

as provided in the IDA Lease Agreement, whether or not the Lessee's rental payments are or become subject to any lien, and whether or not the Basic Lease, the PA Lease or the City-American Lease shall have been terminated or shall have expired. The Lessee will not suspend or discontinue any such payment or terminate the IDA Lease Agreement (other than such termination as is permitted hereunder) for any cause whatsoever, and the Lessee waives all rights now or hereafter conferred by statute or otherwise (i) to quit, terminate, cancel or surrender the IDA Lease Agreement or any obligation of the Lessee under the IDA Lease Agreement, except as permitted by the IDA Lease Agreement or (ii) to any abatement, suspension, deferment, diminution or reduction in the rentals or other payments hereunder or thereunder.

Section 3.8. Payment of Purchase Price of Tendered Bonds. (a) Any payment by the Lessee to an applicable Tender Agent of amounts necessary to pay the Applicable Purchase Price of the related maturity or maturities of a Series of Bonds pursuant to the Indenture shall be in immediately available funds and paid to the applicable Tender Agent at its principal corporate trust office on the date set forth in the Indenture.

(b) The Lessee hereby approves and agrees to be bound by the provisions of the Indenture regarding the purchase, offer, sale and delivery of each Series of Bonds required to be tendered for purchase thereunder. The Lessee shall have all of the rights and obligations provided in the Indenture with respect to the Lessee in connection with such transactions and the appointment of the applicable Tender Agent and the Remarketing Agent thereunder. The Agency shall have no obligation or responsibility with respect to the purchase of any Series of Bonds or any related arrangements, except that the Agency at the expense of the Lessee shall cooperate in the making of any such arrangements.

Section 3.9. Credit Facility.

(a) On the first date that a Series of Bonds bears interest at a Variable Interest Rate, the Lessee will cause to be delivered to the Trustee the Applicable Credit Facility and other necessary documents or opinions related thereto referred to in the Indenture. The Lessee hereby authorizes and directs the Trustee to draw moneys under the Applicable Credit Facility that may at the time be in effect with respect to a Series of Bonds in accordance with its terms and the provisions of the Indenture to the extent necessary to (i) make payments of the principal of, redemption premium (if any, and only to the extent provided for in such Applicable Credit Facility) and interest on such Series of Bonds as and when the same become due, and (ii) pay the Purchase Price required to be paid pursuant to the Indenture as and when the same become due.

(b) The Lessee shall have the option to terminate, modify, extend or otherwise reduce the coverage of the Applicable Credit Facility for a Series of Bonds or to replace such Applicable Credit Facility with an Alternate Credit Facility as provided in the Indenture; provided that if an Applicable Credit Facility is in effect with respect to a Series of Bonds, it shall secure all outstanding Bonds of such Series. So long as a Series of Bonds bears interest at a Long Term Rate, the Lessee shall not be required to provide or maintain a Credit Facility with respect to such Series of Bonds.

If at any time (i) there shall have been delivered to the Trustee an Alternate Credit Facility with respect to a Series of Bonds, together with the documents and opinions required by

the Indenture, or (ii) the Lessee shall give written instructions to the Trustee to terminate the then existing Applicable Credit Facility, then the Trustee shall promptly surrender the same to the issuer thereof for cancellation, in accordance with the terms of such Applicable Credit Facility and the Indenture.

(c) Notwithstanding any other provision of this Section 3.9, the Lessee shall not pledge, or otherwise grant a lien on or security interest in, any cash, security or other assets (other than a Series of Bonds) as security for the issuer of the Credit Facility unless the Lessee furnishes to the Agency and Trustee a Favorable Opinion of Bond Counsel as to such pledge, lien or other security interest.

(d) So long as a Credit Facility shall remain in effect with respect to a Series of Bonds, the principal of and interest on such Series of Bonds shall be paid in the first instance from proceeds of draws under such Applicable Credit Facility and second from any amounts payable by the Lessee, and any available moneys representing the payments by the Lessee and other amounts referred to in Section 3.4(a) and (b) shall at the direction of the Lessee be used to reimburse the Credit Facility Provider for such draws as provided in the Indenture and payments of the Applicable Purchase Price of such Series of Bonds shall be paid from remarketing proceeds and, if necessary, from the proceeds of draws under the Applicable Credit Facility and any available moneys representing payments by the Lessee and other amounts referred to in Section 3.4(c) shall at the direction of the Lessee be used to reimburse the Credit Facility Provider for such draws as provided in the Indenture.

## ARTICLE IV

### Maintenance, Taxes and Insurance

Section 4.1. Maintenance, Alterations and Improvements. (a) During the term of the IDA Lease Agreement, the Lessee will keep the Leased Facilities and the Facility Equipment in good and safe operating order and condition, ordinary wear and tear excepted, will occupy, use and operate the Facility in the manner for which it was designed and intended and contemplated by the PA Lease, the Consent Agreement, the City-American Lease (if then effective) and the IDA Lease Agreement, and will make (subject to the Lessee's rights under Section 5.1(c) hereof), all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) necessary to ensure the continued operation of the Facility. All replacements, renewals and repairs shall be made and installed in compliance with the requirements of all governmental bodies having a jurisdiction therefor. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of the Facility, or to furnish any utilities or services for the Facility and the Lessee hereby agrees to assume full responsibility therefor.

(b) The Lessee shall have the right to make such alterations of or additions to the Facility or any part thereof from time to time as it in its discretion may determine to be desirable for its uses and purposes, provided that (i) such additions or alterations are effected in compliance with all applicable legal requirements, (ii) such additions or alterations do not change

either the nature of the Facility so that it would not constitute a qualified "project" under the Act nor the nature of the Financed Property so that it would not constitute an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code, and (iii) such additions or alterations are effected in accordance with the Basic Lease, the Consent Agreement, the PA Lease and the City-American Lease (if then effective). All alterations of and additions to the Facility shall constitute a part of the Facility, subject to the IDA Lease Agreement, the Leasehold Mortgage, the Equipment Security Agreement, the PA Lease, the Consent Agreement, the Company Sublease, the Basic Lease and the City-American Lease (if then effective), and the Lessee shall deliver or cause to be delivered to the Agency appropriate documents as may be necessary to subject such property to the IDA Lease Agreement and, in the case of the Leased Facilities, the Company Sublease.

(c) Notwithstanding anything in the IDA Lease Agreement to the contrary, the Lessee shall have the right to install or permit to be installed at the Leased Facilities machinery, equipment and other tangible personal property not constituting part of the Facility Equipment (the "Lessee's Property") without subjecting such property to the IDA Lease Agreement, the Leasehold Mortgage or the Equipment Security Agreement. The Agency shall not be responsible for any loss of or damage to the Lessee's Property. Subject to the terms of the PA Lease or the City-American Lease, if any, the Lessee shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Lessee's Property provided that such mortgage, encumbrance, lien or charge or conditional sale or title retention agreement does not create or constitute a lien or encumbrance on the Facility except for Permitted Encumbrances.

(d) The Lessee shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the interest of the Agency or the Lessee in the Company Sublease or the IDA Lease Agreement or the amounts payable hereunder with respect to any Series of Bonds, other than Permitted Encumbrances.

Section 4.2. [Reserved]

Section 4.3. Taxes, Assessments and Charges. The Lessee shall pay when the same shall become due all taxes and assessments (excluding Sales and Use Taxes for which an exemption has been granted pursuant to the Preliminary Sales Tax Letter and the Sales Tax Letter and the provisions hereof), general and specific, if any, levied and assessed upon or against the IDA Lease Agreement, the Company Sublease, the Leasehold Mortgage, the interest of the Trustee under the Indenture, any estate or interest of the Agency or the Lessee in the Facility, or the rentals or other payments hereunder during the term of the IDA Lease Agreement, and all charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility, all of which are herein called "Impositions". The Agency shall promptly forward to the Lessee any notice, bill or other statement received by the Agency concerning any Imposition. The Lessee may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

The Lessee may contest in good faith the validity, existence or applicability of any Imposition if (i) in the Opinion of Counsel, such contest shall suspend the execution or enforcement of such Imposition against any of the rentals or other amounts payable under the IDA Lease Agreement or the interest of the Lessee or the Agency under the IDA Lease Agreement or the Company Sublease or the interest of the Leasehold Mortgagee under the Leasehold Mortgage or the interest of the Trustee under the Indenture, and (ii) such contest shall not result in the Agency or the Trustee being in any danger of any criminal liability for failure to comply therewith. In the event that any Imposition shall be imposed upon the Agency's interest in the Facility, the IDA Lease Agreement or the rentals or other payments hereunder, and the Lessee shall pay the same as required by this Section 4.3, the Lessee shall be subrogated to the Agency's right, if any, to contest the validity of such Imposition.

Section 4.4. Insurance. (a) At all times throughout the term of the IDA Lease Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Lessee shall maintain or cause to be maintained property and casualty insurance and other policies of insurance relating to the Project for the benefit of the Lessee, the Agency and the Trustee (which for purposes of this Section 4.4 means the Trustee, the Leasehold Mortgagee, or any successor leasehold mortgagee), with insurance companies having a minimum Best's rating of "A-" (Excellent) and Financial Size Category VII or larger, or as otherwise deemed satisfactory to the Agency, and authorized to do business in the State, against the following risks, loss, damage and liability (including liability to third parties) and in such amounts as are set forth below:

(i) (A) Workers' compensation insurance in amounts required by law, (B) Employers' liability insurance, including (I) coverage of bodily injury by accident in the amount of $1,000,000 each accident and (II) bodily injury by disease in the amount of $1,000,000 per employee with a $1,000,000 policy limit,

(ii) Excess employers' liability insurance with minimum limits of $25,000,000 per occurrence, and

(iii) Such other insurance in such amounts and against such insurable hazards as the Agency from time to time may reasonably require, provided that such insurance is generally obtainable and is customarily obtained by air carriers (or their affiliates) of comparable creditworthiness as the Lessee and which are operators of similar facilities at John F. Kennedy International Airport at commercially reasonable rates.

(b) In addition to the obligations set forth in paragraph (a) of this Section and all other insurance required under the IDA Lease Agreement, the Lessee during the construction of the Facility up to the date of completion (in accordance with Section 2.2 hereof), in its own name as insured and including the Agency and the Trustee as additional insureds shall maintain and pay the premiums on a policy or policies of comprehensive general liability insurance, including, but not limited to, premises-operations, products-completed operations, explosion, collapse and underground property damages, personal injury and independent contractors, with a broad form property damage endorsement, and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to the applicable sections of the PA Lease, and comprehensive automobile liability insurance covering owned, nonowned and hired vehicles and

environmental impairment liability insurance covering both gradual and sudden and accidental occurrences, on a claims-made basis, with a one year extended reporting period and which shall be site specific and include on-site and off-site clean-up and with a contractual liability endorsement covering the obligations assumed by the Lessee pursuant to Section 6.2(c) hereof. The said comprehensive general liability insurance policy required during construction of the Project shall have a limit of not less than $100,000,000 combined single limit per occurrence for bodily injury and property damage liability on a per location/per aggregate basis. The said comprehensive automobile liability insurance shall have a limit of not less than $25,000,000 combined single limit per accident for bodily injury and property damage liability. The said environmental impairment liability insurance shall have a limit of not less than $10,000,000 combined single limit per occurrence for death bodily injury and property damage liability for both gradual and sudden occurrence. A comprehensive general liability insurance policy with asbestos removal/abatement coverage, with respect solely to said asbestos removal/abatement portions of the construction work, shall have a limit of not less than $5,000,000 combined single limit per occurrence for bodily injury and property damage liability and each such policy shall be project specific with respect to said portions of the construction work. The Lessee must also maintain an "all risk" builders risk policy in an amount not less than the completed value of the work being performed, including coverage for items stored off-site and time in transit for an amount sufficient to cover fully any loss. Professional liability (errors and omissions) insurance for any architect, engineer, or other person or entity providing professional services to Lessee and/or employed in connection with the design/build or maintenance of the Facility, with limits in an amount of not less than $1,000,000, must be maintained as well. The foregoing shall be in addition to all policies of insurance otherwise required by the IDA Lease Agreement, or the Lessee may provide such insurance by requiring each contractor or subcontractor engaged by it for the construction work to procure and maintain such insurance including such contractual liability endorsement, said insurance, whether procured by the Lessee or by a contractor or subcontractor engaged by it as aforesaid, not to contain any exclusion for bodily injury to or sickness, disease or death of any employee of the Lessee or of any of its contractors or subcontractors which would conflict with or in any way impair coverage under the contractual liability endorsement. Further, the Lessee shall provide and maintain or shall require each contractor engaged by it for the construction work, or any portion thereof, to provide and maintain contractor's property and equipment coverage for the full value of such property and equipment with the Agency insured thereunder as its interests may appear. All of the said policy or policies of insurance shall also provide or contain an endorsement providing that the protection afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Agency or the Trustee and shall also provide or contain an endorsement providing that the protection afforded the Agency or the Trustee thereunder and with respect to any claim or action against the Agency and the Trustee by the Lessee shall be the same as the protection afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person as if the Agency or the Trustee were the named insureds thereunder, but such endorsement shall not limit, vary, change, or affect the protection afforded the Agency or the Trustee thereunder as an additional insured. Notwithstanding the foregoing, it is specifically understood and agreed that the Agency shall have the right upon notice to the Lessee given from time to time and at any time to require the Lessee to increase any or all of the foregoing limits to

reasonably commercial amounts and the Lessee shall promptly comply therewith and shall promptly submit a certificate or certificates evidencing the same to the Agency and the Trustee.

(c) In addition to the obligations set forth in paragraph (a) of this Section and all other insurance required under the IDA Lease Agreement, the Lessee during the term of the IDA Lease Agreement in its own name as insured and including the Agency and the Trustee as additional insureds, shall maintain and pay the premiums on a policy or policies of property insurance, to insure all buildings, structures, improvements, installations, facilities and fixtures now or in the future located on the Project Premises covered by the IDA Lease Agreement against all risks of physical loss or damage (including, but not limited to flood and earthquake risks) if available, and if not available, then against such hazards and risks as may now or in the future be included under the Standard Form of Fire Insurance Policy of the State of New York, and also covering boiler and machinery hazards and risks in a separate insurance policy or as an additional coverage endorsement to the aforesaid policies in the form as may now or in the future be prescribed as of the effective date of said insurance by the rating organization of the State, comprehensive general liability insurance, including premises-operations, products liability, liquor liability and completed operations, and covering bodily injury, including death, and property damage liability, broadened to include or equivalent separate policies covering aircraft liability, none of the foregoing to contain care, custody or control exclusions, and providing for coverage in the limits set forth below, and comprehensive automobile liability insurance covering owned, nonowned and hired vehicles providing for coverage in the limits set forth below. As to the said comprehensive general liability insurance the Lessee may, in lieu of the foregoing requirement with respect to care, custody and control exclusions, elect, in its own name as insured and including the Agency and the Trustee as additional insureds as their interests may appear, to maintain and pay the premiums on a baggage legal liability, a cargo legal liability and a real property legal liability policy or policies in the limits set forth below. The said property insurance policy shall be written on an "all risk" basis with an agreed amount endorsement attached. The said comprehensive general liability insurance policy shall have a limit of not less than $100,000,000 combined single limit per occurrence for bodily injury and property damage liability. The said comprehensive automobile liability insurance shall have a limit of not less than $25,000,000 combined single limit per accident for bodily injury and property damage liability.

The minimum limits as to the aforesaid baggage legal liability, cargo legal liability and real property legal liability policy and policies shall be as follows:

| | |
|---|---|
| Baggage Legal Liability | $10,000,000 |
| Cargo Legal Liability | $10,000,000 |
| Real Property Legal Liability (Fire Legal Liability) | $10,000,000 |

All of the said policy or policies of insurance shall also provide or contain an endorsement providing that the protections afforded the Lessee thereunder with respect to any claim or action against the Lessee by a third person shall pertain and apply with like effect with respect to any claim or action against the Lessee by the Agency or the Trustee and shall also provide or contain an endorsement providing that the protections afforded the Agency and the Trustee thereunder and with respect to any claim or action against the Agency or the Trustee by the Lessee shall be the same as the protections afforded the Lessee thereunder with respect to any

claim or action against the Lessee by a third person as if the Agency or the Trustee were the named insureds thereunder, but such endorsement shall not limit, vary, change, or affect the protection afforded the Agency and the Trustee thereunder as additional insureds. The said policy or policies of insurance shall also provide or contain a contractual liability endorsement covering the obligations assumed by the Lessee under Section 2(a) of the PA Lease and any analogous provision of the City-American Lease (if then effective).

(d) Without limiting the provisions hereof, in the event the Lessee maintains the foregoing insurance in limits greater than aforesaid, the Agency and the Trustee shall be included therein as additional insureds to the full extent of all such insurance in accordance with all the terms and provisions hereof.

(e) As to the insurance required by the provisions of this Section, a certified copy of the certificate or certificates or binders (or, but only for the policies required by paragraph (c), above, a letter of an insurance broker), evidencing the existence thereof, shall be delivered by the Lessee to the Agency and the Trustee. Each certificate or binder delivered as aforesaid shall bear the endorsement of or be accompanied by evidence of payment of the premium thereon. In the event a binder is delivered, it shall be replaced as soon as practicable by a certified copy of the certificate. Each certificate or binder shall contain a valid provision or endorsement that the policy may not be cancelled, non-renewed, terminated, changed or modified without giving ten (10) days' written advance notice thereof to the Agency. Each such policy, certificate or binder shall contain an additional endorsement providing that the insurance carrier shall not, without obtaining express advance permission from an Authorized Representative of the Agency, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Agency or the Trustee, the immunity of the Agency, its members, officers, agents or employees, the governmental nature of the Agency or the provisions of any statutes respecting suits against the Agency. Any renewal certificate shall be delivered to the Agency and the Trustee at least five (5) days prior to the expiration of each expiring policy, except for any policy expiring after the date of expiration of the term of the IDA Lease Agreement. A certificated copy of the policy shall be delivered to the Agency and the Trustee as soon as practicable thereafter. If at any time any of the insurance policies shall be or become unsatisfactory to the Agency as to the form or substance or if any of the carriers issuing such policies shall be or become unsatisfactory to the Agency, the Lessee shall promptly obtain a new and satisfactory policy in replacement, the Agency covenanting and agreeing not to act unreasonably hereunder. If the Agency at any time so requests, the Lessee shall make available to the Agency and the Trustee at a location in the City, during normal business hours, the original or a certified copy of the entirety of each of the said policies and shall, upon request, deliver to the Agency and the Trustee a certified copy of such portions of said policies pertaining to the coverage hereunder as the Agency shall request.

(f) All insurance required by this Section 4.4 shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State.

(g) The Lessee shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Agency to collect from insurers for any loss covered by any insurance required to be obtained by this Section 4.4. The Lessee shall not do

any act, or suffer or permit any act to be done, whereby any insurance required by this Section 4.4 would or might be suspended or impaired.

In addition to notifying its insurer(s) in accordance with the policies, the Lessee shall provide prompt written notice to the Agency and the Trustee as soon as reasonably possible of any accident or loss relating to the Facility likely to exceed 50% of the applicable coverage limits. The limits of insurance in this section shall in no way be construed to limit the Lessee's, its contractors' or its subcontractors' liability under the IDA Lease Agreement. All insurance provided by the Lessee, its contractors and its subcontractors shall be primarily as regards the liabilities under the IDA Lease Agreement, and any insurance maintained by the Agency shall be in excess and not contributing with the Lessee's, its contractors' or its subcontractors' insurance.

Section 4.5. Advances by Agency. In the event the Lessee fails to make any payment or perform or observe any obligation required of it under the IDA Lease Agreement with respect to any of the Agency's Reserved Rights under Sections 4.3, 4.4, 4.6, 6.3, 6.7(b)(2), 7.6 or 9.13 hereof, the Agency, after first notifying the Lessee of any such failure on its part, may (but shall not be obligated to), and without waiver of any of the rights of the Agency under the IDA Lease Agreement, make such payment or otherwise cure any failure by the Lessee to perform and observe its other obligations hereunder with respect to any of such Agency's Reserved Rights. All amounts so advanced therefor by the Agency shall become an additional obligation of the Lessee to the Agency; and upon demand for such amounts by the Agency, the Lessee shall pay the same together with interest thereon at the rate of the Trustee's "prime rate" plus one per cent (1%) per annum from the date advanced. Any remedy herein vested in the Agency for the collection of the rental payments or other amounts due hereunder shall also be available to the Agency for the collection of all such amounts so advanced.

Section 4.6. Compliance with Law. The Lessee agrees that it will, throughout the term of the IDA Lease Agreement and at its sole cost and expense and subject to the provisions of the following paragraph, promptly observe and comply or cause to be observed and complied in all material respects all Federal, State and local statutes, codes, laws, acts, ordinances, orders, judgments, decrees, rules, regulations and authorizations, whether foreseen or unforeseen, ordinary or extraordinary, which shall now or at any time hereafter be binding upon or applicable to the Lessee, any occupant, user or operator of the Facility or any portion thereof (including without limitation those relating to zoning, land use, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) (the "Legal Requirements"). The Lessee shall not occupy, use or operate the Facility or allow the Facility or any part thereof to be occupied, used or operated for any unlawful purpose or in violation of any certificate of occupancy affecting the Facility or that may constitute a nuisance, public or private, or make void or voidable any insurance then in force with respect thereto. The Lessee shall indemnify and hold harmless the Indemnified Parties (as defined in Section 6.2 hereof) from and against all loss, cost, liability and expense (a) in any manner arising out of or related to any violation of or failure to comply with any Legal Requirement or (b) imposed upon the Lessee or any of the Indemnified Parties by any Legal Requirement; in case any action or proceeding is brought against any of the Indemnified Parties in respect to any Legal Requirement, the Lessee shall upon notice from any of the Indemnified Parties defend such action or proceeding.

The Lessee may contest in good faith the validity, existence or applicability of any of the foregoing if (i) in the Opinion of Counsel, such contest shall suspend the execution or enforcement of any lien against any of the rentals or other amounts payable under the IDA Lease Agreement or the interest of the Lessee or the Agency under the IDA Lease Agreement, the interest of the Trustee under the Indenture, the interest of the Leasehold Mortgagee under the Leasehold Mortgage or the Company Sublease and as evidenced by a certificate of an Authorized Representative of the Lessee, shall not result in the Facility or any material part thereof or interest therein being in any material risk of being sold, forfeited or lost, and shall not materially adversely affect the Lessee's ability to pay and perform its obligations hereunder or under any other Security Document, and (ii) such contest shall not result in the Agency, the Leasehold Mortgagee or the Trustee being in any danger of any criminal liability for failure to comply therewith.

## ARTICLE V

## Damage, Destruction and Condemnation

Section 5.1. Damage, Destruction and Condemnation.

(a) In the event that at any time during the term of the IDA Lease Agreement the whole or part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement (to which the Lessee shall consent in writing) between the Agency and those authorized to exercise such right, or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "Loss Event"):

(i) the Agency shall have no obligation to rebuild, replace, repair or restore the Facility,

(ii) there shall be no abatement, postponement or reduction in the rent or other amounts payable by the Lessee under the IDA Lease Agreement, and

(iii) the Lessee will promptly give written notice of any material Loss Event to the Agency and the Trustee, generally describing the nature and extent thereof.

(b) Upon the occurrence of a Loss Event, insurance proceeds with respect to the Leased Facilities shall be applied as required under the Basic Lease and the PA Lease or the City-American Lease (if then effective).

(c) Upon the occurrence of a Loss Event, the Lessee shall, at its own cost and expense, promptly and diligently rebuild, replace, repair or restore the Facility in accordance with the PA Lease or the City-American Lease (if then effective), to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent operating efficiency and function (consistent with the Act and not such as to change the nature of the Financed Property so that it would not constitute an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code), or substitute other property for such purpose, and the Lessee shall not by reason of payment of any such costs be entitled to any reimbursement from the Agency, the Trustee or any Bondholder, nor shall the rent or other amounts payable by the Lessee under the IDA Lease

Agreement be abated, postponed or reduced; provided, however, that the Lessee shall have no obligation to rebuild, replace, repair or restore any property (or to make substitutions for any such property), (i) if and to the extent that the property so damaged, destroyed or condemned shall no longer be necessary for the operation of the Facility, (ii) if the failure of the Lessee to rebuild, replace, repair, restore or substitute such property would not have an adverse effect upon the operation of the Facility or (iii) if the Bonds are to be redeemed under the provisions of the Indenture regarding extraordinary optional redemption by way of the Lessee making an additional rental payment hereunder.

(d) All such rebuilding, replacements, repairs, restorations or substitutions shall:

(i) automatically be deemed a part of the Facility and be made subject to the Basic Lease, the PA Lease, the ATL, the Consent Agreement, the City-American Lease (if then effective), the Leasehold Mortgage (if then effective), the Equipment Security Agreement, the Company Sublease and the IDA Lease Agreement,

(ii) not change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act, nor change the nature of the Financed Property so that it would not constitute an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code, and

(iii) be effected in compliance with all applicable Legal Requirements.

(e) If all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Lessee as contemplated hereby, and such taking or condemnation shall not be subject to appeal or further appeal, the Lessee shall exercise its option to terminate the IDA Lease Agreement pursuant to Section 8.4 hereof and cause all Bonds outstanding to be redeemed pursuant to the Indenture, and the Lessee shall pay to the Trustee for deposit ratably in each of the Redemption Accounts of the Bond Fund an amount that, when added to the total amount then in all of the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date) and to pay the expenses of redemption, the fees and expenses of the Agency, the Bond Registrar, the Trustee and the Paying Agents, together with all other amounts due under the Indenture and under the IDA Lease Agreement, and such amount shall be applied, together with such other available moneys in the Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or maturity date.

(f) The Agency and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement, compromising, arbitration or adjustment of any claim or demand on account of any Loss Event, but the settlement, compromising, arbitration or adjustment of any such claim or demand shall be subject to the approval of the Lessee.

(g) The Lessee hereby waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect.

## ARTICLE VI

### Particular Covenants

Section 6.1. Dissolution or Merger of Lessee; Restrictions on Lessee. The Lessee covenants and agrees that at all times during the term of the IDA Lease Agreement, it will (i) maintain its corporate existence, (ii) continue to be a corporation subject to service of process in the State and duly qualified to do business as a foreign corporation in the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets, and (iv) not consolidate with or merge into another corporation. The Lessee may, however, without violating the foregoing, consolidate with or merge into another corporation, or sell or otherwise transfer all or substantially all of its property, business or assets to another such corporation (and thereafter liquidate, wind-up or dissolve or not, as the Lessee may elect) if (y) such consolidation, merger, sale or transfer shall not cause the Lessee to be in default under the terms of the PA Lease, the RNDA, the ATL, the Consent Agreement, the Leasehold Mortgage (if then effective), the Equipment Security Agreement, any other Security Document or the City-American Lease (if then effective), and (z) (i) the Lessee is the surviving, resulting or transferee corporation, as the case may be, or (ii) in the event that the Lessee is not the surviving, resulting or transferee corporation, as the case may be, such corporation (A) is not a Prohibited Person, (B) is a solvent corporation subject to service of process in the State and either incorporated in or duly qualified to do business as a foreign corporation in the State, and (C) assumes in writing, by means of an instrument that is delivered to the Agency and the Trustee, all of the obligations of the Lessee contained in the PA Lease, the RNDA, the ATL, the Consent Agreement, the City-American Lease (if then effective) and any leasehold mortgage thereon, the IDA Lease Agreement, the Company Sublease, the Leasehold Mortgage (if then effective), the Equipment Security Agreement, and all other Security Documents to which the Lessee shall be a party, and in the Opinion of Counsel, such corporation shall be bound by all of the terms applicable to the Lessee of the IDA Lease Agreement, the PA Lease, the Company Sublease, the ATL, the Consent Agreement, the RNDA, the City-American Lease (if then effective) and any leasehold mortgage thereon, the Leasehold Mortgage (if then effective), the Equipment Security Agreement and all other Security Documents to which the predecessor Lessee shall have been a party and such action does not legally impair the security for the Holders of the Bonds afforded by the Security Documents.

Section 6.2. Indemnity. (a) The Lessee shall at all times protect and hold the Agency, the Trustee, the Bond Registrar and the Paying Agents (collectively, the "Indemnified Parties") harmless of, from and against any and all claims (whether in tort, contract or otherwise), demands, expenses and liabilities for losses, damage, injury and liability of every kind and nature and however caused, including reasonable costs, disbursements and expenses (including reasonable legal fees and expenses) and taxes (of any kind and by whomsoever imposed), other than, with respect to the Agency, losses arising from the gross negligence or willful misconduct of the Agency, or, with respect to any other Indemnified Party, losses arising from the negligence or willful misconduct of such other Indemnified Party, arising upon or about the Facility or resulting from, arising out of, or in any way connected with (i) the financing of the costs of the Facility and the marketing, issuance, sale and remarketing of the Agency's Bonds for such purpose (including all expenses and liability relating to any Internal Revenue Service audit or inquiry with respect to the Bonds), (ii) the planning, design, acquisition, site preparation,

construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, (iii) any defects (whether latent or patent) in the Facility, (iv) any violation of or failure to comply with or requirement to comply with any Legal Requirement (v) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion of the Facility, or (vi) the PA Lease, the ATL, the RNDA, the City-American Lease, if any, the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Equipment Security Agreement or any other Security Document or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby. Such indemnification set forth above shall be binding upon the Lessee for any and all claims, demands, expenses, liabilities and taxes set forth herein and shall survive the termination of the IDA Lease Agreement. No Indemnified Party shall be liable for any damage or injury to the person or property of the Lessee or its directors, officers, employees, agents or servants or persons under the control or supervision of the Lessee or any other Person who may be about the Facility, due to any act or negligence of any Person other than for the gross negligence or willful misconduct of the Agency or the negligence or willful misconduct of any other Indemnified Party.

(b) The Lessee releases each Indemnified Party from, and agrees that no Indemnified Party shall be liable for and agrees to indemnify and hold each Indemnified Party harmless against any expense, loss, damage, injury or liability incurred because of any lawsuit commenced as a result of action taken by such Indemnified Party with respect to any of the matters set forth in subdivision (i) through (vi) of Section 6.2(a) hereof or at the direction of the Lessee with respect to any of such matters above referred to. An Indemnified Party shall promptly notify the Lessee in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Lessee pursuant to this Section 6.2; such notice shall be given in sufficient time to allow the Lessee to defend such claim or action. The failure of an Indemnified Party to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Lessee under this Section 6.2, if (i) any officer or management-employee of the Lessee shall have actual knowledge of such claim or action, or (ii) any officer or professional staff of such Indemnified Party who shall have responsibility with respect to the handling of such claim or action shall not have actual knowledge thereof; provided, further, that if any such officer or professional staff referred to in clause (ii) above shall have had actual knowledge thereof in reasonably sufficient time to give notice thereof to the Lessee and shall have failed to do so, and an officer or management-employee of the Lessee referred to in clause (i) above shall not have actual knowledge of such claim or action, such failure will reduce the liability of the Lessee under this Section 6.2 by the amount of actual damages resulting from such failure, but such failure will not otherwise relieve the Lessee from its obligations under this Section 6.2. In the event the Lessee shall have suffered actual damages by reason of a circumstance referred to in the preceding sentence for which the Lessee's liability to an Indemnified Party is not to be reduced, such Indemnified Party shall (at the sole cost and expense of the Lessee) take such action to mitigate damages (including seeking to open any default judgment as might exist) as may be reasonably requested by the Lessee.

(c) In addition to and without limitation of all other representations, warranties and covenants made by the Lessee under the IDA Lease Agreement, the Lessee further represents,