The Trustee shall on written request furnish to the Agency and the Company a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills or invoices submitted to the Trustee for such disbursement.

The completion of the Project shall be evidenced as set forth in the IDA Lease Agreement. Upon such completion, the balance in each Construction Account of the Project Fund in excess of the amount, if any, stated in the completion certificate referred to in the IDA Lease Agreement for the payment of any remaining part of the Project Costs shall, at the written direction of the Company, (i) be ratably and equally deposited into each Redemption Account held under the Bond Fund and applied ratably and equally to the retirement of the Bonds by purchase or redemption at the earliest date permissible under the Indenture *provided* that, prior to such application, a Favorable Opinion of Bond Counsel shall be received and (ii) be invested at a yield not in excess of the applicable Bond Yield (as defined in the applicable Tax Certificate); *provided, however,* the Company, on behalf of the Agency, may apply such balance to any lawful purpose under the Act in connection with the Facility, provided a Favorable Opinion of Bond Counsel is received by the Trustee and the Agency.

In the event the Company shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the IDA Lease Agreement or the Indenture, the balance in each of the Construction Accounts of the Project Fund (in excess of any amount that the Trustee is directed to transfer to the Rebate Fund pursuant to each applicable Tax Certificate and the Indenture) shall be ratably and equally deposited into each Redemption Account held under the Bond Fund and applied ratably and equally to the retirement of the Bonds by purchase or redemption. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Project Fund shall be deposited ratably and equally into each of the Interest Accounts and Principal Accounts held under the Bond Fund and shall be applied as provided in the Indenture.

Proceeds of Bonds deposited in any Capitalized Interest Account shall be applied as follows:

(1) prior to the completion of the Project, on each Interest Payment Date amounts in each applicable Capitalized Interest Account shall first be deposited in the Lease Payments Fund to the extent moneys in such fund are insufficient to meet principal and/or interest payments then due and owing under the Indenture with respect to an applicable series of Bonds and second, be drawn by the Trustee at the direction of the Company (as agent for the Agency) for the payment of Project Costs, if any;

(2) on or after the Interest Payment Date next succeeding the date of completion of the Project, the moneys remaining in any Capitalized Interest Account shall at the direction of the Company be applied pursuant to the relevant provisions of the Indenture; and

(3) At any time prior to the completion of the Project, upon the written request of the Company and designation in writing of a certain amount by the Company, the

Trustee will transfer such amounts from any Capitalized Interest Account to one or more Construction Accounts as specified by the Company and apply such amounts as provided in the relevant sections of the Indenture.

Lease Payments Fund. The Trustee shall deposit in the Lease Payments Fund the amounts so stated to be deposited therein pursuant to the IDA Lease Agreement, the Indenture or the applicable Series Supplemental Indenture.

Except as provided in the Indenture, on or before any Interest Payment Date relating to a series of Bonds the Trustee shall transfer to the applicable Principal Account, Interest Account, Redemption Account, and/or Sinking Fund Installment Account from the Lease Payments Fund an amount sufficient so that the payments required to be made from the Bond Fund pursuant to the Indenture on such Interest Payment Date may be made.

If, on any Interest Payment Date relating to a series of Bonds, any principal payment date or redemption date, as the case may be, the amount on deposit in the Lease Payments Fund or the Bond Fund is insufficient to make all payments with respect to the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, and interest on such series of Bonds which are required to be made on such date, the Trustee shall promptly give telephonic notice (to be promptly confirmed in writing) stating the amount of such deficiency to the Company and the Agency. Promptly upon receipt of such notice, the Company shall, as provided in the IDA Lease Agreement, or the applicable IDA Lease Amendment, pay the amount of such deficiency in immediately available funds. Upon receipt of such funds, the Trustee shall deposit them in the Lease Payments Fund.

If, on any Purchase Date, the amount on deposit in the applicable Bond Purchase Fund relating to a series of Bonds is insufficient to make all payments with respect to purchase price, if any, on such series of Bonds which are required to be made on such date, the Trustee shall promptly give telephonic notice (to be promptly confirmed in writing) stating the amount of such deficiency to the Company and the Agency. Promptly upon receipt of such notice, the Company shall, as provided in the IDA Lease Agreement, pay the amount of such deficiency in immediately available funds. Upon receipt of such funds, the Trustee shall deposit them in the applicable Lease Payments Account established in the applicable Bond Purchase Fund.

Payments into Bond Fund. The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) Excess amounts in any Construction Account held in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the applicable Tax Certificate and the Indenture) in the applicable Redemption Account of the Bond Fund as described herein under the fourth paragraph and the first sentence of the fifth paragraph of "*—Project Fund*" above, which shall be kept segregated from any other moneys within such Account.

(b) Amounts transferred from the Lease Payments Fund to the Bond Fund as described herein under "*—Lease Payments Fund*" above, which shall be deposited *first* to the applicable Interest Account, in the amount required to make the payments described in paragraph (a) herein under "*—Application of Bond Fund*" below, *second* to the applicable Sinking Fund Installment Account, in the amount required to make the payments described in paragraph (c) herein under "*—Application of Bond Fund*" below, *third* to the applicable Principal Account, in the amount required to make the payments described in paragraph (b) herein under "*—Application of Bond Fund*" below, and *fourth* to the applicable Redemption Account, in the amount required to make the payments described in paragraph (d) herein under "*—Application of Bond Fund*" below. Advance rental payments received by the Trustee for deposit into the Lease Payments Fund pursuant to the IDA Lease Agreement shall be deposited in the applicable Redemption Account.

(c) The excess amounts referred to in the third sentence of paragraph (d) herein under "*—Application of Bond Fund*" below, which shall be credited to the applicable Interest Account of the Bond Fund.

(d) Any amounts transferred from an applicable Redemption Account as described in paragraph (h) herein under "*—Application of Bond Fund*" below, which shall be deposited to the applicable Interest Account, the applicable Principal Account and the applicable Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to the payment of the principal of and interest on the applicable series of Bonds, as the case may be.

(e) All other receipts when and if required by the IDA Lease Agreement, by the Indenture, or by the Leasehold Mortgage (excluding any payment required to be made to (i) the Port Authority under the Port Authority Lease or (ii) the City under the New City/American Lease) pursuant to the Leasehold Mortgagee's exercise of remedies thereunder, or by the Equipment Security Agreement, the Guaranties or by any other Security Document to be paid into the Bond Fund, which shall be credited (except as otherwise provided in the Indenture) to the applicable Redemption Account of the Bond Fund.

Application of Bond Fund. (a) The Trustee shall, on an Interest Payment Date with respect to a series of Bonds, pay or cause to be paid to the respective Paying Agents therefor out of the applicable Interest Account in the Bond Fund the interest due on such series of Bonds and further pay out of the applicable Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any redemption (including any mandatory sinking fund redemption) of such series of Bonds.

(b) The Trustee shall on each principal payment date with respect to a series of Bonds pay or cause to be paid to the respective Paying Agents therefor out of the applicable Principal Account of the Bond Fund, the principal amount, if any, due on such series of Bonds (other than such as shall be due by mandatory sinking fund redemption), upon the presentation and surrender (if applicable) of the requisite Bonds of such series.

(c) There shall be paid from the applicable Sinking Fund Installment Account of the Bond Fund to the respective Paying Agents on each sinking fund payment date for a series of Bonds in immediately available funds the amounts required for such Sinking Fund Installment due and payable with respect to such series of Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the applicable Interest Account of the Bond Fund), all as may be determined by a Series Supplemental Indenture. Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in the Indenture, Bonds of such series for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the Applicable Sinking Fund Account of the Bond Fund.

(d) Amounts in the applicable Redemption Account of the Bond Fund established with respect to a series of Bonds shall be applied, at the written direction of the Company, as promptly as practicable, to the redemption of such series of Bonds at prices not exceeding the redemption price thereof applicable on the earliest date upon which such Bonds are next subject to redemption plus in each case accrued interest to the date of redemption. Any amount in the applicable Redemption Account not so applied to the redemption of such series of Bonds by 30 days prior to the next date on which the Bonds are so redeemable shall be applied, subject to the provisions described in paragraph (a) above of this subheading, to the redemption of such series of Bonds on such redemption date; *provided* that if such amount aggregates less than $100,000, such amount need not be then applied to such redemption. Any amounts deposited in such applicable Redemption Account and not applied within 12 months of their date of deposit to the redemption of, or as described in paragraph (e) below of this subheading, the purchase of such series of Bonds (except if held in accordance with the Indenture) shall be transferred to the applicable Interest Account. Upon the redemption of any series of Bonds, an amount equal to the principal of such Bonds so redeemed or an amount of Bonds purchased by the Company and surrendered for cancellation as provided in the Indenture shall, in the order designated by the Company, be credited against the next ensuing and future Sinking Fund Installments, if any, for such series of Bonds until the full principal amount of such Bonds so redeemed or purchased shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Bonds of a series to be redeemed shall be selected by the Trustee (at the written direction of the Company) in the manner provided in the Indenture. Amounts in any applicable Redemption Account to be applied to the redemption of a series of Bonds shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the redemption price of such series of Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In lieu of the Bonds of a series being redeemed through a mandatory sinking fund redemption, the Company, on behalf of the Agency, may negotiate or arrange for the purchase of Bonds of such series by the Trustee on behalf of the Agency in such manner (through brokers or otherwise, and with or without receiving tenders) as it shall in its discretion determine. The

Company, on behalf of the Agency, shall cause such Bonds to be delivered to the Trustee for cancellation. The Trustee, upon presentation by the Company to the Trustee of Bonds of such series to be purchased accompanied by a written request of an Authorized Representative of the Agency (given at the written direction of the Company) to the Trustee requesting payment therefor, shall provide monies for payment of the purchase price for any such Bonds from the moneys deposited in the applicable Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the applicable Interest Account of the Bond Fund. Bonds so purchased and delivered shall be canceled by the Trustee.

(f) The Agency shall receive a credit in respect of sinking fund installments for any Bonds of a series which are subject to mandatory Sinking Fund Installment redemption and which are delivered by the Agency or the Company to the Trustee on or before the thirtieth day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the applicable Sinking Fund Installment Account) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment. Each Bond of a series so delivered, canceled or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Agency on such Sinking Fund Installment payment date with respect to such series of Bonds, and the principal amount of such series of Bonds to be redeemed by operation of the applicable Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited on future Sinking Fund Installments in direct chronological order, and the principal amount of such series of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Company shall on or before the thirtieth day next preceding each Sinking Fund Installment payment date furnish the Trustee with the certificate of an Authorized Representative of the Company indicating whether or not and to what extent the provisions described herein under "*—Application of Bond Fund*" are to be availed of with respect to such Sinking Fund Installment payment relating to a series of Bonds, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment relating to such series of Bonds and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment relating to such series of Bonds will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the applicable Redemption Account of the Bond Fund established with respect to a series of Bonds which are not set aside or deposited for the redemption or purchase of such series of Bonds shall be transferred by the Trustee to the applicable Interest Account, to the applicable Principal Account or to the applicable Sinking Fund Installment Account of the Bond Fund.

Payments into Rebate Fund; Application of Rebate Fund. The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, the Company or any Bondholder or any other Person.

Deposits into the Rebate Fund shall be made pursuant to the applicable Tax Certificate, the terms of which are incorporated by reference in the Indenture, and amounts on deposit in the Rebate Fund that are required to be paid to the United States Department of the Treasury pursuant to the Code shall be paid at the times and in the amounts set forth in or determined in accordance with the applicable Tax Certificate.

Investment of Funds and Accounts. Amounts in the Rebate Fund, Lease Payments Fund, Bond Fund, Project Fund, and Mortgage Reserve Fund may, if and only to the extent then permitted by law, be invested only in Qualified Investments (except any amounts held in any account established within the Bond Fund pursuant to the Indenture shall be invested solely in Government Obligations). Except for amounts held in the Mortgage Reserve Fund, any investment authorized in the Indenture and described herein is subject to the condition that no portion of the proceeds derived from the sale of any series of Bonds shall be used, directly or indirectly, in such manner as to cause any such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. Such investments shall be made by the Trustee only at the specific written request of an Authorized Representative of the Company. Any investment under the Indenture shall be made in accordance with the applicable Tax Certificate, and the Company shall so certify to the Trustee with each such investment direction as described below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund or Account in which such investment is held. Net income or gain received and collected from such investments shall be credited and losses charged to the applicable Fund or Account for which such investment shall have been made; *provided, however,* that such net income or gain shall be credited to (i) the applicable Interest Account of the Bond Fund with respect to the investment of amounts held in the applicable Interest Account, Principal Account, Redemption Account or Sinking Fund Installment Account of the Bond Fund and (ii) the applicable Construction Account of the Project Fund with respect to the investment of amounts held in such Construction Account until completion of the Project and the applicable Redemption Account of the Bond Fund with respect to investments in such Construction Account of the Project Fund subsequent to completion of the Project.

At the written request of the Company and at least ten days prior to each Interest Payment Date, the Trustee shall notify the Company of the amount of such net investment income or gain received and collected subsequent to the last such rental payment under the IDA Lease Agreement and the amount then available in the various Accounts of the Bond Fund and any amounts then available in the Lease Payments Fund.

Upon the written direction of an Authorized Representative of the Company, the Trustee shall sell at the best price obtainable by it, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture. As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Agency and the Company.

Neither the Trustee nor the Agency shall be liable for any loss, fee, tax or other charge arising from, or any depreciation in the value of, any obligations in which moneys of the Funds and Accounts shall be invested or in connection with any liquidation of an investment under the Indenture. The investments authorized by the Indenture and described herein shall at all times be subject to the provisions of applicable law, as amended from time to time. Qualified Investments shall be valued at the lesser of cost or market price, inclusive of accrued interest.

Mortgage Reserve Fund. There shall be established under the Indenture a separate Mortgage Reserve Fund within which there shall be created a Foreclosure Payment Account. On the date the Company delivers the executed Leasehold Mortgage to the Trustee pursuant to the provisions of the IDA Lease Agreement described herein in the penultimate paragraph under APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*," the Trustee shall deposit to the credit of the Foreclosure Payment Account, if any, from amounts provided by the Company an amount equal to the Foreclosure Payment Account Requirement.

In lieu of or in substitution for Bond proceeds or moneys required to be deposited into the Mortgage Reserve Fund the Company may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for all or any portion of the Foreclosure Payment Account Requirement for the benefit of the Holders of the Bonds; *provided* (i) that any such surety bond or insurance policy shall be issued by an insurance company or association reasonably consented to by the Agency and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category at the time such surety bond or insurance policy is issued by Moody's and S&P or, if the Bonds of such series are not rated by both Moody's and S&P, by whichever of said rating services that then rates such Bonds and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, 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 provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or 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, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in at least the second highest rating category by Moody's and S&P or, if the Bonds of such series are not rated by Moody's and S&P, by whichever of said rating services that then rates such Bonds.

Moneys, or any Reserve Fund Facility held in the Foreclosure Payment Account, shall be applied or drawn upon by the Trustee either (i) to pay the Port Authority any amounts due under Section 92 of the Lease (or any similar amounts to the City under the New City/American Lease)

or (ii) subsequent to a Notice of Termination, a Bonds Default or a Bankruptcy Event (as such terms are defined in Section 92 and herein under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Automatic Termination*" or any similar provision of the New City/American Lease), in the event that the Trustee determines that it is not in the best interest of the Owners of the Bonds to make the payments described in (i) above, or if the Trustee is so directed by Bondholders in accordance with the Indenture, amounts then held in the Foreclosure Payment Account may be used to pay debt service on the Bonds.

The Trustee shall be obligated to value the Foreclosure Payment Account on January 1 of each calendar year. If upon a valuation, the total amount of the moneys and the principal amount of investments held for the credit of the Foreclosure Payment Account is less than the Foreclosure Payment Account Requirement, the Trustee shall promptly notify the Agency and the Company of such deficiency, and the Agency shall cause the Company to deliver to the Trustee moneys or investments the value of which is sufficient to increase the amount on deposit in such Foreclosure Payment Account to an amount equal to the Foreclosure Payment Account Requirement.

Particular Covenants

Agency's Obligations Not to Create a Pecuniary Liability. Each and every covenant made in the Indenture, including all such covenants described in this paragraph and the two succeeding paragraphs, is predicated upon the condition that any obligation for the payment of money incurred by the Agency shall not create a debt of the State nor the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds and any other obligation for the payment of money incurred by the Agency under the Indenture shall not be payable out of any funds of the Agency other than those pledged therefor but shall be payable by the Agency solely from the amounts or Funds available to the Trustee, the amounts payable by the Company under the IDA Lease Agreement pledged to the payment thereof in the manner and to the extent in the Indenture, amounts payable to the Trustee as Secured Party under the Equipment Security Agreement and amounts payable to the Leasehold Mortgagee under the Leasehold Mortgage, and nothing in the Bonds, in the IDA Lease Agreement, in the Indenture, in the Equipment Security Agreement or in any other Security Documents shall be considered as pledging any other funds or assets of the Agency.

Payment of Principal and Interest. The Agency covenants that it will, from the sources contemplated under the Indenture, promptly pay or cause to be paid the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and interest on the Bonds, together with interest accrued to but not including the date of redemption, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, director, employee or agent thereof in his individual capacity, and no resort shall be had for the payment of the principal, redemption price, if applicable, Sinking Fund Installment, if applicable, purchase price of, or interest on the Bonds or for any claim based thereon or under

the Indenture against any such member, officer, director, employee or agent or against any natural person executing the Bonds. Neither the Bonds, the redemption price, if any, the Sinking Fund Installment, if any, or the purchase price thereof or interest thereon, shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Agency other than those pledged therefor. The Agency shall not be required under the Indenture or any other Security Documents to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the lease rentals, revenues and receipts, rental income and other moneys held or derived from or in connection with the Facility and payable by the Company under the IDA Lease Agreement as amended by any IDA Lease Amendment and pledged to the payment of the Bonds, and (iii) any income or gains therefrom.

Performance of Covenants; Authority. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and thereunder and in all proceedings pertaining to the Indenture or thereto. The Agency covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized by the Indenture and to execute the Indenture, to lease the Facility pursuant to the IDA Lease Agreement, to assign the IDA Lease Agreement, to pledge the lease rentals, revenues and receipts pledged under the Indenture in the manner and to the extent set forth therein; that all action on its part for the issuance of the Bonds of a series and the execution and delivery of the Master Indenture have been duly and effectively taken; and that each series of Bonds in the hands of the Holders thereof are and will be the valid and enforceable special obligations of the Agency according to the import thereof.

Events of Default; Remedies of Bondholders

Events of Default; Acceleration of Due Date. Each of the following events is defined as and shall constitute an "Event of Default" under the Indenture:

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable and if no Credit Facility is in effect with respect to such Bond, the continuation of such failure for five Business Days;

(2) Failure in the payment of the principal or redemption price, if any, of, or Sinking Fund Installment for, any Bond, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon and the continuation of such failure for five Business Days;

(3) Failure to duly and punctually pay the purchase price of any Bond tendered or deemed tendered for purchase pursuant to a Series Supplemental Indenture;

(4) Failure of the Agency to observe or perform any covenant, condition or agreement in any Bonds or under the Indenture on its part to be performed (except as

described in subparagraphs (1), (2) and (3) immediately above) and (A) continuance of such failure for a period of 60 days after receipt by the Agency and the Company of written notice specifying the nature of such default from the Trustee or the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such default the same can be remedied, but not within the said 60 days, the Agency or the Company fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same and the same shall not be cured within 360 days;

(5) The occurrence of an "Event of Default" under the IDA Lease Agreement or the occurrence of an event of default under the Company Guaranty, the AMR Guaranty or the Leasehold Mortgage;

(6) The occurrence of an Act of Bankruptcy; provided, that with respect to the filing of an involuntary petition in bankruptcy or other commencement of a bankruptcy or similar proceeding against the Company or AMR, such petition or proceeding shall remain undismissed or unstayed for 90 days;

(7) (A) The date of termination of the Port Authority Lease as set forth in the notice from the Port Authority to the Trustee pursuant to the Port Authority Lease to the effect that the Port Authority will terminate the Port Authority Lease pursuant to the provisions thereof or (B) the date of termination of the New City/American Lease as set forth in a notice from the City to the Trustee in accordance with the New City/American Lease to the effect that the City will terminate the New City/American Lease pursuant to the provisions thereof; *provided, however,* such termination of the New City/American Lease shall not result in an Event of Default under the Indenture if the Company is reinstated as or becomes tenant as described in the Port Authority Lease; or

(8) Receipt by the Leasehold Mortgagee of one or more Information Statements under the Port Authority Lease showing that said total unpaid amount exceeds $9,877,000 and failure of the Company to pay said amount in accordance with the provisions of the Port Authority Lease within 20 days after notice of the same from the Leasehold Mortgagee.

Upon the happening and continuance of an Event of Default described in subparagraphs (4), (5) or (8) above, the Trustee may, or at the direction of the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Agency, the Company and AMR) the Trustee shall, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of such Bonds contained to the contrary notwithstanding. Upon such declaration, the same shall become and be immediately due and payable, and the principal installments of rent payable under the IDA Lease Agreement (together with interest accrued thereon to the date of such declaration) shall also become and be immediately due and payable, and to the extent any Bonds in default are secured by a Credit Facility the Trustee shall promptly

draw on any Credit Facility then in effect with respect to such Bonds to the extent permitted by the terms thereof in an amount equal to the principal of, and accrued interest on, such Bonds.

Upon the happening of any Event of Default described in subparagraphs (1), (2), (3), or (7) above, the Trustee shall immediately declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Indenture or in any of such Bonds to the contrary notwithstanding. Upon such declaration, the same shall become and be immediately due and payable, and principal installments of rent payable under the IDA Lease Agreement (together with interest accrued thereon to the date of such declaration) shall become immediately due and payable, and to the extent any Bonds in default are secured by a Credit Facility the Trustee shall promptly draw on any Credit Facility then in effect with respect to such Bonds to the extent permitted by the terms thereof in an amount equal to the principal of, and accrued interest on, such Bonds. Upon the occurrence and continuance of an Event of Default described in subparagraph (7) above, the Agency or the Trustee shall terminate the IDA Lease Agreement, and all of the estate, right, title and interest therein granted or vested in the Company shall cease and terminate.

If there shall occur an Event of Default described in subparagraph (6) above, the unpaid principal of all the Bonds Outstanding and the interest accrued thereon (and all installments of rent under the IDA Lease Agreement) shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

The right of the Trustee or of the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid redemption price of the Bonds or principal portions thereof to be redeemed have been paid by or for the account of the Agency, and all other Events of Default with respect to such Bonds have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee shall either be paid by or for the account of the Agency or provision satisfactory to the Trustee shall be made for such payment, and all defaults with respect to the Bonds have been otherwise remedied as described in this heading, then in every such case any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon; *provided, however,* that if the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding shall have directed such declaration of acceleration, the Trustee shall not annul such declaration and its consequences without the prior consent of the Holders of greater than 50% in aggregate principal amount of the Bonds Outstanding.

Pursuant to the IDA Lease Agreement the Agency has granted to the Company full authority for the account of the Agency to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Company to constitute a default under the Indenture, in the name and stead of the Agency with full power to do any and all things and acts to the same extent that the Agency could do and perform any such things and acts with

power of substitution. The Trustee agrees to accept such performance by the Company as performance by the Agency.

Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default under the Indenture, *provided* that the Trustee has delivered the notice required thereby, then and in every case the Trustee may proceed, and upon the written request of the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Act, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Equipment Security Agreement and under any other of the Security Documents forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other of the Security Documents or in aid of the execution of any power granted in, but solely as provided in, the Indenture, the Leasehold Mortgage, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement or in any other of the Security Documents or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other of the Security Documents. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

In the enforcement of any right or remedy with respect to the Bonds under the Indenture, the Leasehold Mortgage, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement or any other of the Security Documents, the Bonds or under the Act, the Trustee shall be entitled to, and shall sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Agency or from the Company relating to interest, principal, purchase price, Sinking Fund Installments, redemption price, or otherwise, under any of the provisions of the Indenture, or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, the Leasehold Mortgage, the Equipment Security Agreement, the Company Guaranty, the AMR Guaranty or under any such other of the Security Documents and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Agency, but solely as provided in the Indenture, the Leasehold Mortgage, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Company, AMR, any of the other obligors under any other of the Security Documents, the Agency or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding, and in each case furnished with security and indemnity satisfactory to it, shall institute and maintain such suits and proceedings with respect to the Bonds as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement, the Leasehold Mortgage or under any other Security Documents by any acts which may be unlawful or in violation of the Indenture, the Equipment Security Agreement, the Company Guaranty, the AMR Guaranty, the Leasehold Mortgage or under any other of the Security Documents or of any resolution authorizing any Bonds, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; *provided* that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture.

No action taken pursuant to the provisions of the Indenture and described above shall be inconsistent or contrary to the terms and provisions of the Indenture described herein under "*—Limitation of Remedies*" below.

Application of Revenues and Other Moneys After Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, the Equipment Security Agreement, the Company Guaranty, the AMR Guaranty or the Leasehold Mortgage or under any other Security Documents shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited into the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to the Indenture, as follows:

Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - To the payment to the persons entitled thereto of all installments of interest then due on such Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal or redemption price, if any, of any of the Bonds which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the Bonds or principal installments due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon such Bonds and, if applicable, to the redemption price of the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

If the principal of all the Bonds and interest thereon shall have been declared due and payable, and if such declaration shall thereafter shall have been rescinded and annulled, then, subject to the provisions of the Indenture described in the immediately preceding paragraph which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of the Indenture described in the second preceding paragraph.

Notwithstanding the foregoing provisions, amounts drawn under any Credit Facility held with respect to a particular series of Bonds shall be applied solely to the payments of amounts due on such series of Bonds secured by such Credit Facility.

Whenever moneys are to be applied pursuant to the provisions of the Indenture and described under this heading, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; *provided, however,* that if the principal or redemption price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable as the result of an Event of Default, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Majority Bondowners Control Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings; *provided,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and *provided, further,* if a series of Bonds are secured by a Credit Facility, for so long as such applicable Credit Facility is outstanding and no default specified in the Indenture has occurred and is continuing with respect to such Bonds, the applicable Credit Facility Provider shall have the right to direct

all proceedings on behalf of the holders of the Bonds of such series secured thereby and to vote the Bonds of such series for all purposes under the Indenture.

Individual Bondowner Action Restricted. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provisions of the Indenture or any other Security Documents with respect to such Bond or the execution of any trust under the Indenture or for any remedy under the Indenture or any other Security Documents, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered the Trustee reasonable opportunity either to exercise the powers granted in the Indenture or such other Security Documents or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby (other than costs, expenses and liabilities relate to acceleration), and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of the Indenture, be for the equal benefit of all Holders of the Outstanding Bonds.

Nothing in the Indenture, in any other Security Document or in the Bonds contained shall affect or impair the right of any Bondholder to payment of the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and interest on any Bond at and after the maturity thereof, or the obligation of the Agency to pay the principal or redemption price, if applicable, Sinking Fund Installment, if applicable, purchase price of, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner expressed in the Indenture and in said Bonds.

Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Notice of Default. The Trustee shall promptly mail to the Agency, to the registered Holders of Bonds, to the Company and to AMR, by first class mail, postage prepaid, written notice of the occurrence of any (i) Event of Default with respect to the Bonds and (ii) the receipt by the Trustee as Leasehold Mortgagee of a Notice of Termination pursuant to and as defined in the Port Authority Lease as amended or any similar notice of termination of or default under the New City/American Lease or the Agreement Towards Entering Into a Lease. The Trustee shall

not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice described under this subheading.

Waivers of Default. The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration upon the written request of the Holders of greater than 50% in aggregate principal amount of all the Bonds then Outstanding; *provided, however,* that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal, purchase price or redemption price of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal, purchase price and redemption price with respect to such Bonds when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Limitation of Remedies. The Agency and the Trustee represent to and agree with the Port Authority that (a) the only right and interest that the Agency shall have in the Leased Facilities is to sublease the Leased Facilities to and from the Company and impose upon the Company the obligations set forth in the IDA Lease Agreement and (b) neither the Agency, nor the Bondholders, nor the Trustee (except as Leasehold Mortgagee under or pursuant to the Leasehold Mortgage) shall have any other interest in the Leased Facilities or the Port Authority Lease (including but not limited to, any rights to perform the rights or obligations of the Company under the Port Authority 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 Port Authority 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 Company, the Agency and the Trustee have represented to and agree with the Port Authority that neither they nor the Bondholders shall have any claim, interest, remedy, right or action against the Port Authority or the Leased Facilities or under the Port Authority 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 under or pursuant to the Leasehold Mortgage or Section 92).

Leasehold Mortgage and Section 92. In addition to and without limiting the foregoing, the Trustee and each Bondholder acknowledges and agrees under the Indenture that in the event there shall be a conflict between the provisions of the Leasehold Mortgage and Section 92, Section 92 shall govern.

Trustee and Paying Agents

The Trustee, in its capacity as the Trustee, the Paying Agent or the Bond Registrar, shall be under no obligation to institute any suit, or to take any remedial action under the Indenture (other than accelerating the Bonds when required by the Indenture), or under any other Security Documents or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Indenture or in the enforcement of any rights and powers under the Indenture, or under any other Security Documents, until it shall be indemnified to its satisfaction against any and all reasonable compensation for services, costs and expenses, outlays, and counsel fees and other disbursements, and against all liability not due to its willful misconduct or negligence; *provided, however,* that the Trustee shall nevertheless be obligated to make payments (from the sources specified in the Indenture) on the Bonds when due as provided in the Indenture or in a Series Supplemental Indenture, all at the times and in the manner specified therein.

Discharge of Indenture

Defeasance. Bonds of a series will be deemed paid for all purposes of the Indenture when (x) the interest rate or interest rates in effect with respect to such series of Bonds cannot by their terms and under the applicable Series Supplemental Indenture be adjusted prior to the date on which such series of Bonds are to be redeemed or their maturity date, if earlier, and such series of Bonds are not subject to optional tender for purchase prior to the date on which such Bonds are to be redeemed or their maturity date, if earlier, (y) payment of the principal of and the maximum amount of interest that may become due on such series of Bonds to the due date of such principal and interest, including all regularly scheduled interest payments (whether to maturity, upon redemption, acceleration or otherwise) either (i) has been made in accordance with the terms of such series of Bonds or (ii) has been provided for by depositing with the Trustee in an account held in the Bond Fund by the Trustee (1) moneys sufficient to make such payment and/or (2) noncallable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment without regard to the reinvestment thereof; and (z) all compensation and expenses of the Trustee (as well as the fees and expenses of its counsel) pertaining to the Bonds of such series have been paid or provided to the satisfaction of the Trustee. When a Bond of a series is deemed paid, it will no longer be secured by or entitled to the benefits of the Indenture except for payment from moneys or Government Obligations under clause (y)(ii) above and except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in the Indenture.

Notwithstanding the foregoing, no deposit under clause (y)(ii) above shall be deemed a payment of a Bond of a series until (A) notice of redemption of such Bond is given in accordance with the Indenture or in accordance with the applicable Series Supplemental Indenture or, if the Bond is not to be redeemed or paid within the next 60 days, until the Company has given the Trustee, in form satisfactory to the Trustee, (i) irrevocable instructions to notify, as soon as practicable, the holder of the Bond of such series, that the deposit required by clause (y)(ii) above has been made with the Trustee and that the Bond of such series is deemed to be paid under the Indenture and stating the maturity or redemption date upon which moneys are to be

available for the payment of the principal of the Bond of such series, and (ii) in the event the amounts deposited pursuant to (y)(ii) above are to be invested in Government Obligations, a report or opinion addressed to the Trustee of an independent certified public accountant or firm of independent certified public accountants satisfactory to the Trustee to the effect that such deposit is an amount sufficient to effect such payment; or (B) the maturity of the Bond of such series.

When all Outstanding Bonds are deemed paid as provided in the Indenture, and all fees and expenses and other amounts due and payable in respect thereof to the Trustee and the Agency under the Indenture and the IDA Lease Agreement and any other amounts required to be paid to the United States government in accordance with each applicable Tax Certificate or pursuant to the Indenture, shall be paid in full, then, subject to the paragraph below, the lien of the Leasehold Mortgage, the lien of the Equipment Security Agreement, the obligations of the Company under the Company Guaranty and of AMR under the AMR Guaranty, the pledge under the Indenture of any lease rentals, revenues or receipts payable by, or any guaranteed obligation of, the Company under the IDA Lease Agreement, and the estate and rights granted under the Indenture and all covenants, agreements and other obligations of the Agency to the Holders of all of the Bonds under the Indenture in respect of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided in the Indenture and described under this heading. At the time of such cessation, termination, discharge and satisfaction, in respect of all of the Bonds, (1) the Trustee shall cancel and discharge the lien of the Indenture and execute and deliver to the Company all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, (2) the Trustee and the Paying Agents shall pay over or deliver to the Agency for payment to the Company or on its order, as a rebate of rent, all moneys or securities held by them pursuant to the Indenture which are not required (i) for the payment of principal of, purchase price, redemption price, and Sinking Fund Installments, if any, of or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the United States government in accordance with any Tax Certificate or the Indenture and (3) the Trustee shall return each Guaranty to the respective Guarantor.

Prior to any defeasance of a series of Bonds becoming effective as described above, there shall have been delivered to the Agency and the Trustee an opinion of Bond Counsel, addressed to the Agency and the Trustee, to the effect that (i) interest on any Tax-Exempt Bonds of such series being discharged by such defeasance will not become includable in gross income for federal income tax purposes by reason of such defeasance and (ii) the Bonds of such series have been paid within the meaning and with the effect expressed in the Indenture.

No provision described under this heading, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds to tender such Bonds for purchase, exchange, register, discharge from registration or replace Bonds, nor limit the rights of the Trustee or the Paying Agents to compensation in accordance with its agreements theretofore existing, until such Bonds

shall have been paid in full. Bonds delivered to the Trustee for payment shall be canceled by the Trustee pursuant to the Indenture.

The Trustee shall hold in trust money and/or Government Obligations deposited with it and as described above under this heading and shall apply the deposited money and the money from the Government Obligations in accordance with the Indenture only to the payment of principal of, interest on, or purchase price of, the Bonds of such series defeased in accordance with the Indenture.

When the Bonds have been paid in full, the Trustee shall so notify the Company.

Amendments of Indenture

Supplemental Indentures Without Bondholders' Consent. The Agency and the Trustee may, from time to time and at any time, enter into amendments or supplements to the Indenture, including any Series Supplemental Indenture (a *"Supplemental Indenture"*), without consent of the Bondholders for any of the following purposes:

(1) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien thereof.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(3) To add to the covenants and agreements of the Agency in the Indenture other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of the Indenture as shall, in the opinion of Bond Counsel delivered to the Agency, be necessary to assure the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

(7) To authorize the issuance of a series of Additional Bonds and to prescribe the terms, forms and details thereof not consistent with the Indenture.

(8) To effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(9) To make any change not materially adversely affecting any Bondholder's rights to provide for or to implement the provisions of any Credit Facility with respect to a particular series of Bonds.

(10) With respect to any Bonds of a series entitled to the benefits of a Credit Facility, to make any change (other than changes permitted in paragraph (9) above) to provide for or to implement the provisions of such Credit Facility, only if the changes to the Indenture become effective on a purchase date on which the Bonds of such series are subject to mandatory tender for purchase.

(11) To evidence the succession of a new Trustee or the appointment by the Trustee or the Agency of a co-trustee.

(12) To make any change not materially adversely affecting any Bondholder's rights requested by the Rating Agency in order to secure or maintain a rating on the Bonds.

(13) To modify, amend or supplement the Indenture or any supplement thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute thereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(14) To modify or amend the provisions of the Indenture as shall, in the Opinion of Counsel, be necessary to conform the provisions of the Indenture to the New City/American Lease and/or the provisions of a leasehold mortgage of the Company's leasehold interest under the New City/American Lease.

Before the Agency and the Trustee shall enter into any Supplemental Indenture described above, there shall have been filed with the Trustee an Opinion of Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Agency in accordance with its terms.

Supplemental Indentures With Bondholders' Consent. Subject to the terms and provisions contained in the Indenture, the Holders of greater than 50% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the entering into by the Agency and the Trustee of any Supplemental Indenture with respect to the Bonds as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing contained in the Indenture shall permit, or be

construed as permitting, (i) a change in the times, amounts or currency of payment of the principal, redemption price, Sinking Fund Installments, purchase price of, or interest on any Outstanding Bond, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, a reduction in the principal amount of or the redemption price of any Outstanding Bond or the rate of interest thereon (except upon conversion), any extension of the time of payment thereof, a change in the mechanics for any interest rate determination method applicable to any Bond, or a change in the terms of the purchase, in any case without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of revenues or rental income from or in connection with the Facility and payable by the Company under the IDA Lease Agreement other than the lien or pledge created by the Indenture, the Equipment Security Agreement, and the Leasehold Mortgage, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms described in this paragraph, without, in the case of items (i) through and including (v) of this section, the written consent of 100% of the Holders of the Outstanding Bonds (*provided* that a change affecting less than all of Outstanding Bonds shall require the approval only of the Holders of the Outstanding Bonds so affected). For the purposes described in this paragraph, Bonds shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, such Bonds would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Agency and all Holders of such Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether such Bonds would be so affected by any such modification or amendment of the Indenture.

If at any time the Agency shall determine to enter into any Supplemental Indenture for any of the purposes described in the immediately preceding paragraph, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall be prepared by the Company and shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders. Any change affecting less than all Bonds shall require notice to only to the Holders of the Bonds so affected.

Subject to the terms and provisions contained in the Indenture, within one year after the date of such notice, the Agency and the Trustee may enter into such Supplemental Indentures in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of Holders of not less than a majority of or 100% of, as the case may be, the aggregate principal amount of the Bonds then Outstanding (*provided* that a change affecting less than all of the Outstanding Bonds shall require approval only of the Holders of Outstanding Bonds so affected) and (ii) an Opinion of Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Agency in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by

the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of such Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

Upon the execution of any Supplemental Indenture as described under this heading, the Indenture shall be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Indenture of the Agency, the Trustee and all Holders of the affected Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Rights of Company. Anything in the Indenture to the contrary notwithstanding, any Supplemental Indenture shall not become effective unless and until the Company shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Company.

Amendments of Related Transaction Documents

Amendments of Security Documents Not Requiring Consent of Bondholders. The Agency and the Trustee may consent, without the consent of or notice to the Bondholders, to any amendment, change or modification of any of the Security Documents (i) for the purpose of curing any ambiguity or formal defect or omission therein, (ii) which, in the judgment of the Trustee, based upon an opinion of Bond Counsel, is not materially to the prejudice of the Trustee, the Agency or the Holders of the Bonds, (iii) which, in the opinion of Bond Counsel delivered to the Agency, shall be necessary to assure the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (iv) which, in the Opinion of Counsel, shall be necessary to conform the provisions of such Security Documents to the New City/American Lease and/or the provisions of a leasehold mortgage of the Company's leasehold interest under the New City/American Lease. The Trustee shall have no liability to any Bondholder or any other person for any action taken by it in good faith as described in this paragraph.

Amendments of Security Documents Requiring Consent of Bondholders. Except as described in the immediately preceding paragraph, the Agency and the Trustee shall not consent to any amendment, change or modification of any of the Security Documents affecting any Bonds, without mailing of notice and the written approval or consent of the Holders of greater than 50% in aggregate principal amount of the Bonds at the time Outstanding given and procured as set forth in the Indenture; *provided, however,* there shall be no amendment, change or modification to (i) the obligation of the Company to make lease rental payments with respect to any Bonds under the IDA Lease Agreement, or (ii) the Company's or AMR's obligations under the Guaranties, without the prior written approval of the Holders of 100% in aggregate principal amount of all Bonds at the time Outstanding given and procured as provided in the Indenture. If

at any time an obligor to a Security Document shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall be prepared by the Agency or the Company and shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. For the purposes described in this paragraph, Bonds shall be deemed to be affected by a modification or amendment to a Security Document if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing described provisions, the Bonds would be affected by any modification or amendment to a Security Document and any such determination shall be binding and conclusive on the Agency and all Holders of the Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds would be so affected by any such modification or amendment to a Security Document.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES

The Company and AMR will execute separate Guaranties. Except as noted below, the Guaranties contain substantially the same terms and provisions. The following is a brief summary of certain provisions of the Guaranties and does not purport to be comprehensive or complete. Reference is made to the Guaranties for the complete provisions. As used in this Appendix E, the term "Guarantor" means American Airlines, Inc. or AMR Corporation, as applicable, as guarantor under its respective Guaranty.

Guaranty of the Bonds

Each Guarantor will execute and deliver to the Trustee its respective Guaranty, pursuant to which it will unconditionally guarantee to the Trustee for the benefit of the owners of the Bonds outstanding under the Indenture, including the Series 2002 Bonds: (a) the full and prompt payment of the principal, purchase price and premium, if any, on the Bonds when and as the same shall become due and payable, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise and (b) the full and prompt payment of interest on the Bonds and, to the extent permitted by law, interest on overdue interest and premium, when and as the same become due and payable. The obligations of each Guarantor under its Guaranty will be absolute, unconditional and immediately enforceable when each payment is due thereunder and will remain in full force and effect until such date as the Indenture is discharged and satisfied in accordance with the terms of the Indenture.

Assignment; Dissolution or Merger; Ability to Incur Debt

Under the AMR Guaranty, AMR may assign the AMR Guaranty to any Person. Except as provided in the immediately succeeding paragraph, no such assignment pursuant to the immediately preceding sentence will release AMR from any of its obligations under the AMR Guaranty unless 100% of the Holders of the Outstanding Bonds have consented to such release. The Company may not assign its obligations under the Company Guaranty; *provided* that the Company may assign the Company Guaranty to any Person to whom it assigns the Port Authority Lease in its entirety (by operation of law or otherwise) as provided in the Port Authority Lease (and described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Assignment and Sublease") or to whom it assigns the New City/American Lease in its entirety pursuant to the New City/American Lease. Consistent with the provisions of the AMR Guaranty, except as provided in the immediately succeeding paragraph, no assignment of the Company Guaranty pursuant to the immediately preceding sentence will release the Company from any of its obligations under the Company Guaranty unless 100% of the Holders of the Outstanding Bonds have consented to such release.

Each Guarantor agrees that during the term of its respective Guaranty it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity unless the surviving entity or transferee, as applicable, is a solvent corporation or other solvent entity and, concurrently with such transaction, irrevocably and unconditionally

assumes in writing, by means of an instrument which is delivered to the Agency and the Trustee, all of the obligations of such Guarantor under such Guaranty (unless such Guarantor is the survivor, in which case no such written assumption will be required). Upon any dissolution, disposition, merger or consolidation in accordance with the preceding sentence, the successor entity formed by such consolidation or into which such Guarantor is merged or to which such disposition is made will succeed to, and be substituted for, and will exercise every right and power of, such Guarantor under its respective Guaranty with the same effect as if such successor entity had been named as the Guarantor therein. Upon any dissolution or disposition in accordance with the next preceding sentence where the applicable Guarantor is not the surviving entity, such Guarantor shall automatically be released from all of its obligations under its respective Guaranty. Under the Company Guaranty, the provisions described in this paragraph are also subject to the requirement that the guarantor under the Company Guaranty must at all times be the Person that is the "Lessee" under the Port Authority Lease and the New City/American Lease.

The Guaranties do not contain any restriction on the ability of AMR or the Company to incur debt or, except as described in the preceding paragraph, to sell or otherwise transfer any portion of its assets.

Events of Default

The following constitute "Events of Default" under each Guaranty:

(a) the applicable Guarantor fails under such Guaranty to make any payment with respect to the principal or purchase price or premium, if any, on the Bonds;

(b) the applicable Guarantor fails under such Guaranty to make any payment with respect to interest on the Bonds and such default continues for five Business Days from the date such payment was due;

(c) the applicable Guarantor fails to observe and perform any other covenant in such Guaranty and such failure continues for more than 60 days after written notice of such failure (which shall be deemed given when delivered or when mailed by registered or certified mail) has been given to such Guarantor by the Trustee;

(d) Any warranty, representation or other statement by the applicable Guarantor contained in such Guaranty is false or misleading in any material respect as of the date made; or

(e) the dissolution or liquidation of the applicable Guarantor or the commencement by the applicable Guarantor of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; the entry of a decree or order for relief in respect of the applicable Guarantor by a court of competent jurisdiction in an involuntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the applicable Guarantor or for any substantial

part of its property and the failure of such decree, order or appointment to be discharged within 90 days after such decree, order or appointment; the assignment by the applicable Guarantor of all or substantially all its assets for the benefit of creditors or the entry by the applicable Guarantor into an agreement of composition with creditors; or the taking of any action by the applicable Guarantor in furtherance of the foregoing. The term "dissolution or liquidation of the applicable Guarantor" may not be construed to include cessation of the corporate existence of the applicable Guarantor resulting from either a merger or consolidation of the applicable Guarantor into or with another entity or dissolution or liquidation of the applicable Guarantor following a transfer of all or substantially all of its assets as an entirety under the conditions permitting such actions with respect to the applicable Guarantor contained in such Guaranty and described above under "—Assignment; Dissolution or Merger; Ability to Incur Debt."

Upon an Event of Default under a Guaranty, the Trustee will have the right to proceed first and directly against the applicable Guarantor under such Guaranty without resorting to any security held by the Agency or the Trustee under the Indenture.

Governing Law

Each Guaranty is governed by the laws of the State of Texas.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE

The following is a summary of certain provisions of the Port Authority Lease and does not purport to be comprehensive or complete. Reference is made to the Port Authority Lease for the complete provisions.

General

The Company has leased from the Port Authority, pursuant to the Port Authority Lease, the Premises on which the Facility is to be located at the Airport. The Port Authority Lease is subject to the Basic Agreement between the City and the Port Authority under which the City, the fee owner of the real property comprising the majority of the Airport and existing improvements thereon, has leased such real estate to the Port Authority. The current expiration date of the Basic Lease is December 31, 2015, subject to earlier termination in certain circumstances.

Redevelopment Work

The Company has agreed to submit to the Port Authority for its consent, the Company's comprehensive plan for the redevelopment of the Premises. The Company has agreed that its comprehensive plan for the Redevelopment Work will include, among other things (such Redevelopment Work includes construction work both on and off the Premises):

(a) A three (3) level main passenger terminal building and a two (2) level remote passenger terminal building consisting of approximately 1.9 million total square feet of floor space for both buildings.

(b) 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, together with all associated and related areas and facilities, including, without limitation, passenger boarding gate lounges; and

(c) Related mechanical areas, concession areas, utility conduits, fuel systems, roadways, aircraft ramp and apron areas, grading and landscaping and ground transportation systems.

All such Redevelopment Work, whether on or off the Premises, is at the Company's sole cost and expense and must be in conformance with the design criteria contained in the Port Authority Tenant Construction Review Manual, as the same may be amended from time to time.

All Redevelopment Work must be done in accordance with terms and conditions set forth in the Port Authority Lease which include, among other things, the following:

(a) The Company must assume the risk of loss or damage to all of the Redevelopment Work prior to its completion and the risk of loss or damage to all property of the Port Authority and others and the risk of personal injury and death to all people arising out of or in connection with the performance of the Redevelopment Work. In the event of such loss or damage, the Company is required to forthwith repair, replace and make good the Redevelopment Work and the property of the Port Authority without cost or expense to the Port Authority.

(b) The Company has advised the Port Authority that it intends to expend not less than Eight Hundred Fifty Million Dollars and No Cents ($850,000,000.00) with respect to the Redevelopment Work and shall complete the Redevelopment Work by December 22, 2007.

(c) Prior to entering into a contract for any part of the Redevelopment Work, the Company must submit to the Port Authority for its approval the names of the contractors to whom the Company proposes to award said contracts. The Port Authority has the right to disapprove any contractor who is unacceptable to it. The Company must include in all such contracts such provisions and conditions as the Port Authority reasonably requires.

(d) The Company must furnish or require its architect to furnish a full-time resident engineer during the construction period of the Redevelopment Work.

(e) The Company has agreed to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding their approval by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements.

(f) The Port Authority has the right, through its duly designated representatives, to inspect the Redevelopment Work and the plans and specifications relating to it, at any and all reasonable times during its progress and from time to time, in its discretion, to take samples and perform testing in any part of the Redevelopment Work.

(g) The Company must pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the Redevelopment Work, and must cause its contractors and subcontractors to pay all such claims lawfully made against them.

(h) The Company has agreed to procure and maintain insurance, including commercial general liability insurance, premises, operations, products liability, and builder's risk insurance.

(i) The Company has agreed that it will put into effect prior to the commencement of any of the Redevelopment Work an affirmative action program and minority business enterprise program and women-owned business enterprise program in accordance with the provisions of the Port Authority Lease.

In general, title to the Redevelopment Work passes to the City as the same or any part thereof is erected, constructed or installed and as the same becomes a part of the Premises. When the Redevelopment Work is substantially completed and ready for use, the Company must advise the Port Authority to such effect and shall deliver to the Port Authority a certificate signed by an authorized officer of the Company and also signed by the Company's licensed architect or engineer certifying that the Redevelopment Work has been constructed in accordance with the approved plans and specifications and the provisions of the Port Authority Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the Redevelopment Work will be inspected by the Port Authority and if it has been completed as certified by the Company and the Company's licensed architect or engineer, as aforesaid, a certificate to such effect shall be delivered to the Company, subject to the condition that all risks thereafter with respect to the construction and installation of the Redevelopment Work and any liability for negligence or other reason shall be borne by the Company. The Company must not use or permit the use of the Redevelopment Work for the purposes set forth in the Port Authority Lease until such certificate is received from the Port Authority, and the Company shall not use or permit the use of the Redevelopment Work or any portion thereof even if such certificate is received if the Port Authority states in any such certificate that the same cannot be used until other specified portions are completed.

Term

The expiration date of the Port Authority Lease is December 27, 2015, *provided, however,* that if there is any extension or replacement of the Basic Lease (*"Applicable Airport Lease Extension Agreement"*) then the expiration date is the date which is the first to occur of (A) the date prior to the date of expiration of the Applicable Airport Lease Extension Agreement, (B) December 21, 2036 and (C) the day immediately preceding the thirtieth (30th) anniversary of the Redevelopment Work Completion Date; *provided, however,* in the event there shall be a transfer of title to and ownership of the fee in the Airport to the Port Authority, the expiration date shall be the first to occur of (B) and (C). Notwithstanding the foregoing, in the event that the Required Conditions have not occurred prior to December 27, 2015, then the Port Authority Lease will automatically terminate without notice to the Company on December 27, 2015, notwithstanding any Applicable Airport Lease Extension Agreement.

Following execution of any Applicable Airport Lease Extension Agreement, the Port Authority may, at its option, tender to the Company a proposed supplement to the Port Authority Lease with such terms and provisions as the Port Authority deems appropriate. However, no such proposed supplement may change the location or size of the Premises or the rentals under the Port Authority Lease, except that the Port Authority may require the Company 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. If the Company does not execute such proposed supplement within twenty-five (25)

days, the Port Authority may terminate the Port Authority Lease as of the forty-sixth (46th) day after the original tender of such proposed supplement.

Rent

As of the effective date of the amended and restated Port Authority Lease on December 22, 2000, the Company agreed to pay the Port Authority ground rent and building rent equaling approximately $20,190,000 per year, such amount being subject to annual increases based upon a percentage of the percentage increase of the consumer price index.

In addition to general abatement provisions covering casualty and condemnation, the Company benefits from partial rent abatement of the existing buildings as it reaches the following investment targets in connection with the construction of the Project:

(i) For the period commencing on the date which is the later of (i) December 22, 2002 and (ii) the first of the month following the month that the Company's investment totals $283,333,050 through the date which is the later of (i) December 21, 2004 and (ii) the last day of the month during which the Company investment totals $566,666,100, the building rentals abate by 33.33%; and

(ii) For the period commencing on the date which is the later of (i) December 22, 2004 and (ii) the first of the month following the month that the Company's investment totals $566,666,100 through the date which is the earlier of the day preceding the (i) the first day of the month after all of the Required Conditions have been met (*"Building Rental End Date"*) and (ii) December 22, 2010, the building rentals abate by 66.66%;

provided however, if the Company does not complete construction of the new terminal and satisfy the Required Conditions by December 22, 2010, then the abatements described above will no longer be effective and the Company will have to pay the full amount of building rent until the Building Rental End Date, whenever that occurs.

The Company is obligated to pay *"Terminal Rental"* on the new terminal contemplated by the Project from and after the date which is the earlier of (1) December 22, 2031 and (2) the 25th anniversary of the Redevelopment Work Completion Date (*"Terminal Rental Commencement Date"*). On the Terminal Rental Commencement Date, the Port Authority will take a certain terminal rental rate (calculated as set forth in the Port Authority Lease) and multiply it by the number of square feet of interior space in the new terminal building, such calculated figure is hereafter referred to as the *"Terminal Rental"*. As of the Terminal Rental Commencement Date, the Company has agreed to pay 33.33% of the Terminal Rental, as adjusted annually by a percentage of the percentage increase of the consumer price index. The percentage of Terminal Rental payable by the Company gradually increases to 66.67% of the Terminal Rental over set adjustment periods until the Company is obligated to pay 100% of the Terminal Rental.

Termination by Port Authority

The Port Authority Lease is subject to earlier termination by the Port Authority in the event that:

(a) The Company becomes insolvent or takes the benefit of any present or future insolvency statute, or makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consents to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property; or

(b) By order or decree of a court, the Company is adjudged bankrupt or an order is made approving a petition filed by any of its creditors or by any of the stockholders of the Company, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or any state thereof, *provided* that if any such judgment or order is stayed or vacated within sixty (60) days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect; or

(c) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Company, and such possession or control shall continue in effect for a periodof sixty (60) days; or

(d) The Company voluntarily abandons, deserts or vacates the Premises or discontinues its operations at the Airport, or after exhausting or abandoning any right of further appeal, the Company, because of an act or omission of the Company, is prevented for a period of thirty (30) days by action of any governmental agency (other than the Port Authority) having jurisdiction thereof, from conducting its operations at the Airport; or

(e) Any lien is filed against the Premises because of any act or omission of the Company and is not discharged within thirty (30) days after the Company receives notice thereof; or

(f) Except as otherwise provided in the Port Authority Lease, the letting under the Port Authority Lease of the interest or estate of the Company under the Port Authority Lease is transferred directly by the Company or passes to or devolves upon, by operation of law or otherwise, any other person, firm or corporation; or

(g) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute is filed against the Company and is not dismissed within ninety (90) days after the filing thereof; or

(h) Except as otherwise provided in the Port Authority Lease, the Company, without the prior written approval of the Port Authority, becomes a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution (except that a merger or consolidation shall not be grounds for termination if the resulting corporation has a financial standing as of the date of the merger or consolidation at least as good as that of the Company by which is meant that its working capital, its ratio of current assets to current liabilities, its ratio of fixed assets to fixed liabilities and its net worth shall be at least as favorable as that of the Company); or

(i) The Company fails to pay the rentals or to make any other payment required under the Port Authority Lease when due to the Port Authority and continues in its failure to pay rentals or to make any other payments required under the Port Authority Lease for a period of twenty (20) days after receipt of notice by it from the Port Authority to make such payments; or

(j) The Company fails to keep, perform and observe each and every other promise, covenant and agreement set forth in the Port Authority Lease on its part to be kept, performed, or observed, within thirty (30) days after receipt of notice of default from the Port Authority (except where fulfillment of its obligation requires activity over a period of time, and the Company has 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); or

(k) The occurrence of a "change of control" (as defined in the Port Authority Lease) which either (i) results in a detectable decrease in the amount of, and a change in the nature of, the Company's scheduled passenger aircraft operations at the Airport or (ii) has the effect of causing the Port Authority Lease to become the only asset or a greater portion of the assets of the Company than prior to such "change in control."

The Port Authority Lease is subject to termination upon the expiration or termination of the Basic Lease.

The term of the Port Authority Lease is also subject to termination, resulting in the Company being deemed a hold-over tenant, on a month-to-month periodical basis, due to the occurrence of any of the following (referred to as *"Triggering Events"*):

(a) Failure by the Company to make payment as provided in two or more of the categories listed below:

(i) payment of monthly installments of rent to the Port Authority on the first day of each calendar month;

(ii) payment of all sums, including, without limitation, flight fees and fuel gallonage fees under the Company's general airport agreement, or otherwise, on or before the twentieth day of the following calendar month:

(iii) payment of all sums due to the Port Authority under the Port Authority Lease or otherwise, and outstanding for more than thirty (30) days, appearing on a statement of account rendered by the Port Authority to the Company.

(b) As a result of a default by the Company, other than a default arising due to compliance by the Company with any applicable law or directive or (*provided* that the Company has satisfied the Port Authority that it is reasonable to comply therewith) with any requirement, whether having the force of law or not, of any governmental or regulatory authority to which the Company is subject, unless such default results in the Company becoming bound to repay prematurely any of its indebtedness for borrowed moneys as described in (i) below (not being that in respect of which the default has occurred) and steps are taken to obtain repayment thereof:

(i) the Company becomes bound to repay prematurely any of its indebtedness for borrowed moneys having an outstanding aggregate principal amount of at least Twenty-five Million Dollars ($25,000,000) or its equivalent in any other currency or currencies (the "*Specified Amount*") and steps are taken to obtain repayment thereof; or

(ii) any such indebtedness having an outstanding aggregate principal amount of at least the Specified Amount or any guarantee or indemnity by the Company of any indebtedness of any Person for borrowed moneys having an outstanding aggregate principal amount of at least the Specified Amount is not, when due, paid by the latest of its due date, the expiry of any applicable grace period and (if payment is prevented by any applicable law) fifteen (15) days after the first date on which payment is permitted,

unless the Company satisfies the Port Authority that such acceleration, default or failure to pay is being contested in good faith by the Company or unless the Company demonstrates to the Port Authority that such acceleration, default or failure to pay has arisen from events other than those which would signify a deterioration in the Company's financial position or an inability to meet its financial obligations under such indebtedness; or

(c) a creditor takes possession of, or an administrative or other receiver is appointed for, the whole or a substantial part of the assets of the Company and such taking of possession or appointment is not released, discharged or canceled within sixty (60) days; or

(d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a substantial part of the assets of the Company and is not discharged, dismissed or stayed within sixty (60) days thereof; or

(e) the Company stops payment generally or is unable to pay its indebtedness generally as and when they fall due (otherwise than for the purposes of a solvent

reconstruction, amalgamation or merger the terms of which have previously been approved in writing by the Port Authority) or ceases or threatens to cease to carry on all or substantially all of its business; or

(f) the Company makes an assignment for the benefit of creditors generally or admits in writing its inability to pay its indebtedness generally as it becomes due or takes corporate action in furtherance of any such action.

Any such month-to month periodical tenancy is terminable by either the Port Authority or the Company in accordance with law. If four consecutive calendar quarters have elapsed after a Triggering Event has occurred during which time the Company is in occupancy of the Premises as month-to-month tenant, and during such period none of the Triggering Events have occurred or continue to occur, the Company is not in default in the payment of rental or any other provision of its month-to-month tenancy and neither the Port Authority nor the Company has terminated the month-to-month tenancy by notice to the other, then upon request by either party to the other, the Company and the Port Authority will enter into a supplementary agreement to be prepared by the Port Authority and to be promptly executed by the Port Authority or the Company which provides for the re-establishment of a tenancy between the Port Authority and the Company on a fixed term basis in accordance with all of the terms and provisions of the Port Authority Lease, and upon said execution the Port Authority Lease, as the same may theretofore have been supplemented, amended or extended, shall have the fixed term stated in the Port Authority Lease.

Reallocation of Gate Positions

The Port Authority is permitted to reallocate gate positions, as well as aircraft ramp and terminal facilities, leased to the Company under the Port Authority Lease to other airlines on six months' notice to the Company if the Company does not satisfy usage requirements set forth in the Port Authority Lease. The Company would be compensated by such other airlines for such a reallocation.

Termination by the Company

The Company may terminate the Port Authority Lease prior to its expiration if:

(a) the Company is prevented from operating its air transportation system to and from the Airport by reason of its inability to use a substantial part or all of the runways and taxiways (as defined in the Port Authority Lease):

(i) for a period of longer than thirty (30) consecutive days as a result of any condition of the Airport not due to the fault of the Company;

(ii) for a period of longer than ninety (90) consecutive days as a result of a permanent injunction issued by any court of competent jurisdiction;

(iii) for a period of longer than ninety (90) consecutive days as a result of any order, rule or regulation of the FAA or other governmental agency having jurisdiction over the operations of the Company with which the Company is unable to comply at reasonable cost or expense; or

(b) the Port Authority fails to perform any of its obligations under the Port Authority Lease within twenty (20) days after receipt of a notice of default thereunder from the Company (except where fulfillment of its obligation requires activity over a period of time, and the Port Authority has commenced to perform whatever may be required for fulfillment within twenty (20) days after receipt of notice and continues such performance without interruption, except for causes beyond the control of the Port Authority).

Assignment and Sublease

The Company has agreed that it will not sell, convey, transfer, mortgage, pledge or assign the Port Authority Lease or any part of the Premises, 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 the Port Authority Lease may be assigned in its entirety (by operation of law or otherwise) without such consent to any successor in interest of the Company which is or is to be a Scheduled Aircraft Operator satisfying the conditions set forth in the Port Authority Lease, and into which the Company merges or with which the Company consolidates, or which succeeds to the assets of the Company 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 Company has a Tangible Net Worth equal to at least 95% of that of the Company immediately preceding the merger, consolidation or assignment or (ii) the entity which then is the Company 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 Company'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 Company's Debt shall be used (together, the *"Financial Tests"*); or, in the event neither of the Financial Tests is satisfied, if the Company prior to the effectuation of such assignment submits to the Port Authority the Consent Security Deposit (as defined below). As used in the preceding sentence, the term "Tangible Net Worth" shall mean the difference between the Company's total assets and the sum of (i) the Company's intangible assets and (ii) the Company's total liabilities; the term "Debt" shall mean all obligations of the entity which then is the Company 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 Ratings Services, a division of the McGraw Hill Companies, Inc. and/or 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 the Port Authority Lease by the Port Authority; the term "Investment Grade" shall mean a Grade of "BBB-" or higher by Standard & Poor's Ratings 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.

In the event that the Company 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 Company 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 Company of the same and the Company shall submit the Consent Security Deposit (as defined below) 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*" shall mean an aggregate amount equal to (i) 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 Company 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 (i) 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 (ii) 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 Company 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 (ii) 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.

Leasehold Mortgage and Reletting Rights

Notwithstanding the provisions of the Port Authority Lease limiting assignments and transfers of the Premises, the Company has the right (exercisable one time only) to execute the Leasehold Mortgage and to date, execute and deliver the same in accordance with the Port Authority Lease. The Leasehold Mortgage may only mortgage the leasehold interest of the Company or of a permitted assignee in the permitted Premises under the Port Authority Lease; *provided, however*, that if an assignee is granting a Leasehold Mortgage, it must also have assumed all of the obligations of the Company under the Port Authority Consent and all of the obligations of the Company under the Company Guaranty to pay principal, interest, purchase

price and premium on the Bonds. The Leasehold Mortgage may only secure the obligations of (i) the Company (including permitted successors) under the Company Guaranty to pay principal, interest, purchase price and premium on the Bonds and (ii) AMR (including permitted successors) under the AMR Guaranty to pay principal, interest, purchase price and premium on the Bonds.

Reletting Rights Effective Date Conditions. The Leasehold Mortgage will not be effective, (i) the lien created by the Leasehold Mortgage will not attach, (ii) the Leasehold Mortgagee will have no rights under the Leasehold Mortgage, (iii) the Leasehold Mortgage will not be executed, dated, delivered or recorded and (iv) the Reletting Rights will not be exercisable, unless all of the following conditions (the "*Reletting Rights Effective Date Conditions*") are satisfied:

(a) the Port Authority shall have received from the Company certain certificates certifying that there has been substantial completion of the Redevelopment Work;

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

(c) the Company shall have received from the Port Authority its certificate certifying that there has been substantial completion of the Redevelopment Work;

(d) the Company shall have spent not less than Eight Hundred Fifty Million Dollars and No Cents ($850,000,000.00) of qualified costs for the Redevelopment Work and the Company shall have received from the Port Authority either (i) an Audit Confirmation Notice (as defined below) confirming such expenditure or (ii) a Reliance Notice (as defined below) stating that it will rely on the Company's statement that it has spent such amount; and

(e) the Port Authority shall have received from the Company a certificate signed by a responsible officer of the Company certifying that the Premises contain 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.

The Leasehold Mortgagee shall, at such time it deems appropriate following receipt of the Company's notice to the Leasehold Mortgagee that the Reletting Rights Effective Date Conditions have been satisfied, with the Leasehold Mortgage attached thereto, record or present for recording the Leasehold Mortgage in the appropriate filing office as required by and in compliance with all applicable law.

Any dating, execution, delivery or recording of the Leasehold Mortgage prior to the satisfaction of all of the Reletting Rights Effective Date Conditions or in violation or contravention of any of the terms, provisions, covenants and conditions of the Port Authority

Lease or the Port Authority Consent, including any recording of a form of the Leasehold Mortgage which is not the same as the form attached to the Port Authority Consent or any dating, executing, delivery or recording of the Leasehold Mortgage which is in violation of any term, covenant, condition, provision or representation in the Port Authority Lease or the Port Authority Consent (each a *"Wrongful Recording of the Leasehold Mortgage"*) will constitute a material breach of the Port Authority Lease by the Company and an event of default under the Port Authority Lease permitting the Port Authority to terminate the Port Authority Lease, in addition to any other rights or remedies the Port Authority may have, legal, equitable or otherwise, under the Port Authority Lease or otherwise; and any Wrongful Recording of the Leasehold Mortgage will not constitute the Leasehold Mortgagee as the leasehold mortgagee nor entitle the Leasehold Mortgagee to any of the Reletting Rights or rights thereunder or any other rights against the Port Authority Lease or the Premises or the Port Authority. The Company has agreed to cooperate with the Port Authority and promptly take any action requested or required by the Port Authority or required by applicable law to remove and discharge the Leasehold Mortgage and any lien created by such Wrongful Recording of the Leasehold Mortgage, including the execution and filing of all appropriate instruments; and the Company will ensure that its agreements with the Leasehold Mortgagee, including the Indenture and the Leasehold Mortgage, incorporate such provisions, including similar obligations of the Leasehold Mortgagee.

The right of the Port Authority to terminate the Port Authority Lease based on the Wrongful Recording of the Leasehold Mortgage will not be subject to the Reletting Rights of the Leasehold Mortgagee, and the Leasehold Mortgagee will not have any rights to cure such default by the Company.

For purposes of determining whether the Company has made an investment in the Redevelopment Work of not less than $850,000,000 to meet the Reletting Rights Effective Date Conditions, the Port Authority will within one year after it receives a certificate from the Company, not later than December 1, 2014, stating that it has spent at least $850,000,000 of qualified costs for the Redevelopment Work, send to the Company, with a copy to the Leasehold Mortgagee, a written notice that either (i) a Port Authority audit confirms an investment in the Redevelopment Work by the Company of not less than $850,000,000 (an *"Audit Confirmation Notice"*), or (ii) that the Port Authority audit does not confirm an investment in the Redevelopment Work by the Company of not less than $850,000,000 or (iii) that the Port Authority elects to rely on the Company's certificates as submitted by the Company to the Port Authority without completion of an audit (a *"Reliance Notice"*). If the Port Authority audit does not confirm an investment in the Redevelopment Work by the Company of not less than $850,000,000, the Company can submit additional certificates and the Port Authority will have a year from submission of any such certificates to confirm or disaffirm (or choose to rely on) such certificates.

Automatic Termination. The Leasehold Mortgage and the Reletting Rights will automatically terminate upon the earliest to occur of:

(a) the expiration, surrender or termination of the Basic Lease, *provided, however,* (but only if the Leasehold Mortgage or Reletting Rights have not terminated pursuant to the Port Authority Lease or because of any other reason) the Leasehold

Mortgage and Reletting Rights will not terminate solely by reason of the termination of the Basic Lease if the Fee Owner (as defined in the City Attornment Agreement) has become the lessor under the Port Authority Lease in accordance with the provisions of the City Attornment Agreement upon the termination of the Basic Lease, to the extent and for the period, if any, that Fee Owner is required pursuant to the terms of the City Attornment Agreement to recognize the Leasehold Mortgage and the Reletting Rights;

(b) the expiration, surrender or termination of the Port Authority Lease;

(c) the termination of the consent granted under the Port Authority Consent as to the Leasehold Mortgage;

(d) the termination, expiration or surrender (including, without limitation, discharge or release) of both of (i) the Company Guaranty (except that if payment obligations of the Company (including its permitted successors under the Company Guaranty) thereunder with respect to the payment of principal, interest, purchase price and 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 under the AMR Guarantor) thereunder with respect to the payment of principal, interest, purchase price and premium on the Bonds remain outstanding and unpaid, then upon the date when there are no such obligations remaining outstanding and unpaid);

(e) the date on which no Bonds are Outstanding;

(f) the expiration of the Reletting Election Period without the Leasehold Mortgagee exercising such Reletting Rights;

(g) the date of any written notice given by the Leasehold Mortgagee stating that it will not exercise its Reletting Rights;

(h) the effective date of the letting of the Premises under the Port Authority Lease to a Qualifying Replacement Tenant;

(i) the effective date of a Lease Assignment/Assumption and Consent Agreement; and

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

The Leasehold Mortgagee may not assign or transfer the Leasehold Mortgage to any person other than a successor trustee. Each successor trustee will be obligated to hold the Leasehold Mortgage subject to all the terms and provisions of the relevant section of the Port Authority Lease as if it were the original Leasehold Mortgagee. The rights of the Leasehold Mortgagee, as leasehold mortgagee, are as specified in the Leasehold Mortgage and the Port

Authority Lease and are subject to, controlled by and dependent upon the terms, covenants, conditions and provisions set forth in the Port Authority Lease and the Port Authority Consent.

Until the Leasehold Mortgage has terminated, without the prior written consent of the Leasehold Mortgagee, (a) no amendment may be made to the provisions of the Port Authority Lease concerning Reletting Rights; and (b) no amendment may be made to the Port Authority Lease that only affects a Qualifying Replacement Tenant, without affecting the Company.

Neither a Qualifying Replacement Tenant nor any other person purchasing or succeeding to the leasehold under the Port Authority Lease has any right to pledge or mortgage the leasehold under the Port Authority Lease or any portion of the Premises.

Election to Exercise Reletting Rights. On and after the Reletting Rights Effective Date, the Port Authority will send to the Leasehold Mortgagee a copy of each notice of default given under the Port Authority Lease at the same time as such notice is sent to the Company. The Leasehold Mortgagee may cure any default with respect to the Premises as if, and with the same force and effect, as though cured by the Company. However, the Port Authority is not required to deliver to the Leasehold Mortgagee any notice of termination based on a Wrongful Recording of the Leasehold Mortgage and the Leasehold Mortgagee has no rights to cure a Wrongful Recording of the Leasehold Mortgage.

If on or after the Reletting Rights Effective Date the Port Authority elects to terminate the letting of the Premises under the Port Authority Lease, then, except as otherwise provided in the Port Authority Lease with respect to a Wrongful Recording of the Leasehold Mortgage, the Port Authority shall at the same time send a copy of the written notice of such termination (the *"Notice of Termination"*) to the Leasehold Mortgagee (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 date must not be before the 30th day following the Notice of Termination Service Date, subject to extension as provided in the Port Authority Lease. The serving of the Notice of Termination on the Leasehold Mortgagee shall trigger the Reletting Rights and the period during which the Leasehold Mortgagee must elect whether to exercise the Reletting Rights (the *"Reletting Election Period"*) unless the Leasehold Mortgagee has previously exercised its Reletting Rights based on a Bonds Default or a Bankruptcy Rejection Date.

The Leasehold Mortgagee has the right to extend the Reletting Election Period for two additional 30-day periods beyond the original Notice of Termination Effective Date, but only if the Leasehold Mortgage pays to the Port Authority the extension fees provided in the Port Authority Lease and described below. Under certain circumstances the Reletting Election Period will be deemed to commence on a date other than the Notice of Termination Service Date. Upon the occurrence of a Bonds Default (as defined below), the Reletting Election Period shall be deemed to commence on the date of such Bonds Default and, upon the occurrence of a Company Bankruptcy (as defined below), the Reletting Election Period shall be deemed to commence on the Bankruptcy Rejection Date (as defined below). Prior to the end of the Reletting Election Period, the Leasehold Mortgagee must affirmatively elect whether it will exercise its Reletting

Rights or its right to foreclose on the Leasehold Mortgage or have the Port Authority Lease assigned to a Qualifying Replacement Tenant.

A *"Bonds Default"* is defined as 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 Leasehold Mortgagee, despite the payment of any such amounts to the Leasehold Mortgagee, then such event of default shall not be a Bonds Default.

A *"Bankruptcy Rejection Date"* is defined as the later of (x) the date set forth in the order of the relevant bankruptcy court as the effective date of the rejection by the Company (or deemed rejection) of the Port Authority Lease and (y) the actual date of such order by the relevant bankruptcy court.

Foreclosure Obligations. The Foreclosure Period will commence upon the delivery by the Leasehold Mortgagee to the Port Authority of the Reletting Election Notice and the payment of the amounts described below, and will continue for up to 270 days thereafter, but is extendable to up to an aggregate total maximum period of 720 days (subject to certain provisions which toll the running of the Foreclosure Period) under certain circumstances and upon meeting certain conditions and paying certain amounts as described below. The Leasehold Mortgage sets out the Reletting Rights of the Leasehold Mortgagee under the Leasehold Mortgage to obtain a Qualifying Replacement Tenant during the Foreclosure Period.

The Leasehold Mortgagee must pay, as a condition to the commencement of the Foreclosure Period, the following: (the *"Leasehold Mortgagee's Foreclosure Period Obligations"*) during the Foreclosure Period:

(a) All amounts due and owing to the Port Authority under the Port Authority Lease which have accrued for any and all periods up to the actual date of 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 the Port Authority Lease (the *"Reletting Election Notice Service Date"*).

(b) All amounts due and owing by the Company 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 Company or the Leasehold Mortgagee prior to the commencement of the Foreclosure Period.

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 other payments due to the Port Authority), the Leasehold Mortgagee must 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 the Port Authority 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 the Company:

(a) All amounts due and owing to the Port Authority under the Port Authority Lease on a current basis as the same become due and payable to the Port Authority under the Port Authority Lease commencing as of the first day of the Foreclosure Period.

(b) All amounts due and owing to the Port Authority by the Company 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 Company or the Leasehold Mortgagee.

At all times during the Foreclosure Period, the Leasehold Mortgagee will use all reasonable efforts to preserve the value of the Premises until the Leasehold Mortgagee has possession of the Premises under the Port Authority Lease, and thereafter shall fulfill all obligations under the Port Authority Lease with respect to the preservation of the Premises. Immediately upon the commencement of the Foreclosure Period, the Leasehold Mortgagee will use commercially reasonable efforts to obtain a Qualifying Replacement Tenant for the Premises for the balance of the term under the Port Authority Lease or such lesser term as it proposes to lease, subject to the consent of the Port Authority.

Upon any commencement of the Foreclosure Period, the Leasehold Mortgagee will (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 Company fails to vacate the Premises, seek eviction of the Company therefrom; *provided* that in the event the Leasehold Mortgagee continues diligently to continue and complete the foreclosure proceedings (including the eviction of the Company) and, through no fault of its own, is unable to complete foreclosure proceedings by the ninetieth (90th) day from the initial commencement of the Foreclosure Period, then, *provided* that not less than five days prior to the expiration of such initial 90-day period the Leasehold Mortgagee gives written notice to the Port Authority, the initial Foreclosure Period shall be deemed extended for up to an additional ninety (90) days and shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 180th day from the initial commencement of the Foreclosure Period; *subject, however*, to the further condition that during the 91st to 180th days of the Foreclosure Period the Leasehold Mortgagee performs and pays 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.

Extensions of Foreclosure Period. In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose upon the Leasehold Mortgage (including the eviction of the Company), and the Leasehold Mortgagee, through no fault of its own, is unable to complete foreclosure proceedings by the 180th day from the commencement of the Foreclosure Period, then, *provided* that not less than five days prior to the expiration of such 180-day period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for up to an additional 90 days and shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) 270th day from the initial commencement of the Foreclosure Period; *subject, however,* to the following further conditions:

(a) that during the 181st to 270th days of the Foreclosure Period, the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there has been no subsequent Notice of Termination Service Date or Bankruptcy Rejection Date (a "*Subsequent Non-Bonds Default*"), the Leasehold Mortgagee shall pay to the Port Authority for the 181st to 270th day period a Foreclosure Period Extension Fee in the amount of $8,090,000, payable in installments and subject to proration.

Unless each of the following conditions is satisfied prior to the 270th day of the Foreclosure Period, there shall be no further extension of the Foreclosure Period beyond the 270th day: (i) the Leasehold Mortgagee has previously identified and proposed to the Port Authority a proposed Qualifying Replacement Tenant pursuant to and in accordance with the terms and provisions of the Port Authority Lease, (ii) such proposed Qualifying Replacement Tenant meets all of the requirements for being approved, as determined by, and to the satisfaction of, the Port Authority, and (iii) such proposed Qualifying Replacement Tenant, the Leasehold Mortgagee, the Company and the Port Authority have executed the Lease Assignment/Assumption and Consent Agreement subject to, and under which, such proposed Qualifying Replacement Tenant will become the Qualifying Replacement Tenant, commencing 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). 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.

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Company from the Premises and the Leasehold Mortgagee, through no fault of its own, was unable to complete foreclosure proceedings by 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 days prior to the expiration of such 270-day

period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for up to an additional 90 days and shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 360th day from the commencement of the Foreclosure Period; *subject, however*, to the following further conditions:

(a) that during the 271st to 360th day extension of the Foreclosure Period, the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there has been no Subsequent Non-Bonds Default, the Leasehold Mortgagee pays to the Port Authority for the 271st to 360th day extension a Foreclosure Period Extension Fee in the amount of $8,090,000, payable in installments and subject to proration.

In the event the Leasehold Mortgage, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Company from the Premises and the Leasehold Mortgagee, through no fault of its own, was unable to complete foreclosure proceedings by 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 days prior to the expiration of such 360-day period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for an additional period which shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 540th day from the initial commencement of the Foreclosure Period; *subject, however*, to the following further conditions:

(a) that during the 361st to 540th day extension of the Foreclosure Period, the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there has been no Subsequent Non-Bonds Default, the Leasehold Mortgagee pays to the Port Authority for the 361st to 540th day extension a Foreclosure Period Extension Fee in the amount of $32,361,000, payable in installments and subject to proration.

In the event the Leasehold Mortgage, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Company from the Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete foreclosure proceedings by the 540th 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 days prior to the expiration of such 540-day period the

Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for a final period which shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 720th day from the initial commencement of the Foreclosure Period; *subject, however*, to the following further conditions:

(a) that during the 541st to 720th day extension of the Foreclosure Period the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there is no Subsequent Non-Bonds Default, the Leasehold Mortgagee pays to the Port Authority for the 541st to 720th day extension a Foreclosure Period Extension Fee in the amount of $48,541,000, payable in installments and subject to proration.

In the event that the Foreclosure Period initially commences as a result solely of a Bonds Default, the Foreclosure Period Extension Fees will not be payable unless and until there occurs a Subsequent Non-Bonds Default. 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 commences as follows: (i) if the Subsequent Non-Bonds Default occurs during the initial 90 days of the Foreclosure Period the actual date of said Subsequent Non-Bonds Default will be treated as the first day of the Foreclosure Period and the Foreclosure Period Extension Fees commence on the 181st day following the Subsequent Non-Bonds Default at the rate applicable on the 181st day thereof; and (ii) if such Subsequent Non-Bonds Default occurs after the 90th day of the Foreclosure Period, the 90th day of the Foreclosure Period will be treated as the first day of the Foreclosure Period and the Foreclosure Period Extension Fees will, 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 rate applicable on the 181st day thereof; and where the Subsequent Non-Bonds Default occurs between the 271st and the 720th days of the Foreclosure Period the Foreclosure Period Extension Fees will commence on the actual date of the Subsequent Non-Bonds Default at the 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 installment rate set forth above for (the 181st-270th day period); 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 would 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 installment rate applicable on the 181st day as set forth above (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 installment rates applicable to the 271st to 360th day period, the 361st to 540th day period and the 541st to 720th day period.

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 installment rate set forth above for the 181st-270th period 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 installment rates applicable to the 271st to 360th day period, the 361st to 540th day period and the 541st to 720th day period; 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 would 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 installment rate which would be in effect on the 510th day at 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 applicable to the 361st to 540th day period and the 541st to 720th day period.

The failure of the Leasehold Mortgage 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. 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. 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 Mortgagee 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.

If the Foreclosure Period is terminated or expires and the Leasehold Mortgagee has failed to obtain a Qualifying Replacement Tenant for the Premises in accordance with the Port Authority Lease, the Reletting Rights and the Leasehold Mortgagee shall terminate automatically

and the Leasehold Mortgage 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 Premises and the Port Authority Lease with respect to the Premises shall be deemed terminated effective immediately on such expiration of the Foreclosure Period in accordance with the Port Authority Lease. The Port Authority, in addition to pursuing any or all of its rights and remedies under the Port Authority Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Premises free of any claim, right or interest of the Company, the Leasehold Mortgagee, the IDA or the Bondholders.

In the event of the occurrence of either the filing by the Company of a voluntary petition under the United States Bankruptcy Code or the filing of an involuntary petition against the Company under the United States Bankruptcy Code, and the pendency of proceedings pursuant thereto (a *"Company Bankruptcy"*), the Port Authority Lease provides for suspension of the Foreclosure Period.

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 the Port Authority Lease, the Port Authority Lease and the letting of the Premises shall be deemed terminated, 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 Premises free of any claim, right or interest of the Company or the Leasehold Mortgage.

Qualifying Replacement Tenant. No entity, party or person other than a Qualifying Replacement Tenant will be entitled to become the owner of or acquire any interest in the Port Authority 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 a Qualifying Replacement Tenant (a *"Proposed Replacement Tenant"*) will become a Qualifying Replacement Tenant only if the Leasehold Mortgagee duly exercises its Reletting Rights. In determining whether to approve or disapprove a Proposed Replacement Tenant, the Port Authority will consider all relevant factors, including but not limited to, the following factors, but the Port Authority has agreed to analyze all such factors in a reasonable manner:

(a) whether the Proposed Replacement Tenant will be able to fulfill all of the Company's obligations under the Port Authority Lease with respect to the Premises throughout the balance of the term of the letting or such lesser term as it proposes to lease;

(b) whether the financial standing of the Proposed Replacement Tenant as of the effective date of its acquisition of the leasehold under the Port Authority Lease is sufficient, in the opinion of the Port Authority, to assure the Port Authority that the Proposed Replacement Tenant will be able to fulfill all of the Company's obligations with respect to the Premises under the Port Authority Lease throughout the balance of the term of the letting of the Premises or such lesser term as it proposes to lease (which

determination may require the submission to the Port Authority of such security or guaranty in such form and amount as the Port Authority may find satisfactory and submission of such financial statements and other financial information as the Port Authority may require);

(c) whether the Proposed Replacement Tenant and any officer, director or partner thereof and any person, firm or corporation having an outright or beneficial interest in 20% or more of the monies invested in the Proposed Replacement Tenant, if said Proposed Replacement Tenant is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest (a *"Related Person"*) 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 is not 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

(d) whether the Port Authority has had any Unfavorable Experience (as defined below) with the Proposed Replacement Tenant, or any Related Person. *"Unfavorable Experience"* means any one or more of the following: (A) a material default by such Proposed Replacement Tenant or any such Related Person of any obligation (monetary or non-monetary) to the Port Authority; (B) any assertion made by such Proposed Replacement Tenant or any such Related Person 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 such Proposed Replacement Tenant or any such Related Person 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 such Proposed Replacement Tenant or any such Related Person 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 such Proposed Replacement Tenant or any such Related Person; or (F) any breach by such Proposed Replacement Tenant or any such Related Person of any fiduciary obligation, trust, confidence or other duty to the Port Authority or of any confidentiality agreement with the Port Authority;

(e) whether the Proposed Replacement Tenant or any Related Person 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 assignment; and

(f) whether the Proposed Replacement Tenant or any Related Person has filed a voluntary petition in bankruptcy or has been adjudicated a bankrupt within five (5) years prior to the date of the proposed assignment.

The Proposed Replacement Tenant 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 Port Authority Lease. The Proposed Replacement Tenant must use and occupy the Premises for the purposes set forth in the Port Authority Lease and agree in the Lease Assignment/Assumption and Consent Agreement to use and occupy the Premises in accordance with all of the terms and conditions of the Port Authority Lease.

No Proposed Replacement Tenant shall become a Qualifying Replacement Tenant, or have any right to possess, use or occupy the 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 Replacement Tenant, effective on a date prior to or simultaneously with the expiration of the Foreclosure Period, assumes the obligations of the Company as if it were the original tenant under the Port Authority Lease, has been executed by the Port Authority, the Company (except in the case of an assumption agreement, in the event of a foreclosure, in which case the signature of the Company shall not be required), the Proposed Replacement Tenant and the Leasehold Mortgagee (said fully executed agreement in either case, the *"Lease Assignment/Assumption and Consent Agreement"*).

In addition, no Port Authority consent will be granted to any Qualifying Replacement Tenant and no Proposed Replacement Tenant or any other entity, person or party shall become a Qualifying Replacement Tenant until either (i) the Leasehold Mortgagee or the Proposed Replacement Tenant has paid to the Port Authority in a single lump sum payment the full amount of the Deferred Reletting Fee, or (ii) at the election of the Qualifying Replacement Tenant, in lieu of such single lump sum payment, the Qualifying Replacement Tenant has agreed to pay the Deferred Reletting Fee over time as additional rental, commencing as of the commencement date of the Lease Assignment/Assumption and Consent Agreement (the *"Lease Assignment/ Assumption Commencement Date"*).

The Deferred Reletting Fee is the amount derived by the following formula:

$$DRF = MA \times Y \times C$$

Where *"DRF"* is the Deferred Reletting Fee.

"*MA*" is an amount equal to the lesser of (i) the principal amount of Bonds issued (without taking into account any prepayments, redemptions or refundings) and (ii) $2,300,000,000.

"Y" is a fraction the numerator of which is the greater of (a) the number of full years remaining during the term of the Port Authority Lease as of the Reletting Election Notice Service Date and (b) five, and the denominator of which is the number of years between the closing date of the sale of the Series 2002 Bonds and the earlier of (x) the day preceding the 30th anniversary of the Redevelopment Work Completion Date and (y) December 21, 2036.

"X" is (i) 2% if the Foreclosure Period commenced because of a Bonds Default and no subsequent lease termination or Bankruptcy Rejection Date occurred during the Foreclosure

Period, (ii) 3% if the Foreclosure Period commenced because of a termination of the Port Authority Lease or a Bankruptcy Rejection Date, and no Bonds Default subsequently occurred, or (iii) 4% if the Foreclosure Period commenced because of a Bonds Default and a termination of the Port Authority Lease or Bankruptcy Rejection Date subsequently occurred, or if the Foreclosure Period commenced because of a termination of the Port Authority Lease or Bankruptcy Rejection Date and a Bonds Default subsequently occurred.

Port Authority Right to Terminate Leasehold Mortgage. The Leasehold Mortgagee may not foreclose its Leasehold Mortgage or have the Company'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 has given the Port Authority written notice of its intention to foreclose or to have the Port Authority Lease assigned with respect to the Premises. Such notice is to 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 has the right following the giving of such notice by the Leasehold Mortgagee, to terminate the Leasehold Mortgage and thus prevent foreclosure of the Leasehold Mortgage by paying to the Trustee an amount equal to the principal amount of the Bonds outstanding, including per diem interest to the date of purchase.

Insurance

The Company has agreed to keep insured, to the replacement value thereof, all buildings, structures, improvements, installments, facilities and fixtures now or in the future located on the Premises against all risks of physical loss or damage (including flood and earthquake risks), to the extent set forth in the Port Authority Lease.

Damage to or Destruction of the Premises

If all, or any part of, the Premises is damaged by fire, the elements, the public enemy or other casualty, the Company has agreed to promptly remove all debris resulting from such damage from the Premises, and to the extent, if any, that the removal of debris under such circumstances is covered by insurance, such insurance proceeds will be made available to the Company and the Company will use such proceeds for such purpose.

If all, or any part of, the Premises is damaged by fire, the elements, the public enemy or other casualty, but not rendered untenantable or unusable for a period of ninety (90) days, the Company has agreed to repair the Premises with due diligence in accordance with the plans and specifications for the Premises as they existed prior to such damage by and at the expense of the Company and if such damage is covered by insurance the proceeds of such insurance will be made available to and be used by the Company for such repair.

If all, or any part of, the Premises is destroyed or so damaged by fire, the elements, the public enemy or other casualty as to be untenantable or unusable for a period of ninety (90) days, or if within ninety (90) days after such damage or destruction the Company notifies the Port Authority in writing that in its opinion said Premises will be untenantable or unusable for a

period of ninety (90) days, then the Company shall proceed with due diligence to make the necessary repairs or replacements to restore such Premises in accordance with the plans and specifications for the Premises as the same existed prior to such damage or destruction; or, with the approval of the Port Authority, make such other repairs, replacements or changes as may be desired by the Company. If such destruction or damage was covered by insurance, the proceeds of such insurance shall be made available to and used by the Company for such restoration.

The obligation of the Company to repair or replace shall be limited to the amount of the insurance proceeds, *provided* the Company has carried insurance to the extent and in accordance with the Port Authority Lease. Any excess of the proceeds of insurance over the costs of the restoration shall be retained by the Port Authority.

Indemnity and Liability Insurance

The Company has agreed to indemnify, and hold harmless, the Port Authority, its commissioners, officers, employees and representatives, from and against all claims and demands of third persons (including reimbursement of the Port Authority's costs and expenses, including legal expenses) including, but not limited to, claims and demands for death or personal injuries, or for property damages, arising out of a breach or default of any term or provision of the Port Authority Lease, or out of the use or occupancy of the Premises by the Company or by others with its consent, or out of any other acts or omissions of the Company, its officers, employees, guests, representatives, customers, contractors, invitees or business visitors on the Premises, or arising out of the acts or omissions of the Company, its officers and employees elsewhere at the Airport (excepting only claims and demands arising from the sole negligence of the Port Authority), including claims and demands of the City from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the City.

The Company has agreed to maintain commercial general liability insurance, including premises-operations, products, completed operations, liquor liability and covering bodily injury, including death, and property damage liability, broadened to include, or equivalent separate policies covering, aircraft liability; commercial automobile liability insurance covering owned, non-owned and hired vehicles, environmental impairment liability insurance covering both gradual and sudden and accidental occurrences; and other liability insurance coverage, all with minimum limits, endorsements, limits on exclusions and other requirements as set forth in the Port Authority Lease.

Condemnation

Upon the acquisition by condemnation or the exercise of the power of eminent domain by any entity having a superior power of eminent domain of a permanent interest in all or any part of the Premises or of a permanent interest in all or any part of the public landing area, the Port Authority has agreed to purchase from the Company, and the Company has agreed to sell to the Port Authority, the Company's leasehold interest (excluding personal property) in the Premises, except that in the event of such an acquisition of less than all of the Premises, the Port Authority has agreed to purchase and the Company will be required to sell only so much of the Company's

leasehold interest in the Premises as so acquired. The consideration to be paid by the Port Authority to the Company will be an amount equal to the unamortized redevelopment investment, if any, of the Company in the Premises or, in the event of an acquisition of a portion of the Premises, an amount equal to the unamortized redevelopment investment, if any, of the Company in the acquired Premises.

Remedies

The Company's obligations under the Port Authority Lease will survive a termination, cancellation or re-entry by the Port Authority and will remain in full force and effect for the full term of, or the letting under, the Port Authority Lease and the amount of damages or deficiency owed by the Company to the Port Authority are to the same extent, at the same time and in the same manner as if no termination, cancellation, or re-entry had occurred. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or, at its option and at any time, may sue to recover the full deficiency less the proper discount, for the entire unexpired term.

The Port Authority, upon termination, cancellation or re-entry, may occupy the Premises or may relet the Premises, and has the right to permit any persons, firm or corporation to enter and use the Premises. Such reletting may be of only a part of the Premises or a part of the Premises together with other space, and for a period of time the same as or different from the balance of the term remaining under the Port Authority Lease and on terms and conditions the same as or different from those set forth in the Port Authority Lease. The Port Authority, upon termination, cancellation or re-entry, has the right to repair or to make structural or other changes in the Premises, including changes which alter the character of the Premises and the suitability of the Premises for the Company's purposes under the Port Authority Lease, without affecting, altering or diminishing the obligations of the Company under the Port Authority Lease.

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE

The following is a brief summary of certain provisions of each of the Port Authority Consent and the Leasehold Mortgage and does not purport to be comprehensive or complete. Reference is made to the Port Authority Consent and the Leasehold Mortgage for the complete provisions.

Summary of Certain Provisions of the Port Authority Consent

In connection with the issuance of the Bonds by the Agency for the financing of the Redevelopment Work, the Company has requested the consent of the Port Authority to the Company Sublease, the IDA Lease Agreement and the Leasehold Mortgage. The Port Authority has agreed to give such consent under, and in accordance with the terms and provisions of, the Port Authority Consent.

General. The Port Authority Consent provides that:

(a) except as otherwise expressly set forth therein and described in paragraph (b) below, the fact that certain provisions of the Port Authority Consent, the Company Sublease, the IDA Lease Agreement and/or the Leasehold Mortgage refer to and/or incorporate the Port Authority Lease and/or provisions thereof, will not limit or in any way affect the rights and ability of the Company and the Port Authority to amend, supplement, delete or otherwise change the terms and provisions of the Port Authority Lease, including without limitation any provisions of the Port Authority Lease referred to or incorporated in the Company Sublease and the IDA Lease Agreement, and the Company and the Port Authority will be as free to amend, supplement, delete or otherwise change the terms and provisions of the Port Authority Lease or any of them as if the Port Authority Consent, the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, the New City/American Lease, the City Attornment Agreement and resolutions of the Agency authorizing the issuance of the Bonds had never been entered into and the Bonds had never been issued;

(b) until the Leasehold Mortgage is terminated as provided in the Port Authority Consent and described below under "*—Termination of Consent to Leasehold Mortgage*":

(i) no amendment may be made to Section 92 without the prior written consent of the Leasehold Mortgagee; and

(ii) no amendment which only affects a Qualifying Replacement Tenant, without affecting the Company, may be made to the Port Authority Lease without the prior written consent of the Leasehold Mortgagee;

(c) except as otherwise expressly set forth in Section 92, neither the Port Authority Consent nor anything contained therein nor the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, the New City/American Lease, the City Attornment Agreement and resolutions of the Agency authorizing the issuance of the Bonds nor anything contained therein will limit or affect or be deemed to have limited or affected the right of the Port Authority to terminate the Port Authority Lease;

(d) neither the Port Authority Consent nor anything contained therein nor the issuance of the Bonds will be or be deemed to be a waiver by or consent of the Port Authority to any breach or default of the Port Authority Lease; and

(e) neither the Port Authority Consent nor anything contained therein, nor the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, the New City/American Lease, the City Attornment Agreement or any resolutions of the Agency authorizing issuance of the Bonds, nor the issuance of the Bonds (including the issuance of Bonds with a maturity extending beyond the expiration date of the Port Authority 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, will grant or be deemed to have granted any rights whatsoever in the Company or any of the parties related to the Bond financing to an extension or renewal of the Port Authority Lease beyond the expiration date of the Port Authority Lease or such further expiration date as the Port Authority and the Company may agree upon, or (except as provided in the Agreement Towards Entering Into a Lease, the New City/American Lease or the City Attornment Agreement) to lease, use or occupy the Premises or any part thereof after the expiration or earlier termination or surrender of the Port Authority Lease, or to be reimbursed by the Port Authority for the Company's cost of completing the Redevelopment Work or any portion thereof.

No Extension of Basic Lease. The Port Authority Consent also provides that it does not obligate the Port Authority to extend the Basic Lease.

Covenants With Respect to the Leasehold Mortgage. Each of the Company, the Trustee, each Bondholder, AMR and the Agency agrees that the Leasehold Mortgage will not be enforceable prior to the Reletting Rights Effective Date and that it will not attempt to deliver, file, record or enforce the Leasehold Mortgage prior to the Reletting Rights Effective Date. Such parties also agree that only the Trustee has the right to record the Leasehold Mortgage after the Reletting Rights Effective Date and that any Wrongful Recording of the Leasehold Mortgage will constitute a material breach of the Port Authority Lease by the Company and an event of default under the Port Authority Lease permitting the Port Authority to terminate the Port Authority Lease in accordance with the provisions thereof, in addition to and without limiting any other rights or remedies the Port Authority may have, legal, equitable or otherwise, under the Port Authority Lease, the Port Authority Consent or otherwise; and any such Wrongful Recording of the Leasehold Mortgage will 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 Port Authority Lease or the Premises.

Termination of the Port Authority Consent With Respect to Subleases. The Port Authority Consent provides that the consent granted thereunder as to the Company Sublease and the IDA Lease Agreement will automatically terminate and end, without notice to the Company or any of the Trustee, the Agency, AMR or any Bondholder, 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 Port Authority Lease;

(c) the expiration or earlier termination of the Company Sublease;

(d) the expiration or earlier termination of the IDA Lease Agreement;

(e) the date on which no Bonds are Outstanding; or

(f) the date which is the earlier to occur of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date or (ii) December 21, 2036.

Termination of the Port Authority Consent With Respect to Leasehold Mortgage. The Port Authority Consent provides that the consent granted thereunder as to the Leasehold Mortgage and the Reletting Rights associated therewith will become null and void, and the consent granted thereunder as to the Leasehold Mortgage will automatically terminate and end, without notice to the Company or any of the Trustee, the Agency, AMR or any Bondholder, upon the earliest to occur of the following:

(a) the expiration, surrender or termination of the Basic Lease; *provided, however*, (but only if the Leasehold Mortgage or Reletting Rights have not terminated pursuant to the Port Authority Lease or because of any other reason) the Leasehold Mortgage and Reletting Rights will not terminate solely by reason of the termination of the Basic Lease if the Fee Owner (as defined in the City Attornment Agreement) has become the lessor under the Port Authority Lease in accordance with the provisions of the City Attornment Agreement upon the termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner is required pursuant to the terms of the City Attornment Agreement to recognize the Leasehold Mortgage and the Reletting Rights;

(b) the expiration, surrender or termination of the Port Authority Lease; it being understood that the Company does not have the right to terminate the Port Authority Lease prior to the later to occur of the Reletting Rights Effective Date or the date that the Leasehold Mortgage and the Reletting Rights of the Leasehold Mortgagee automatically terminate as described in this paragraph;

(c) the termination, expiration or surrender (including without limitation discharge or release) of both of (i) the Company Guaranty (except that if payment obligations of the Company (including its permitted successors as the guarantor thereunder provided each such permitted successor is then the lessee under the Port Authority 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 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 are 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 Premises (whether for the full term of the Port Authority Lease or otherwise) to a Qualifying Replacement Tenant, 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;

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

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

Defaults. The Port Authority Consent provides that any breach or default of any of the terms and conditions of the Port Authority Consent by the Company constitutes a material breach of the Port Authority Lease and permits the Port Authority to terminate the Port Authority Lease in accordance with its terms, unless the Company has cured such breach or default within 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 Company has commenced to perform whatever may be required for fulfillment within 30 days after receipt of notice and continues such performance without interruption except for causes beyond its control).

Summary of Certain Provisions of the Leasehold Mortgage

Subject to Port Authority Lease and Consent. The Leasehold Mortgage is given in accordance with, and pursuant to, subject to, controlled by and dependent upon, the Port Authority Lease, including without limitation Section 92 and the Port Authority Consent.

Mortgaged Property. Upon the satisfaction of the Reletting Rights Effective Date Conditions, the Company will execute, deliver and record the Leasehold Mortgage, creating a lien on the Company's interest in the Mortgaged Property. The "*Mortgaged Property*" consists of (a) the leasehold estate held by the Company in real and personal property under, and created by, the Port Authority Lease (including all holdover, month-to-month and statutory tenancies arising out of the Port Authority Lease), (b) all modifications, extensions and renewals of the Port Authority Lease and (c) all casualty and condemnation compensation or insurance payments to which the Company may become entitled and which are not required to be used for the rebuilding of the Premises or to be paid to or retained by the Port Authority or the City.

Leasehold Mortgage Default. The term "Leasehold Mortgage Default" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage.*"

Remedies and Rights. At any time while a Leasehold Mortgage Default remains uncured, at the option of the Leasehold Mortgagee, to be exercised in accordance with the applicable provisions of the Indenture and Section 92, the Leasehold Mortgagee may pursue the following remedies:

(i) *Foreclosure.* The Leasehold Mortgagee may institute any one or more actions of mortgage foreclosure against the Mortgaged Property, or take such other action at law or in equity for the enforcement of the Leasehold Mortgage and realization on the security therein or elsewhere provided for, as the law may allow, and may proceed therein to final judgment and execution for payment of the obligations due under the Company Guaranty and the AMR Guaranty which are secured by the Leasehold Mortgage (the "*Secured Obligations*"), together with interest from the date of default at the rate then in effect under the Indenture, and all costs of suit and attorneys' fees and expenses. The Company, for itself and anyone claiming by, through or under it, agrees that the Leasehold Mortgagee shall in no manner, in law or in equity, be limited, except as therein provided and as provided in Section 92, in the exercise of its rights in the Mortgaged Property or in any other security thereunder or otherwise appertaining to the Secured Obligations, whether by any statute, rule or precedent which may otherwise require said security to be marshaled in any manner, and the Company, to the extent permitted by law, for itself and others as described above, expressly waives and releases any right to or benefit thereof. The failure to make any tenant or subtenant a defendant to a foreclosure proceeding shall not be asserted by the Company as a defense in any proceeding instituted by the Leasehold Mortgagee to collect the Secured Obligations or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

(ii) *Excess Monies.* Subject to, controlled by, and dependent upon Section 92, and the Port Authority Consent, the Leasehold Mortgagee may apply on account of the Secured Obligations any unexpended monies still retained by the Leasehold Mortgagee that were paid by the Company to the Leasehold Mortgagee or the Trustee in accordance with the Indenture (A) for the payment of, or as security for the payment of, taxes, assessments or other governmental charges, insurance premiums or any other charges or (B) to secure the performance of some act by the Company.

(iii) *Remedies Under Section 92.* Subject to, controlled by and dependent upon Section 92 and the Port Authority Consent, the Leasehold Mortgagee may pursue any remedies set forth in Section 92, including its right to relet the Premises, in accordance with and subject to Section 92.

(iv) *Other Remedies.* Subject to, controlled by and dependent upon Section 92 and the Port Authority Consent, the Leasehold Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by the Company and/or AMR under the terms of the Company Guaranty and/or the AMR Guaranty, as they become due, without regard to whether or not any other liabilities shall be due, and without prejudice to the right of the Leasehold Mortgagee thereafter to bring an action of mortgage foreclosure, or any other action, for any default by the Company existing at the time the earlier action was commenced.

Performance of Obligations. The Company will perform all of its obligations under the Port Authority Lease (including without limitation its Obligations under Section 92) and the Port Authority Consent and the IDA Lease Agreement notwithstanding the existence of the Leasehold Mortgage. The Company shall neither modify, amend, supplement or extend Section 92 of the Port Authority Lease, nor enter into any amendment of the Port Authority Lease which shall only affect a Qualifying Replacement Tenant without affecting the originally named Company, without the prior consent of the Leasehold Mortgagee in each case. The Company shall not enter into any termination agreement with respect to the Port Authority Lease, surrender the leasehold estate created by the Port Authority Lease nor abandon the Premises.

Release of Part of Mortgaged Property. If the Leasehold Mortgagee and the Port Authority wish to eliminate certain portions of the Premises from the Port Authority Lease, such property may be released from the Leasehold Mortgage in accordance with Section 15 of the Leasehold Mortgage.

A *"Minor Release"* is a release of part of the Premises with respect to which, together with the parts of the Premises previously released, the Company certifies will not have a material adverse effect on the use of the remaining Premises as a passenger terminal facility comparable to the passenger terminal facility on the Premises immediately prior to such release. A Minor Release will be permitted only if (a) the Company has provided the Leasehold Mortgagee and the Agency with a certificate stating that such release meets the conditions described in the immediately preceding sentence and clauses (b) and (c) of this paragraph, (b) at the time of such Minor Release there exists no uncured Leasehold Mortgage Default or event which, with the passage of time or the giving of notice or both, would constitute a Leasehold Mortgage Default,

(c) simultaneously with such release, the parcel which is the subject of such Minor Release shall be eliminated from the Port Authority Lease and (d) the Company shall have delivered to the Leasehold Mortgagee a Favorable Opinion of Bond Counsel.

A *"Major Release"* (any proposed release that is not a Minor Release) will be permitted only if the Company shall cause the conditions applicable to a Minor Release to be satisfied (other than the delivery of certification described in the first sentence of the immediately preceding paragraph), and shall pay to the Leasehold Mortgagee a release price equal to the amount that bears the same ratio to the then outstanding principal amount of the Bonds secured by the Leasehold Mortgage as the Allocable Revenues bear to the Total Revenues. The Company shall provide to the Leasehold Mortgagee an appraisal, engineering or similar consultant's report prepared by an independent nationally-recognized airport engineering, traffic or consulting firm selected by the Company which shall specify the portion of the total annual revenues (the *"Total Revenues"*) attributable to the Premises which are reasonably estimated to be allocable to the proposed released property (the *"Allocable Revenues"*). In preparing such report, such consultant may look at historic or projected revenue amounts, or both, in its professional judgment.

Subordination; Creation of Liens and Indebtedness; Sale of Mortgaged Property. The lien of the Leasehold Mortgage is subordinate to the fee estate held by the City in the Premises (as affected by the City Attornment Agreement) and to the leasehold estate held by the Port Authority. Subject to, controlled by and dependent upon the Port Authority Lease and the Port Authority Consent, the Company shall not (x) create or suffer to be created any lien or charge upon or pledge of the Mortgaged Property or any part thereof except the lien, charge and pledge created by the Leasehold Mortgage and Permitted Encumbrances, (y) incur any indebtedness or issue any evidences of indebtedness, other than the Company Guaranty, secured by a lien of the Mortgaged Properly or (z) sell, convey, transfer, lease, mortgage or encumber the Mortgaged Property or any part thereof except as specifically permitted under the Port Authority Lease, the Port Authority Consent, the IDA Lease Agreement, the Indenture and the Leasehold Mortgage, so long as the Leasehold Mortgage is in effect.

Defense of Leasehold Estate. The Company shall defend the leasehold estate of the Company in and to the Mortgaged Property and every part thereof for the benefit of the Holders of the Bonds, and the Company agrees to warrant and defend such leasehold estate against the claims and demands of all persons.

Term. Notwithstanding anything to the contrary contained in the Leasehold Mortgage, the Leasehold Mortgage shall terminate no later than 11:59 p.m. on December 31, 2015 unless (a) it has previously been terminated or (b) the Port Authority Lease is extended in accordance with its terms, in which event the Leasehold Mortgage shall continue in effect until 11:59 p.m. on the new current expiration date of the Port Authority Lease.

City Approval. The Company and the Leasehold Mortgagee acknowledge and agree that the form of the Leasehold Mortgage has not been approved or consented to by the City or any entity claiming under, by or through the City (other than the Port Authority to the extent

provided in the Port Authority Consent) and is not binding on the City or any entity claiming under, by or through the City.

APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT

The following is a brief summary of certain provisions of the Agreement Towards Entering Into a Lease and the City Attornment Agreement and does not purport to be comprehensive or complete. Reference is made to the Agreement Towards Entering Into a Lease and the City Attornment Agreement for the complete provisions.

Summary of Certain Provisions of the Agreement Towards Entering Into a Lease

General. The Agreement Towards Entering Into a Lease obligates the City, upon satisfaction of the conditions precedent specified therein and described in the next succeeding paragraph (i) to deliver, or cause to be delivered, to the Company on or before October 31, 2013 (subject to extension as provided therein, as it may be so extended, the *"Draft Delivery Date"*), a draft of a new lease or sublease for the Premises, and (ii) to negotiate or cause its designee to negotiate, in good faith, and to execute and deliver on or before December 31, 2014 (subject to extension as provided therein) a new lease or sublease of the Premises (which new lease or sublease is referred to in this Official Statement as the *"New City/American Lease"*).

Conditions Precedent. The obligation of the City to enter into the New City/American Lease is contingent upon the satisfaction of the following conditions precedent:

(a) No extension or renewal of the Basic Lease nor the entering into by the City and the Port Authority (directly or through one or more entities or affiliates) of a new lease of the Airport, whereby the term of the letting of the Airport to the Port Authority continues without interruption and is extended to a date subsequent to December 31, 2015 (such extended, renewed or new lease being herein referred to as the *"Extended Basic Lease"*), can have occurred, the stated expiration date of which is on or after the earliest to occur of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date and (ii) December 21, 2036 (such earlier date being herein referred to as the *"Maximum Port Authority Lease Expiration Date"*); or if an Extended Basic Lease shall have been entered into with a shorter stated expiration date, the Port Authority Lease shall have been extended to a date which is no earlier than four days and no later than one day before such shorter stated expiration date of the Extended Basic Lease;

(b) Fee title and ownership of the Airport cannot have been conveyed to the Port Authority or any affiliate thereof;

(c) All applicable governmental approvals for the New City/American Lease must have been granted;

(d) The Port Authority Lease cannot have been terminated prior to the stated expiration date thereof; *provided, however,* that the Port Authority Lease will not be

deemed terminated solely because of a termination of the Basic Lease if the City or its successor-in-interest (other than the Port Authority) has recognized the Company as its direct tenant and the Company has attorned to the City or its successor-in-interest (other than the Port Authority) as its direct landlord pursuant to the City Attornment Agreement;

(e) No (1) event of default, (2) Triggering Event, (3) any default or event which would permit termination of the Port Authority Lease (or the rights of American thereunder or the letting thereunder) or the exercise by the landlord of any dispossess remedy at law or equity or (4) the commencement of the exercise of any Reletting Rights on notice or otherwise (individually, a *"Port Authority Lease Event of Default"* and, collectively, *"Port Authority Lease Events of Default"*) can have occurred which has not been remedied (*provided* that no waiver of the underlying circumstances thereof by the Port Authority will be effective without the City's consent);

(f) There cannot be outstanding any material default under the Port Authority Lease, or any event which, upon the giving of notice and/or the passage of time would ripen into a Port Authority Lease Event of Default, nor can the Company have committed or permitted any act or omission which would have constituted a material default under the Port Authority Lease or a Port Authority Lease Event of Default had the Port Authority not waived such default, event or underlying circumstance thereof without the City's written consent, which waiver may reasonably have a material adverse effect on the City, the Premises or the Airport at any time during the term of the New City/American Lease;

(g) No event of default can have occurred under the Indenture, the IDA Lease Agreement or any other document or instrument securing and/or evidencing the Bonds which has or could have resulted in the acceleration of any of the Bonds and which has not been remedied (other than an event of default caused by a failure by the Agency to perform a covenant or condition in any Bonds or the Indenture);

(h) The execution and delivery of the New City/American Lease, and the performance by the Company of its obligations thereunder, cannot constitute a breach of any covenant, representation or condition of the Port Authority Lease;

(i) The Project must have been completed, all of the Required Conditions must have been met and the Company must have invested at least (1) $283,000,000 by not later than December 21, 2003 and (2) $850,000,000 by not later than December 31, 2008 (through Bond proceeds or equity) in the Project (subject to *force majeure* delays in construction described in the Agreement Towards Entering Into a Lease, not to exceed four years in the aggregate);

(j) If improvements to the Premises have suffered major damage or destruction, such improvements must have been restored or the Company must be proceeding with due diligence to such restoration to the reasonable satisfaction of the City, *provided* that completion of the restoration at the Company's expense and to the

reasonable satisfaction of the City must be a requirement and covenant of the Company in the New City/American Lease;

(k) No representation or warranty under the Agreement Towards Entering Into a Lease can have been false or incomplete in any material respect when made, nor can any event of default under the Agreement Towards Entering Into a Lease have occurred which remains uncured after the applicable cure period; and

(l) No Change in Control with respect to the Company can have occurred without the City's prior written consent. For purposes of the Agreement Towards Entering Into a Lease, "*Change in Control*" has the same meaning as in the Port Authority Lease except that wherever "20%" is used in the definition of Change in Control in the Port Authority Lease, it will be deemed to be "10%" for purposes of the Agreement Towards Entering Into a Lease.

Possession. The City will not be liable to the Company if the City is unable to deliver possession of the Premises or perform its obligation under the New City/American Lease because the Port Authority continues to use or occupy the Premises, or refuses to vacate or surrender the Airport, or any portion thereof, after the stated expiration of the Basic Lease.

Obligation to Pay Rent. The Company is obligated to pay all rent and impositions under the New City/American Lease notwithstanding any failure by the City to give possession of the Premises to the Company or to perform its obligations under the New City/American Lease if the City is unable to do so because the Port Authority continues to use, occupy or possess the Premises, or otherwise continues to use, possess or occupy or refuses to surrender or vacate the Airport, or any portion thereof, after the stated expiration or earlier termination of the Basic Lease.

Events of Default. The following constitute events of default under the Agreement Towards Entering Into a Lease:

(a) the Company's failure to observe or perform any of the terms, conditions, covenants or agreements of the Agreement Towards Entering Into a Lease, and such failure continues for 30 days after receipt of written notice from the City, or if such failure cannot be remedied within 30 days, the Company's failure to proceed diligently to cure such failure;

(b) any material representation or warranty made by the Company therein 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;

(c) to the extent permitted by law, if the Company makes an assignment for the benefit of creditors;

(d) to the extent permitted by law, pursuant to Title 11 of the United States Code, the Company files a voluntary petition, a petition is filed against the Company and

an order for relief is entered, or the Company files 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 seeks, or consents to, or acquiesces in, or suffers the appointment of, any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of the Company, or of all or any substantial part of its properties, or of the Premises or any interest of the Company therein, or the Company takes any membership, partnership or corporate action in furtherance of any action described in subparagraphs (c), (d), (e) or (h) of this paragraph:

(e) to the extent permitted by law, if within 60 days after the commencement of a proceeding against the Company 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 has not been dismissed, or if, within 120 days after the appointment, without the consent or acquiescence of the Company, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of the Company, or of all or any substantial part of its properties, or of the Premises or any interest of the Company therein, such appointment is not vacated or stayed on appeal or otherwise, or if, within 120 days after the expiration of any such stay, such appointment is not vacated;

(f) if (i) the Port Authority Lease has been terminated prior to its stated expiration date, *provided, however,* that the Port Authority Lease will be deemed not to have been terminated solely because of a termination of the Basic Lease if the City or its successor-in-interest (other than the Port Authority) recognizes the Company as its direct tenant and the Company has attorned to the City or such successor-in-interest (other than the Port Authority) as its direct landlord pursuant to the City Attornment Agreement; (ii) a Port Authority Lease Event of Default has occurred which has not been remedied, *provided* that no waiver of the underlying circumstances thereof without the City's consent will be effective; (iii) there is outstanding a material default under the Port Authority Lease, or any other event, which upon the giving of notice and/or the passage of time could ripen into a Port Authority Lease Event of Default, *provided, however,* that the Company will have the right to cure such default or event under any applicable cure period, *provided* that no such cure period can extend beyond the Draft Delivery Date; or (iv) the Company commits or permits any act or omission which would constitute a material default under the Port Authority Lease or a Port Authority Lease Event of Default had the Port Authority not waived the same or the underlying circumstances thereof without the City's consent, which waiver may reasonably have a material adverse effect on the City, the Premises or the Airport at any time during the term of the New City/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 Port Authority Lease, *provided, however,* that no such cure period can extend beyond the Draft Delivery Date;

(g) if an event of default occurs under the Indenture, the IDA Lease Agreement or any other document or instrument securing and/or evidencing any of the Bonds and has not been cured, remedied or waived;

(h) to the extent permitted by law, if the Company admits, in writing, that it is unable to pay its debts as such debts become due;

(i) if (i) a levy under execution or attachment is made against the Premises or any part thereof, the income directly attributable thereto, the Agreement Towards Entering Into a Lease or the rights created thereby and such execution or attachment is not vacated or removed by court order, bonding or otherwise within a period of 120 days from the Company's receipt of notice; or (ii) a levy under execution or attachment in an amount equal to or greater than $250,000,000 is made against the Company or any of its properties (other than the Premises or any part thereof, the income therefrom or the rights created thereby) and such execution or attachment is not vacated, discharged, dismissed or removed by court order, bonding or otherwise within a period of 120 days from the Company's receipt of notice thereof;

(j) if (i) certain principals or officers of the Company fail to submit to or cooperate with any investigation or update as required by the Agreement Towards Entering Into a Lease, or (ii) the City determines pursuant to any such investigation or update that such principal or officer is a Prohibited Person, or (iii) any 10% or greater shareholder of the Company is an airline company, or is wholly or substantially owned directly or indirectly by one or more airline companies, that is not permitted to operate as such in the United States;

(k) if the Company fails to have invested, or fails to have caused to have been invested, at least (i) $283,000,000 by not later than December 21, 2003; and (ii) $850,000,000 by not later than December 31, 2008 (through Bond proceeds or equity) in the Project (subject to delays in construction caused by *force majeure*, which may not exceed four years in the aggregate);

(l) if the Company fails to complete construction of the Project within the time provided in the Port Authority Lease;

(m) if a Qualifying Replacement Tenant has been obtained under the Port Authority Lease or a Nonapproved Successor Lessee Event has occurred. A "*Nonapproved Successor Lessee Event*" means 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 a Qualifying Replacement Tenant or otherwise has the right to become the owner of or acquire any interest in all or any portion of the Company's interest in the Port Authority 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; and

(n) if the Port Authority exercises its rights under the Port Authority Lease to terminate the Leasehold Mortgage by paying to the Trustee an amount sufficient to pay principal of and interest on the Bonds as described in this Official Statement under "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Extraordinary Mandatory Redemption Without Premium Upon Exercise of Port Authority's or City's Right to Terminate the Leasehold Mortgage.*"

Remedies; Termination by the City. If an event of default occurs under the Agreement Towards Entering Into a Lease, the City may elect to proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by the Company of the applicable provisions of the Agreement Towards Entering Into a Lease for breach thereof. If (i) subject to the rights of the Trustee as Leasehold Mortgagee pursuant to the Agreement Towards Entering Into a Lease during the Mortgagee Rights Period (as hereinafter defined), an event of default occurs thereunder, or (ii) an Extended Basic Lease has been entered into, the stated expiration date of which is on or after the Maximum Port Authority Lease Expiration Date, or (iii) fee title and ownership of the Airport, including the Premises, has been conveyed to the Port Authority, or (iv) a Nonapproved Successor Lessee Event has occurred, or (v) the City and the Company have entered into the New City/American Lease, or (vi) the City and the Company have failed to enter into a New City/American Lease, then the City may, at its option, terminate the Agreement Towards Entering Into a Lease upon written notice to the Company, and the Agreement Towards Entering Into a Lease will expire upon delivery of such notice to the Company. Upon the occurrence of the events referred to in (ii), (iii) and (vi) above, the Agreement Towards Entering Into a Lease will automatically terminate.

"*Mortgagee Rights Period*" means the period of time between the Reletting Rights Effective Date, if any, and the first to occur of (i) the date of the redemption, cancellation, defeasance, discharge or payment of the Bonds, the repayment, or guarantee of repayment, of which has been secured by the Leasehold Mortgage, (ii) the termination, expiration or ending of the Reletting Rights or the Leasehold Mortgage, (iii) the date of termination or expiration of the Port Authority Lease (unless, with respect to a termination described in this subsection (iii) such termination is solely the result of the termination of the Port Authority Lease, and the City or its successor-in-interest has recognized the Port Authority Lease pursuant to the City Attornment Agreement and the rights of the Company thereunder, including its right to mortgage its leasehold to secure repayment, or the guarantee of repayment, of the Bonds), and (iv) the date of commencement of the New City/American Lease.

Upon any termination of the Agreement Towards Entering Into a Lease (whether on account of any reason permitted or enumerated by the Agreement Towards Entering Into a Lease or by operation of law or equity), all rights of the Company, of any Leasehold Mortgagee, and of any person, firm or entity claiming by, through or under the Company or the Leasehold Mortgagee (including, without limitation, any City Approved Successor Lessee, as hereinafter defined), and all obligations of the City thereunder terminate, and the City has the right to dispose, convey, lease, assign or transfer the Premises 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 City/American Lease if the Agreement Towards Entering Into a Lease is terminated as described in clause (v) of the second preceding paragraph and subject to the

provision described below under "—*Request for and Execution of New Agreement*" regarding a request to the City by the Leasehold Mortgagee to enter into a new Agreement with a City Approved Successor Lessee, if applicable upon a termination of the Agreement Towards Entering Into a Lease as described in clause (i) of the second preceding paragraph).

A "*City Approved Successor Lessee*" means a Qualifying Replacement Tenant, 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 Leasehold Mortgagee at least 60 days prior to the appointment of such Qualifying Replacement Tenant, and written approval of whom or which has been given by the City and delivered to the Leasehold Mortgagee, it being understood and agreed that the City will not arbitrarily or capriciously withhold, or unreasonably delay (a period of less than 60 days after receipt of all reasonably relevant information being considered reasonable), its approval.

Leasehold Mortgagee's Termination Rights. The City and the Company agree that the Company will not be permitted to terminate the Agreement Towards Entering Into a Lease without the consent of the Trustee, as Leasehold Mortgagee, except for a termination by reason of failure of the City and the Company to negotiate, execute or deliver the New City/American Lease. During the Mortgagee Rights Period the City will accept performance by the Trustee of any covenant, condition or agreement on the Company's part under the Agreement Towards Entering Into a Lease, except for the obligation to negotiate, execute and deliver the New City/American Lease, with the same force and effect as though performed by the Company, provided that such performance by the Trustee constitutes performance in full of such covenant, condition or agreement, with no allowances being made for the fact that the Trustee does not have possession of the Premises.

If during the Mortgagee Rights Period the Agreement Towards Entering Into a Lease is terminated solely by reason of an event of default thereunder (excluding a termination by reason of a failure of the City and/or the Company to negotiate, execute and deliver the New City/American Lease), the City will give prompt notice thereof to the Trustee as Leasehold Mortgagee. If such event of default is capable of cure by the Trustee without possession of the Premises, such termination will not be effective until 30 days after delivery of such notice, unless the Trustee notifies the City in writing within such 30 day period of its intention to cure such event of default. The Trustee will then have 60 days to cure the event of default from the date it delivers such cure notice to the City. If the event of default is not cured within such 60 day period, the City may then terminate the Agreement Towards Entering Into a Lease with written notice to the Trustee.

Request for and Execution of New Agreement. If, within two years after the receipt of the City's notice to the Trustee as Leasehold Mortgagee as described in the immediately preceding paragraph that the Agreement Towards Entering Into a Lease has been terminated solely by reason of an event of default (other than by reason of the exception described in said paragraph), the Trustee requests the City to enter into a new Agreement with a City Approved Successor Lessee, then, within 60 days after the City has received such request, the City will execute and deliver a new Agreement with the City Approved Successor Lessee. The new Agreement will contain all of the covenants, conditions, limitations and agreements contained in the Agreement

Towards Entering Into a Lease (including, without limitation, the obligation to enter into a new City Attornment Agreement) (with such reasonable modification thereof to reflect the fact that the new Agreement and new City Attornment Agreement are with a successor lessee), *provided* that the City will not be deemed to have represented or covenanted that such new Agreement or City Attornment Agreement shall be superior to claims of the Company, its creditors or a receiver or trustee for the Company. In no event will the City be required to (A) enter into a new Agreement or new City Attornment Agreement (i) after the date which is 90 days before the Draft Delivery Date or (ii) with any person, firm or entity which does not have possession of the Premises as tenant under the Port Authority Lease or (iii) if an event has occurred (other than the event giving rise to the termination of the original Agreement Towards Entering Into a Lease) which has or would permit (or would have permitted if the Agreement Towards Entering Into a Lease were still in effect) the City to terminate the Agreement Towards Entering Into a Lease or such new Agreement or new City Attornment Agreement or (B) enter into a new City Attornment Agreement after the Basic Lease has terminated as described in the City Attornment Agreement or (C) enter into a new Agreement after a New City/American Lease has been entered into (even if the letting thereunder is not yet effective).

The provisions described in the immediately preceding paragraph notwithstanding, the City will 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 subparagraphs (b) through (e), (g) through (j), and (m) above under "—*Events of Default*," promptly after receipt from the City of its statement of the default(s) required to be cured, cures all such default(s) then existing under the Agreement Towards Entering Into a Lease (as though the Agreement Towards Entering Into a Lease had not been terminated), or if such default is not susceptible to prompt cure, diligently prosecutes cure of such default, as applicable, and (ii) delivers to the City a statement, in writing, acknowledging that the City, by entering into such new Agreement with such City Approved Successor Lessee will not have or be deemed to have waived any defaults or events of default then existing under the Agreement Towards Entering Into a Lease or existing immediately before termination of the Agreement Towards Entering Into a Lease (other than the defaults or events of default described in subparagraphs (b) through (e), (g) through (j), and (m) above under "—*Events of Default*," which the City will be deemed to have waived) 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.

Indictment. If any grand jury files an indictment charging the Company or certain principals or officers of the Company with having committed an intentional felony in connection with the Project, or any related matter, then the City is required to convene a hearing. Such hearing will be held not less than forty 45 days after written notice has been given to the indicted party and the Company to determine whether it is in the best interest of the City to require the indicted party to assign its interest in the Agreement Towards Entering Into a Lease or in the Company.

Any failure of the indicted party, following a conviction, to assign its interest in the Agreement Towards Entering Into a Lease or in the Company to an assignee reasonably

satisfactory to the City will be deemed a default under the Agreement Towards Entering Into a Lease.

Disposition of the Airport. The City may (i) transfer and dispose of any interest in, and/or make alternative arrangements for the operation and/or management of all or any portion of the Airport, including the Premises and (ii) assign or delegate to another person or entity succeeding to the rights or interests of the City with respect to the Premises, without recourse, all or any rights and obligations of the City under the Agreement Towards Entering Into a Lease, *provided* that such transferee, manager, operator or assignee takes its interest subject to the Agreement Towards Entering Into a Lease.

Covenants of the Company. The Company has agreed to take the Premises in "as-is" condition and waives any claim against the City on account of any physical defect or defect in title to the Premises. The City makes no representations or warranties during the term of the Agreement Towards Entering Into a Lease, nor does it make any representations or warranties in or during the term of the New City/ American Lease, as to the condition or state of title with respect to the Premises, including, without limitation, the existence or non-existence of any liens or encumbrances or conditions or defects in title. The Company expressly agrees that it will take its leasehold interest under the New City/American Lease subject to the then existing state of title.

The Company has agreed that the City has been out of possession and control of the Airport, inclusive of the Premises, and that the Port Authority has been in possession and control of the Airport, since the commencement of the Basic 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, the Company stipulates and agrees that the Company has been in possession and control of Terminal 8 on the Premises since April 11, 1956 and of Terminal 9 on the Premises since December 1, 1989 and that such possession and control will continue throughout the term of the Port Authority Lease and throughout the term of the New City/American Lease.

The Company has agreed that the City makes no representation or warranty of the legality of the use of the Premises for the purposes contemplated in the Port Authority Lease or in the Agreement Towards Entering Into a Lease, or that all discretionary or non-discretionary public approvals necessary for the City to execute and deliver the New City/American Lease have been obtained or that all procedures requisite to such execution and delivery have been satisfied. The Company has agreed that the City has made no representation or warranty (i) regarding as to which, if any, public approvals are requisite to the execution and delivery of the New City/American Lease, and (ii) that any necessary public approvals have been obtained or are obtainable for the execution and delivery of the New City/American Lease.

The Company has agreed to and with the City that it will invest, or cause to have been invested, at least (i) $283,000,000 by not later than December 21, 2003; and (ii) $850,000,000 by not later than December 31, 2008 (through Bond proceeds or equity) in the Project (subject to delays in construction caused by *force majeure*, which may not exceed four years in the aggregate). The Company has further agreed that the development and construction of the

Project will be financed only by (i) the Company's own equity, (ii) the Bonds and (iii) general corporate debt which is unsecured by the Project.

The Company has agreed to cooperate in studies conducted by the City and with City proposals to mitigate impacts of the Project. The Company has represented that it has obtained an environmental liability policy providing environmental liability coverage for the period of construction of the Project and a pollution legal liability site policy for environmental liabilities at the Premises. The Company has covenanted to cause the City to be named as an additional insured on such policies. The Company has covenanted that it will comply with the terms and conditions of the Port Authority Lease relating to environmental matters at the Premises.

The City and the Company agree to cooperate in good faith with each other to obtain all applicable governmental approvals for the New City/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.

Indemnification. The Company has agreed 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 the Company or its representatives.

The Company has agreed to 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 (i) except for gross negligence or intentional misconduct on the part of the City, for personal injury or property damage in connection with, or arising out of events occurring on or at or in connection with, the Premises or the Agreement Towards Entering Into a Lease, including any liability which the City may have to the Port Authority on account of, or in connection with, the Agreement Towards Entering Into a Lease, the City Attornment Agreement or the New City/American Lease or (ii) in connection with hazardous materials stored, disposed of, released or present at the Premises.

Assignment by the Company. The Agreement Towards Entering Into a Lease may not be assigned, transferred, pledged or otherwise encumbered by the Company without the written consent of the City, which consent will be given or withheld in the City's sole and absolute discretion, *provided, however,* that the Agreement Towards Entering Into a Lease may be assigned in its entirety without such consent to any successor in interest of the Company which is or is to be a Scheduled Aircraft Operator (*provided* that such operator is not a Prohibited Person), and with or into which the Company has merged or consolidated, or which has succeeded to the assets of the Company or the major portion of its assets related to its air transportation system, but in any such event, such assignment will 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 satisfies the financial tests set forth in the Port Authority 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 the Company as if it was the original party to the Agreement Towards Entering Into a Lease.

Summary of Terms of the New City/American Lease. The Agreement Towards Entering Into a Lease provides that the New City/American Lease will contain, among other terms, the following basic terms, and, at the option of the City or its designee, more particular and such additional terms and conditions as the City (or its designee) deems appropriate in good faith. All references to the City in the following section include any such designee.

- The New City/American Lease is to expire on the earlier of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date and (ii) December 21, 2036 (the *"Stated Expiration Date"*).

- Ground rent is to be in the amount payable immediately prior to the expiration of the Port Authority Lease, increased annually, starting as of the commencement date of the New City/American Lease, by an amount equal to the greater of (a) 4% or (b) one-half of the increase in the consumer price index over the immediately preceding lease year. The Company is to pay to the City rent on improvements located at the Premises in the same amounts as would have been payable under the Port Authority Lease if the Port Authority Lease had been extended and was still in effect, *provided however,* that such amount may not be less than the fair market rental, determined by appraisal, and abated, or escalated, by the same percentage which rental would have been abated or escalated, if any, if the Port Authority Lease had been extended and was still in effect. The Company is also required to pay to the City all other rental of a type payable under the Port Authority Lease (including, without limitation, handling fees, and all rental associated with advertising, concessions, the retail program, and consumer services), in amounts not less than such amounts to be paid under the Port Authority Lease.

- If during the period of the New City/American Lease it is customary for ground tenants or ground subtenants of terminals at the Airport, or for persons otherwise having occupancy rights at terminals at the Airport which rights are of comparable magnitude as the Company, to pay real property taxes or to make payments in lieu of real property taxes, then the Company will pay (as rental or as otherwise directed by the City) to the City 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 (as described in the Agreement Towards Entering Into a Lease) or make payments in lieu thereof, the Company will pay said impositions or make payments in lieu thereof.

- The New City/American Lease is required to 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 the Company has no control.

- The Company will be required to comply with all applicable laws, including all building codes and permit requirements, all FAA rules and the City's rules respecting similar facilities at the Airport. The Company will be required to operate the property in a non-discriminatory

manner and continue the affirmative action program under applicable federal law and regulations. The Company will also be required to render the Premises legal for occupancy in accordance with applicable law within definitive time periods as set forth in the New City/American Lease.

- The Company will be required to repair, clean and maintain the Premises or cause them to be repaired, cleaned and maintained. At the City's option, condition surveys of the Premises will be performed by the Company, the frequency and scope of which, as well as the determination of a qualified third party to conduct the survey, to be negotiated by the parties in good faith and included in the New City/American Lease. The Company will be required to comply with all recommendations of such surveys and to be responsible for the cost of preparing such surveys.

- The New City/American Lease is to contain condemnation, casualty and destruction provisions, without limitation, that are then usual and customarily included in leases from the City 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 City/American Lease is terminated, retire or defease the Bonds.

- The New City/American Lease is to contain insurance and indemnity provisions and coverage amounts which are appropriate in the City's determination in good faith for the size and nature of the operations being conducted at the Premises as well as the City's potential liability or financial exposure. Such insurance and indemnity provisions to be included in the New City/American Lease are to be at least as protective of the City as such provisions are protective of the Port Authority in the Port Authority Lease, it being understood and agreed, however, that the City 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 City than of the Port Authority in the Port Authority Lease, and the added cost thereof is prohibitive or, in the Company's good faith judgment, not reasonably supportable economically by the Project, the parties may treat the New City/American Lease negotiations as having failed after good faith efforts, thereby terminating the Agreement Towards Entering Into a Lease.

- The City has not consented to the Leasehold Mortgage, nor any other mortgage, lien, pledge, encumbrance or security interest in connection with the Port Authority Lease; neither the Leasehold Mortgage, nor any other mortgage, lien, pledge or encumbrance on or in connection with the Port Authority Lease will be effective with respect to, or will encumber or burden, any New City/American Lease, the estate or interest of the City in the Premises, or any property located thereon or therein, nor will the City be required to recognize or permit any of the foregoing. The Company cannot sell, convey, transfer, mortgage, pledge, assign or sublet the leasehold or the Premises. Notwithstanding the foregoing, and provided that (i) the Reletting Rights Effective Date has occurred under the Port Authority Lease, (ii) the Leaseholder Mortgage and/or the Reletting Rights have not terminated, expired or ended under the Port Authority Lease, and (iii) the Mortgagee Rights Period did not terminate or expire prior to the expiration of the Port Authority Lease, the City agrees not to unreasonably

withhold its consent to a new leasehold mortgage and associated reletting rights in favor of the Trustee (who is not a Prohibited Person) negotiated in good faith as part of the negotiation for the New City/American Lease, it being understood that the City 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 or elsewhere. Any consent by the City to a leasehold mortgage, reletting rights or the exercise of such rights, will require payment of various fees to the City, including but not limited to those payments, in substantially the same terms and amounts, as set forth and defined in the Port Authority 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. The City 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 will 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 the City's option. Security deposits will be required for all assignments not meeting minimum financial conditions, to be specified in the New City/American Lease.

- The Company is not to permit a "Change in Control" of the Company without the City's prior written consent.

- Default provisions are to include, with respect to monetary defaults, a cure period of 20 days after receipt of written notice from the City 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 30 days after receipt of written notice from the City (which cure period, if such default, other than for bankruptcy or insolvency types of defaults, is not susceptible of cure within said 30-day period, may be extended to the extent necessary to complete such cure *provided* that the Company has commenced such cure within said 30-day period and diligently pursues such cure to completion). If the Company fails to cure any default within the applicable periods, the City will have the right, without limitation, to terminate the New City/American Lease.

- The Company will be required to seek to maximize its use of the air passenger facility at the Premises (based on then current levels at the Airport) and to seek to keep the Premises fully occupied and used.

- The City will have the right, but not the obligation, to sell and furnish to the Company, or cause to be sold and furnished to the Company, electricity, water and sewage services. If the same is not supplied by the City, the Company will be required to arrange for such services directly with the provider. The Company will 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 the Company's operations at, or use or possession of, the Premises.

- The Company will be required to 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 the Company. The Company will be required to deliver to the City, prior to execution of the New City/American Lease a complete environmental report with respect to the environmental condition of the Premises. The Company will be required to comply with all its environmental obligations contained in the Port Authority Lease. The Company will be required to provide the City with an appropriate environmental indemnity.

- The Company will be required to operate a "premier world class" retail program defined as one that consistently scores within the top ten percent of industry recognized surveys. If the Company 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. The Company is required to deliver the Premises to all future concessionaires inclusive of utilities brought to the site and demising walls. The City and the Company will conduct an annual joint review of its comprehensive retail plan, including the determination as to appropriate modifications.

- The Company will be required to actively participate in any customer service initiatives that the City may undertake. The Company will be required to provide services at the Premises for the benefit of the traveling public in a manner consistent with any airport standards which are developed by the City in consultation with the airlines for first-class airport terminals. The Company will be required to 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.

- To the extent not done prior to commencement of the New City/American Lease, the Company will be required to 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 the Company'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.

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

- The New City/American Lease will contain conditions (waivable in the City's sole and absolute discretion) which must be satisfied by the Company at all times after execution and immediately prior to the effectiveness of the letting under the New City/ American Lease, it being understood that such conditions will be substantially similar to the Conditions Precedent described above under "*—Conditions Precedent*" with such reasonably appropriate modifications and supplements as the City reasonably deems necessary in light of then existing circumstances.

Summary of Certain Provisions of the City Attornment Agreement

Pursuant to the City Attornment Agreement, the City and the Company have agreed that in the event of a termination of the Port Authority Lease as described in the next succeeding paragraph, then the Company will attorn to the City and recognize the City as its landlord, and the City will accept such attornment, and the Port Authority Lease will continue as a direct lease between the Company and the City in accordance with its terms. Such attornment will provide the City with all rights of the Port Authority under the Port Authority Lease, and the Company will be obligated to the City to perform all of the obligations of the Company thereunder. In addition, the Company will provide or cause to be provided to the City all the protections afforded the Port Authority under the Port Authority Consent (the "*Consent Protections*"). Such attornment and Consent Protections will be effective and self-operative as of the date of the termination of the Port Authority Lease without the execution of any further instrument. Additionally, the City has agreed that neither the Company Sublease, nor the IDA Lease Agreement will terminate, nor the rights of any landlord or the Company thereunder be disturbed or terminated on account of a termination of the Basic Lease.

Subject to the other provisions of the City Attornment Agreement (i) if the Basic Lease is terminated prior to its stated expiration date, the Port Authority Lease will continue as a direct lease between the Company and the City in accordance with its terms and the Port Authority Lease will not be deemed terminated for any purpose other than as regards the Port Authority (*provided* that at the time of the Basic Lease termination, unless waived by the City in its sole and absolute discretion, no Triggering Event has occurred, the Company is not a Prohibited Person and has not defaulted under the Port Authority Lease and no event exists which would permit the Port Authority to terminate the Port Authority Lease or to exercise any dispossess remedy, and *provided further* that the Company is still tenant under the Port Authority Lease and no event has occurred which would permit the commencement of the exercise of the Reletting Rights on notice or otherwise and no Qualifying Replacement Tenant has been appointed). As of the date of termination of the Basic Lease, the City agrees it will recognize the Port Authority Lease and the rights of the Company 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 to not disturb the Company's possession of the Premises.

Neither the City, nor any of if designees, will be (a) liable for any act or omission of any prior landlord under the Port Authority Lease except for acts or omissions that are then continuing and are subject to being cured by the City; (b) subject to any counterclaims, offsets or defenses which the Company may have against the prior landlord under the Port Authority

Lease: (c) bound by any advance payment of rent or other charges payable under the Port Authority Lease: (d) bound by any obligation, with certain exceptions, to make any payment to the Company under the Port Authority Lease: (e) bound by any modification or amendment of the Port Authority Lease which reduces the rent payable under the Port Authority Lease or any other charges payable thereunder or shortens or lengthens the term thereof, or otherwise adversely affect the rights of the landlord thereunder or amends the Reletting Rights or similar rights afforded to any mortgagee, unless the City has given its written consent; (f) liable for any environmental hazards at the Premises; (g) obligated to repair or restore the Premises if a condemnation occurs; (h) subject to any cancellation or termination rights requiring payment by the landlord of a fee or penalty for such cancellation or termination, unless the City voluntarily exercises such right for other than a casualty or condemnation; (i) 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 defined below) in connection with a Qualified Mortgage held by such Permitted Mortgagee; or (j) obligated to recognize any rights of the Company, or anyone claiming by, through or under the Company, (including without limitation, any mortgagee) after the earlier of (A) the Fixed Expiration Date or the Basic Lease and (B) the Expiration Date of and as defined in the Port Authority Lease, subject to earlier termination. A *Qualified Mortgage* means a Mortgage (i) which by its terms does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of the City in the Premises 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," and (iii) is held by a Permitted Mortgagee. A *Permitted Mortgagee* means 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 Permitted Mortgagee has assigned or transferred the Qualified Mortgage.

Upon the request of either the Company or the City, the other party shall promptly execute and deliver to the other an agreement in recordable form evidencing the recognition and attornment of the City Attornment Agreement.

Notwithstanding any other provision of the City Attornment Agreement, neither the City nor any of its agencies is required to recognize the Company or its otherwise permitted successor-in-interest as the City's direct tenant under the Port Authority Lease if the Company or such otherwise permitted successor-in-interest is a Prohibited Person.

The City is not liable for damages or restitution to the Company if the City is unable to deliver possession of the Premises or unable to perform its obligations under the Port Authority Lease because the Port Authority continues to use or occupy the Premises or refuses to vacate any portion of the Airport after the termination of the Basic Lease. Notwithstanding any failure by the City to give possession of the Premises to the Company or to perform its obligations under the Port Authority Lease, the Company remains obligated to pay all rental and impositions under the Port Authority Lease to the City.

The City Attornment Agreement will terminate upon any termination of the Agreement Towards Entering Into a Lease for any reason whatsoever, other than (i) solely because of the entry into a New City/American Lease or (ii) the entry into an Extended Port Authority Lease the stated expiration date of which is on or after the Stated Expiration Date. Further, in the event the City Attornment Agreement survives the termination of the Agreement Towards Entering Into a Lease due solely to such entry into a New City/ American Lease, the City Attornment Agreement will nevertheless terminate at the City's option if an event occurs thereafter which would have permitted termination of the Agreement Towards Entering Into a Lease or the City Attornment Agreement if the Agreement Towards Entering Into a Lease were still in effect, or an event occurs permitting termination (or constituting a failure of a condition to the effectiveness) of the New City/American Lease. Upon any termination of the City Attornment Agreement, all rights and obligations thereunder, will terminate, and the City's right to dispose, convey, lease, assign or transfer the Premises or enter into any agreement to do so will not be restricted or limited by the City Attornment Agreement or any agreement or instrument entered into to evidence the terms of the City Attornment Agreement.

The City Attornment Agreement will inure to the benefit of the City and the Company and their respective permitted successors-in-interest and their permitted successors and assigns and will be binding upon the successor-in-interest of the parties hereto and their permitted successors and assigns. The Company may not assign the City Attornment Agreement or its rights or obligations thereunder except to a person, firm or entity which succeeds to it under the provisions of the Port Authority Lease, without the prior written consent of the City which may be given or withheld in its sole and absolute discretion.

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APPENDIX I

FORM OF OPINION OF BOND COUNSEL

July __, 2002

New York City Industrial
Development Agency
110 William Street
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings of the New York City Industrial Development Agency (the *"Agency"*), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York, and other proofs submitted to us relative to the issuance and sale of the $92,955,000* New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002A Bonds"*); $96,590,000* New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002B Bonds"*); $144,465,000* New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002C (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002C Bonds"*); and $165,990,000* New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002D (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002D Bonds"* and collectively with the Series 2002A Bonds, the Series 2002B Bonds, and the Series 2002C Bonds, the *"Series 2002 Bonds"*).

The Series 2002 Bonds are issued under and pursuant to (i) 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 the State of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the *"Act"*); (ii) a Master Indenture of Trust, dated as of July 1, 2002 (the *"Master Indenture"*), as supplemented by a First Series Supplemental Indenture of Trust, dated as of July 1, 2002, with respect to the

Series 2002A Bonds (the *"First Series Supplemental Indenture"*), a Second Series Supplemental Indenture of Trust, dated as of July 1, 2002 with respect to the Series 2002B Bonds (the *"Second Series Supplemental Indenture"*), a Third Series Supplemental Indenture of Trust dated as of, July 1, 2002, with respect to the Series 2002C Bonds (the "Third Series

* Preliminary subject to change.

Supplemental Indenture and a Fourth Series Supplemental Indenture of Trust dated as of July 1, 2002, with respect to the Series 2002D Bonds (the "*Fourth Series Supplemental Indenture*" and collectively with the Master Indenture, the First Series Supplemental Indenture, the Second Series Supplemental Indenture and the Third Series Supplemental Indenture, the "*Indenture*"), by and between the Agency and The Bank of New York (the "*Trustee*"); and (iii) resolutions of the Agency adopted on October 23, 2001 and November 23, 2001 authorizing the Series 2002 Bonds and certain actions relating thereto.

The Series 2002 Bonds are dated July 1, 2002, are issuable as fully registered bonds, without coupons, in authorized denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000.

The Series 2002 Bonds are subject to redemption prior to maturity, in the manner and upon the terms and conditions set forth in the Indenture.

The Series 2002 Bonds are being issued to provide funds to finance a portion of the cost of a project (the "*Project*") which consists of (i) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York (the "*Airport*") on land owned by the City (as hereinafter defined) (the "*Premises*"), and (ii) the acquisition, construction and equipping of a new approximately 2,000,000 square foot air passenger terminal together with related arrival and departure access ramps, parking facilities on the Premises and a passenger tunnel connecting Concourse C to the new terminal, all to be used and managed as a passenger facility located at the Airport by American Airlines, Inc., a Delaware corporation (the "*Lessee*"). The Series 2002 Bonds will also provide funds to reimburse the Lessee for the payment of such Project costs and to pay costs of issuance related to the Series 2002 Bonds.

The Airport is leased by the City of New York (the "*City*") to The Port Authority of New York and New Jersey (the "*Port Authority*") pursuant to an Agreement of Lease dated April 17, 1947, as amended and supplemented (the "*Basic Lease*"), by and between the City and the Port Authority. The Premises have been subleased by the Port Authority to the Lessee pursuant to an agreement of lease entered into as of August 1, 1976 being Port Authority Agreement No. AYB-085 as amended and supplemented and as further amended, supplemented, and restated in an Amended and Restated Lease (No. AYB-085R) dated 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 "*Port Authority Lease*"). The Lessee and the Agency have entered into a Company Sublease Agreement dated as of July 1, 2002 (the "*Company Sublease*"). Pursuant to the Company Sublease, the Lessee will sub-sublease to the Agency certain improvements located on the Premises (the "*Leased Facilities*"). The Leased Facilities consists of only the improvements which are to be made or acquired pursuant to the IDA Lease Agreement, dated as of July 1, 2002 by and between the Agency and Lessee (the "*IDA Lease Agreement*"), and financed with the proceeds of the Series 2002 Bonds and Additional Bonds (herein defined) issued from time to time under the Indenture (the "*Bonds*"). Pursuant to the IDA Lease Agreement the Agency has sub-sub-subleased to the Lessee the Leased Facilities, and has leased to the Lessee the systems, machinery, equipment and other tangible personal property acquired and installed or to be acquired and installed at the Leased Facilities as part of the Project and financed in whole or in part with the proceeds of the Bonds (the "*Facility*

Equipment"). The Leased Facilities and the Facility Equipment are referred to collectively herein as the "Facility."

The Lessee will be obligated under the IDA Lease Agreement to make lease rental payments to the Trustee in an amount sufficient to pay the principal and purchase price of, redemption premium, if any, and interest on the Bonds, including the Series 2002 Bonds. The Indenture permits the issuance of additional bonds (the "*Additional Bonds*") ranking on a parity with the Series 2002 Bonds, provided that the maximum principal amount of bonds issued under the Indenture shall not exceed $2,300,000,000. Payment of the principal and purchase price of, premium, if any, and interest on the Bonds (including the Series 2002 Bonds) issued under the Indenture will be guaranteed by the Lessee pursuant to a Guaranty dated as of July 1, 2002 from the Lessee to the Trustee (the "*Lessee Guaranty*") and will also be guaranteed by AMR Corporation ("*AMR*") pursuant to a Guaranty dated as of July 1, 2002 from AMR to the Trustee (the "*AMR Guaranty*"). The Bonds will be additionally secured pursuant to an Equipment Security Agreement dated as of July 1, 2002 among the Agency, the Lessee and the Trustee ("*the Equipment Security Agreement*").

We are of the opinion that:

1. The Agency has the right and power to enter into the Indenture, the IDA Lease Agreement, the Company Sublease and the Equipment Security Agreement, and the Indenture, the IDA Lease Agreement, the Company Sublease and the Equipment Security Agreement have been duly authorized, executed and delivered by the Agency, and, assuming due authorization, execution and delivery by the other parties thereto, are in full force and effect in accordance with their terms and are valid and binding upon the Agency and enforceable in accordance with their respective terms and no other authorization by the Agency for the Indenture, the IDA Lease Agreement, the Company Sublease or the Equipment Security Agreement is required.

2. The Indenture creates the valid pledge which it purports to create of the lease rentals payable or receivable under the IDA Lease Agreement and the moneys and securities from time to time held by the Trustee under the terms of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Agency has the right and power to authorize, execute and deliver the Series 2002 Bonds, and the Series 2002 Bonds have been duly authorized, executed and delivered by the Agency. The Series 2002 Bonds are valid and binding special obligations of the Agency, are enforceable in accordance with their terms and the terms of the Indenture and are payable as to principal and purchase price, redemption premium, if any, and interest from moneys on deposit in the funds and accounts maintained under the Indenture, all as provided in the Indenture. The Series 2002 Bonds are entitled to the benefit of the Indenture.

4. The Internal Revenue Code of 1986, as amended to the date hereof (the "*Code*"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2002 Bonds in order that interest on the Series 2002 Bonds be and remain not included in gross income for Federal income tax purposes. Pursuant to the Tax Certificate executed by the

Lessee and the Agency dated the date hereof (the "*Tax Certificate*"), the Lessee has made certain representations, certifications and covenants relating to such non-inclusion in gross income. The IDA Lease Agreement and the Tax Certificate obligate the Lessee to do and perform all acts and things necessary and within its control to assure that interest on the Series 2002 Bonds not be included in gross income pursuant to Section 103 of the Code. Noncompliance with current requirements or future amendments may cause interest on the Series 2002 Bonds to be subject to federal income taxes retroactive to the date of issue of the Series 2002 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

In our opinion, under existing statutes and court decisions, assuming continuing compliance by the Agency and the Lessee (and their successors) with the aforementioned covenants and the accuracy of the aforementioned representations and certifications, interest on the Series 2002 Bonds is not included in gross income for Federal income tax purposes, except that we express no opinion as to the exclusion from gross income of interest on any Series 2002 Bond for any period during which such Series 2002 Bond is held by a "substantial user" of the Facility or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2002 Bonds will be treated as a preference item to be included in calculating the alternative minimum taxable income for purposes of the alternative minimum tax imposed with respect to individuals and corporations.

5. The interest on the Series 2002 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City) and is exempt from all taxation directly imposed by or under the authority of said State except for transfer and estate taxes.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Series 2002 Bonds.

We have examined one of the Series 2002 Bonds in fully registered form and, in our opinion, the form of said Series 2002 Bond is regular and proper.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. Furthermore, we express no opinion as to the impact of any such change or action on the tax-exempt status of interest on any Series 2002 Bond, if such change occurs or action is taken upon the advice or approval of Bond Counsel other than Winston & Strawn.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2002 Bonds, the Indenture, the Basic Lease, the Port Authority Lease, the Company Sublease, the IDA Lease Agreement and the Equipment Security Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). In addition, we express no opinion as to the severability of any provision of the Indenture, the Company Sublease, the IDA Lease Agreement or the Equipment

Security Agreement in the event that the modification of the foregoing agreements resulting from a severed provision constitutes a material change to the original intention of the parties to such agreements.

In rendering the foregoing opinions, we have assumed that each of the Basic Lease and the Port Authority Lease are in full force and effect. In rendering this opinion, we have not made any investigation of, do not express an opinion as to, and are not passing upon any matters relating to, title to the Facility.

In rendering the foregoing opinions, we have reviewed the opinions of Anne H. McNamara, Senior Vice President and General Counsel of AMR Corporation and American Airlines, Inc. dated the date hereof, as to certain matters relating to the Lessee and have assumed the due authorization, execution and delivery of the Company Sublease, the IDA Lease Agreement and the Equipment Security Agreement by the Lessee. We understand that you have received said opinions with respect to such matters.

In rendering the foregoing opinions, we have reviewed the opinion of Emmett Marvin & Martin, counsel to the Trustee, dated the date hereof, as to certain matters relating to the Trustee and have assumed the due authorization, execution and delivery of the Indenture by the Trustee. We understand that you have received such opinion with respect to such matters.

Our opinions set forth herein are based upon the facts in existence and the laws in effect on the date hereof and we disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

Very truly yours,

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In the opinion of Winston & Strawn, New York, New York, Bond Counsel, under existing statutes and court decisions, assuming the accuracy of certain representations and certifications and continuing compliance with certain covenants, interest on the Series 2002 Bonds is not included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). No opinion is expressed by Bond Counsel as to the exclusion from gross income of interest on any Series 2002 Bond during the period that such Series 2002 Bond is held by a "substantial user" of the facilities financed by the Series 2002 Bonds or a "related person" within the meaning of Section 147(a) of the Code. In the further opinion of Bond Counsel, interest on the Series 2002 Bonds will be treated as a preference item to be included in calculating the alternative minimum taxable income for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Bond Counsel is further of the opinion that interest on the Series 2002 Bonds is also exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York) and that the Series 2002 Bonds are exempt from all taxation directly imposed thereon by or under the authority of said State, except for transfer and estate taxes. See "TAX MATTERS" in this Official Statement.

$500,000,000
New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. John F. Kennedy International Airport Project)
$120,000,000 Series 2002A
$380,000,000 Series 2002B

Maturities: as shown on the inside front cover

Dated: July 1, 2002

Long-Term Interest Rates: as shown on the inside front cover

The Series 2002A Bonds and the Series 2002B Bonds (collectively, the *"Series 2002 Bonds"*) are being issued by the New York City Industrial Development Agency (the *"Agency"*) to provide funds to finance a portion of the cost of the demolition of Terminals 8 and 9 at John F. Kennedy International Airport (the *"Airport"*) and the acquisition, construction and equipping of a new passenger terminal and related facilities at the Airport (the *"Facility"*) for use by American Airlines, Inc. (the *"Company"*), to reimburse the Company for the payment of such costs, to pay costs of issuance related to the Series 2002 Bonds and to fund a debt service reserve fund. The Series 2002 Bonds are special revenue obligations of the Agency and will be payable (except to the extent payable from proceeds of the Series 2002 Bonds and certain other moneys pledged therefor) solely from payments to be made pursuant to an IDA Lease Agreement between the Agency and

American Airlines, Inc.

Payment of the principal and purchase price of, premium, if any, and interest on the Series 2002 Bonds when due will also be unconditionally guaranteed by the Company and by

AMR Corporation

pursuant to the terms of separate Guaranties (the *"Guaranties"*) from the Company and AMR Corporation (*"AMR"*). The land on which the Facility is to be located, together with certain buildings, structures, improvements and related facilities on such land (the *"Premises"*), have been subleased to the Company by The Port Authority of New York and New Jersey pursuant to the Port Authority Lease (as defined herein) which, unless extended, expires on December 30, 2015. Upon substantial completion of the buildings, structures, improvements and related facilities constituting the Facility, excluding moveable equipment (the *"Leased Facilities"*), and the satisfaction of certain other requirements as described herein, the Company is obligated to grant a leasehold mortgage to The Bank of New York (the *"Leasehold Mortgagee"*) upon the Company's leasehold interest in the Premises (which includes the Leased Facilities) under the Port Authority Lease as described herein (the *"Leasehold Mortgage"*). If it becomes effective, the Leasehold Mortgage will secure the payment obligations of the Company and AMR under the Guaranties. **The Leasehold Mortgage is not permitted to be executed, delivered or recorded until after the Leased Facilities are substantially completed and certain other conditions described herein are satisfied. The ability of the Leasehold Mortgagee to relet the Premises pursuant to the Leasehold Mortgage is subject to significant limitations and preconditions as described herein.**

The Series 2002 Bonds are special and limited obligations of the Agency, payable as to the principal, redemption price, if applicable, and purchase price thereof, and interest thereon, solely from the Trust Estate (as defined herein). Neither the State of New York (the *"State"*), nor any political subdivision thereof, including The City of New York (the *"City"*), shall be obligated to pay the principal, redemption price, if applicable, or purchase price of, or interest on, the Series 2002 Bonds. Neither the faith and credit nor the taxing power of the State, nor any political subdivision thereof, including the City, is pledged to such payment of the Series 2002 Bonds. The Series 2002 Bonds will not be payable out of any funds of the Agency other than those pledged therefor pursuant to the Indenture (as defined herein). The Series 2002 Bonds will not give rise to a pecuniary liability or charge against the credit or taxing powers of the State or any political subdivision thereof, including the City. The Agency has no taxing power.

Interest on the Series 2002 Bonds will be payable on February 1, 2003, and semiannually on each August 1 and February 1 thereafter. The Series 2002 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (*"DTC"*). DTC will act as securities depository for the Series 2002 Bonds. Purchases of the Series 2002 Bonds will be made only in book-entry form through DTC participants in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, and no physical delivery of Series 2002 Bonds will be made to purchasers. Payments of principal, premium, if any, purchase price and interest will be made to purchasers by DTC through its participants.

The Series 2002 Bonds will be subject to optional, extraordinary optional, sinking fund and mandatory redemption prior to their respective maturity dates, in each case at the redemption prices, in the manner and at the times set forth in this Official Statement.

INVESTMENT IN THE SERIES 2002 BONDS INVOLVES SIGNIFICANT RISKS. SEE "RISK FACTORS" HEREIN FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE GIVEN PARTICULAR ATTENTION BY PROSPECTIVE PURCHASERS OF THE SERIES 2002 BONDS.

The Series 2002 Bonds are offered when, as and if issued by the Agency and accepted by the Underwriters, subject to prior withdrawal or modification of the offer without notice, the approval of legality by Winston & Strawn, New York, New York, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Agency by Richard E. Marshall, Vice President for Legal Affairs. Certain legal matters will be passed upon for AMR Corporation and American Airlines, Inc. by Anne H. McNamara, Senior Vice President and General Counsel of AMR Corporation and of American Airlines, Inc., and for the Underwriters by their counsel, Chapman and Cutler, Chicago, Illinois. It is expected that delivery of the Series 2002 Bonds in definitive form will take place through the facilities of DTC on or about July 31, 2002.

Salomon Smith Barney

Merrill Lynch & Co. JPMorgan

Bear Stearns & Co. Inc.

BNY Capital Markets, Inc. Morgan Stanley SunTrust Capital Markets

July 25, 2002

$500,000,000
New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. John F. Kennedy International Airport Project)
$120,000,000 Series 2002A
$380,000,000 Series 2002B

$120,000,000 Series 2002A Bonds

Amount	Maturity Date	Long-Term Interest Rate	Yield
$120,000,000	August 1, 2012	8%	8 3/4%

$380,000,000 Series 2002B Bonds

Amount	Maturity Date	Long-Term Interest Rate	Yield
$380,000,000	August 1, 2028	8 1/2%	9%

The information contained in this Official Statement (which term shall be deemed to include the Appendices to this Official Statement and all documents incorporated herein by reference) has been obtained from the Agency, the Company, AMR and other sources deemed reliable. The information concerning DTC has been obtained from DTC. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of the Agency, the Company or AMR since the date of this Official Statement.

No broker, dealer, sales representative or any other person has been authorized by the Agency, the Company, AMR or the underwriters named on the cover page hereof (the *"Underwriters"*) to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

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

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THE CITY OF NEW YORK

Michael R. Bloomberg, Mayor

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY
110 William Street
New York, New York 10038

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OFFICIAL STATEMENT

$500,000,000
New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. John F. Kennedy International Airport Project)
$120,000,000 Series 2002A
$380,000,000 Series 2002B

INTRODUCTORY STATEMENT

This Official Statement, including the cover, the inside front cover, the table of contents, the Appendices and all documents incorporated herein by reference, is provided to furnish information in connection with the sale by the New York City Industrial Development Agency (the *"Agency"*) of its (i) Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate principal amount of $120,000,000 (the *"Series 2002A Bonds"*) and (ii) Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate principal amount of $380,000,000 (the *"Series 2002B Bonds"*). The Series 2002A Bonds and the Series 2002B Bonds (collectively, the *"Series 2002 Bonds"*) will be issued pursuant to and secured by a Master Indenture of Trust dated as of July 1, 2002 (the *"Master Indenture"*), as supplemented by a First Series Supplemental Indenture of Trust dated as of July 1, 2002 (with respect to the Series 2002A Bonds) and a Second Series Supplemental Indenture of Trust dated as of July 1, 2002 (with respect to the Series 2002B Bonds) (collectively, the *"Indenture"*) between the Agency and The Bank of New York, New York, New York, as trustee (the *"Trustee"*).

THE SERIES 2002 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE AS TO THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, AND PURCHASE PRICE THEREOF, AND INTEREST THEREON, SOLELY FROM THE TRUST ESTATE (AS HEREINAFTER DEFINED). NEITHER THE STATE OF NEW YORK (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY OF NEW YORK (THE "CITY"), SHALL BE OBLIGATED TO PAY THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, OR PURCHASE PRICE OF, OR THE INTEREST ON, THE SERIES 2002 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2002 BONDS. THE SERIES 2002 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE AGENCY OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2002 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, OR PURCHASE PRICE OF, OR INTEREST ON, ANY SERIES 2002 BOND AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE AGENCY. THE AGENCY HAS NO TAXING POWER.

The Series 2002 Bonds are being issued to provide funds to finance a portion of the costs of the *"Project,"* which consists 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 (the *"Facility"*) to be used and managed by American Airlines, Inc., a Delaware corporation (the *"Company"*). The land on which the Facility is to be located, together with the buildings, structures, improvements and related facilities on such land (the *"Premises"*), are owned by the City and are leased by the City to The Port Authority of New York and New Jersey (the *"Port Authority"*) pursuant to an Agreement of Lease dated April 17, 1947, as amended and supplemented (the *"Basic Lease"*). The Basic Lease is currently scheduled to expire on December 31, 2015. The Premises have been subleased by the Port Authority to the Company pursuant to an Agreement of Lease entered into as of August 1, 1976, as supplemented and amended and as further supplemented, amended and restated in an Amended and Restated Lease dated as of December 22, 2000, as further supplemented, amended or modified from time to time (the *"Port Authority Lease"*). The Port Authority Lease is currently scheduled to expire on December 30, 2015 (subject to extension(s)). The Company and the Agency will enter into a Company Sublease Agreement dated as of July 1, 2002 (the *"Company Sublease"*), pursuant to which the Company will sub-sublease to the Agency those portions of the Premises (but excluding any portion of the underlying land) subject to the Port Authority Lease which constitute the Facility (the *"Leased Facilities"*). Pursuant to an IDA Lease Agreement dated as of July 1, 2002 (the *"IDA Lease Agreement"*), the Agency will sub-sub-sublease the Leased Facilities, and lease certain equipment to be owned by the Agency and to be located at the Premises (the *"Facility Equipment"*), to the Company. The Leased Facilities and the Facility Equipment constitute the Facility.

The Company will be unconditionally obligated under the IDA Lease Agreement to make lease rental payments directly to the Trustee in an amount sufficient to pay the principal, redemption price, if applicable, and purchase price of, and interest on, all bonds issued under the Indenture, including the Series 2002 Bonds. Pursuant to the provisions of the Indenture, there will be established within the Debt Service Reserve Fund created and established under the Indenture: (i) a Series 2002A Debt Service Reserve Account to secure the payment of the principal, redemption price, if applicable, and interest on the Series 2002A Bonds and (ii) a Series 2002B Debt Service Reserve Account to secure the payment of the principal, redemption price, if applicable, and interest on the Series 2002B Bonds.

The Indenture permits the issuance of additional bonds (the *"Additional Bonds"*) ranking on a parity with the Series 2002 Bonds, *provided* that the maximum principal amount of bonds issued under the Indenture shall not exceed $2,300,000,000. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions—*Issuance of Additional Bonds*" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Authorization and Issuance of Bonds." As used herein *"Bonds"* means the Series 2002 Bonds and all Additional Bonds issued under the Indenture. Payment of the principal, redemption price, if applicable, and purchase price of, and interest on, the Bonds (including the Series 2002 Bonds) issued under the Indenture will be guaranteed by the Company pursuant to a Guaranty dated as of July 1, 2002 from the Company to the Trustee (the *"Company Guaranty"*) and also will be guaranteed by

AMR Corporation (*"AMR"*) pursuant to a Guaranty dated as of July 1, 2002 from AMR to the Trustee (the *"AMR Guaranty"*). The Company is a wholly owned subsidiary of AMR. The AMR Guaranty and the Company Guaranty are herein referred to as the *"Guaranties."* See "SECURITY FOR THE BONDS—The Guaranties" and APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES."

As security for the payment of its obligations under the Company Guaranty and the payment of AMR's obligations under the AMR Guaranty, the Company is obligated to grant to the Trustee, as leasehold mortgagee (the *"Leasehold Mortgagee"*), a leasehold mortgage in the Company's interest in the Premises under the Port Authority Lease pursuant to a Leasehold Mortgage and Security Agreement (the *"Leasehold Mortgage"*). **The Leasehold Mortgage is not permitted to be executed, delivered or recorded until after the Leased Facilities have been substantially completed and certain other requirements (defined in the Port Authority Lease as the *"Reletting Rights Effective Date Conditions"* and described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions"*) have been satisfied. Any failure to substantially complete the Leased Facilities or to satisfy the other Reletting Rights Effective Date Conditions would result in the Leasehold Mortgage never becoming effective. If the Leasehold Mortgage does not become effective, the only source of payment of the Bonds (including the Series 2002 Bonds) would be (i) the Equipment Security Agreement referred to below, (ii) the unsecured obligations of the Company under the IDA Lease Agreement and the Company Guaranty, (iii) the unsecured obligation of AMR under the AMR Guaranty, and (iv) amounts held by the Trustee in any Account of the Debt Service Reserve Fund established to secure such series of Bonds. The delayed execution, delivery and recording of the Leasehold Mortgage raises certain bankruptcy and lien priority issues. See "RISK FACTORS—Risks Related to Delayed Effective Date and Recording of Leasehold Mortgage; Delay in Completion of Leased Facilities" and "—Certain Considerations under the United States Bankruptcy Code—*Bankruptcy of Company.*"**

If the Leasehold Mortgage becomes effective, the Leasehold Mortgagee, subject to significant restrictions, the satisfaction of certain requirements and significant payment obligations, all as set forth in the Port Authority Lease and described herein, will have the right following a Leasehold Mortgage Default as described herein to identify to the Port Authority a Qualifying Replacement Tenant (as hereinafter defined). In accordance with the provisions of the Port Authority Lease, acceptance of any Qualifying Replacement Tenant is subject to the approval of the Port Authority. See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting" and "RISK FACTORS—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage."

The Company currently estimates that substantial completion of the Leased Facilities will occur in August 2006 and the remaining Reletting Rights Effective Date Conditions will be satisfied by August 31, 2007 (which allows one year for the Port Authority to conduct an audit, if it so chooses, to determine whether a Reletting Rights Effective Date Condition relating to the amount of qualified costs incurred by the Company has been fulfilled). See "THE PROJECT; PLAN OF FINANCE" and APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT

AUTHORITY LEASE—Redevelopment Work." The Port Authority Lease contains significant economic incentives for the Company to substantially complete the Leased Facilities in a timely manner and to satisfy the Reletting Rights Effective Date Conditions related to the construction of the Leased Facilities. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Rent." In addition, the Company will covenant in the IDA Lease Agreement that it will construct at the Premises not less than 55 aircraft loading and unloading gate positions of which at least 35 are to accommodate widebody aircraft and of which at least two are to accommodate narrowbody aircraft, or such other number of aircraft gate positions as are approved by the Port Authority. The failure of the Company to satisfy the remaining Reletting Rights Effective Date Conditions (which are procedures to ensure, among other things, that the Company has incurred the required amount of qualified costs in connection with construction of the Leased Facilities) following substantial completion of the Leased Facilities will be a default under the IDA Lease Agreement. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*" and "—Events of Default; Remedies—*Events of Default*."

As further security for the Series 2002 Bonds and any Additional Bonds, the Company, the Agency and the Trustee will execute an Equipment Security Agreement dated as of July 1, 2002 pursuant to which the Company and the Agency will grant to the Trustee a security interest in certain Facility Equipment (the *"Equipment Security Agreement"*).

The Port Authority will consent to the Company Sublease, the IDA Lease Agreement and the Leasehold Mortgage in a Consent to Subleases and Leasehold Mortgage Agreement among the Port Authority, the Company, AMR, the Agency and the Trustee (the *"Port Authority Consent"*). A violation by the Company of certain provisions of the Port Authority Consent is deemed to be a material default under the Port Authority Lease. See APPENDIX G—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE—Summary of Certain Provisions of the Port Authority Consent—*Covenants With Respect to the Leasehold Mortgage*" and "—*Defaults*."

The Basic Lease is currently scheduled to expire on December 31, 2015. If the Basic Lease is extended, the Port Authority Lease will be automatically extended so that it will expire on the day prior to the new expiration date of the Basic Lease, so long as the Company is not in default under the Port Authority Lease at that time and the Company has satisfied certain additional conditions set forth in the Port Authority Lease and described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Term." Should the Basic Lease not be extended, the City will agree to lease the Premises directly to the Company (such lease is herein called the *"New City/American Lease"*) pursuant to an Agreement Towards Entering Into a Lease between the City and the Company (the *"Agreement Towards Entering Into a Lease"*). The City is not obligated to enter into the New City/American Lease with the Company unless certain conditions are satisfied as described in the Agreement Towards Entering Into a Lease. The New City/American Lease will contain terms and conditions specified in the Agreement Towards Entering Into a Lease and may contain such additional terms and conditions as the City or its designee deems appropriate in good faith. See

APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Summary of Terms of the New City/American Lease*." **As a result, the New City/American Lease may contain provisions that diminish the value and marketability of the Company's leasehold, or that would add to, or significantly differ from, the provisions of the Port Authority Lease governing restrictions on the ability of the Leasehold Mortgagee to foreclose the Leasehold Mortgage as described herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage*." See also "SECURITY FOR THE BONDS—The Agreement Towards Entering Into a Lease," "—New Leasehold Mortgage Upon Expiration of the Basic Lease" and "—Company Sublease; The Lease Term Differential" and "RISK FACTORS—Leasehold Term" and "—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms."**

The Leasehold Mortgage will terminate upon the expiration of the Basic Lease. The City will agree in the Agreement Towards Entering Into a Lease that it will not unreasonably withhold its consent to a new leasehold mortgage in favor of the Trustee (or an approved successor trustee), as leasehold mortgagee, of the Company's interest in any New City/American Lease, provided certain conditions are met. The form, terms and provisions of such new leasehold mortgage are not specified in the Agreement Towards Entering Into a Lease but must be negotiated at such time and be satisfactory to the City. As a result, such new leasehold mortgage may contain provisions that diminish the value of a leasehold mortgage of the Company's interest in the Premises. In the IDA Lease Agreement, the Company will agree to use commercially reasonable good faith efforts to negotiate, execute and deliver to the Trustee a leasehold mortgage of the Company's leasehold interest under the New City/American Lease having substantially similar terms and provisions as the Leasehold Mortgage, but if the Company, using such efforts, can obtain from the City only the right to grant to the Trustee a leasehold mortgage that is substantially similar to comparable leasehold mortgages then permitted by the City to be granted by other similarly situated air carriers on leasehold interests in property at the Airport, the Company will be deemed to have satisfied such obligation if it executes and delivers such a leasehold mortgage to the Trustee. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease" for a summary of the terms of the Agreement Towards Entering Into a Lease. Certain bankruptcy and lien priority issues also are raised with respect to the leasehold mortgage covering the New City/American Lease. See "RISK FACTORS—Risks Related to Delayed Effective Date and Recording of Leasehold Mortgage; Delay in Completion of Leased Facilities," "—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms" and "—Certain Considerations under the United States Bankruptcy Code—*Bankruptcy of Company*."

The Company and the City also will enter into a Recognition, Non-Disturbance and Attornment Agreement (the "*City Attornment Agreement*") pursuant to which the City and the Company will agree that if the Basic Lease is terminated prior to its stated expiration date (December 31, 2015 unless extended) and if (i) the Company is not at such time a Prohibited Person, (ii) the Company is not in default under the Port Authority Lease and no event exists

which would permit the Port Authority to terminate the Port Authority Lease or to exercise any dispossess remedy, (iii) the Company has possession of the Premises as tenant under the Port Authority Lease, (iv) no event has occurred which would permit the commencement of the exercise of the Reletting Rights (as herein defined), (v) no Qualifying Replacement Tenant has been appointed and (vi) no Triggering Event (as herein defined) has occurred, then (A) the Port Authority Lease will thereafter continue in effect as a direct lease between the Company and the City upon all terms and conditions contained therein and the Port Authority Lease will not be deemed terminated for any purpose (other than as regards the Port Authority), (B) the City will recognize the rights of the Company as its direct tenant under the Port Authority Lease (including its rights to grant a leasehold mortgage therein) and (C) the Company will recognize the City as its direct landlord thereunder. In such event the Leasehold Mortgage, if it has then become effective, would continue in effect. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the City Attornment Agreement" for a summary of the terms of the City Attornment Agreement. See also "RISK FACTORS—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms."

Each series of the Series 2002 Bonds offered hereby will bear interest at the Long-Term Interest Rates to their respective maturity dates as shown on the inside front cover of this Official Statement. The Indenture provides that the Series 2002B Bonds may be converted to bear interest at a different Long-Term Interest Rate, or at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates on a date (prior to their maturity date) that the Series 2002B Bonds would otherwise be subject to optional redemption as described below under "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Optional Redemption at the Direction of the Company*." In such case, the Series 2002B Bonds would be subject to mandatory tender at a purchase price equal to 100% of the principal amount of such Series 2002B Bonds being so converted, plus any premium that would have been payable on such mandatory tender date had the Series 2002B Bonds been optionally redeemed on such date, together with accrued interest, if any. **This Official Statement describes the Series 2002 Bonds only while they bear interest at the initial Long-Term Interest Rates set forth on the inside front cover of this Official Statement.**

The Series 2002 Bonds will mature on the dates set forth on the inside front cover of this Official Statement and will be subject to redemption as described under "THE SERIES 2002 BONDS—Redemption Prior to Maturity." Interest on the Series 2002 Bonds bearing interest at Long-Term Interest Rates will accrue from July 1, 2002, and will be payable on February 1, 2003, and semiannually on each August 1 and February 1 thereafter, and will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2002 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (*"DTC"*). DTC will act as securities depository for the Series 2002 Bonds. Purchases of Series 2002 Bonds bearing interest at Long-Term Interest Rates will be made only in book-entry form through DTC participants in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof, and no physical delivery of Series 2002 Bonds will be made to purchasers. So long as Cede & Co., as nominee of DTC, is the registered owner, references to "Bondholders" or "registered owners" shall mean

Cede & Co., and shall not mean the beneficial owners of the Series 2002 Bonds. See "THE SERIES 2002 BONDS—Book-Entry-Only System."

Brief descriptions of the Agency, the Series 2002 Bonds, the Indenture, the IDA Lease Agreement, the Company Sublease, the Port Authority Lease, the form of Leasehold Mortgage, the Port Authority Consent, the Agreement Towards Entering Into a Lease, the City Attornment Agreement, the Equipment Security Agreement and the Guaranties are included in this Official Statement. Appendix A to this Official Statement furnishes, or incorporates by reference, information with respect to the Company and AMR. Appendix B to this Official Statement contains certain definitions used herein and in the Appendices hereto. Appendix C to this Official Statement contains a summary of certain provisions of the IDA Lease Agreement. Appendix D to this Official Statement contains a summary of certain provisions of the Indenture. Appendix E to this Official Statement contains a summary of certain provisions of the Guaranties. Appendix F to this Official Statement contains a summary of certain provisions of the Port Authority Lease. Appendix G to this Official Statement contains a summary of certain provisions of the Port Authority Consent and the form of Leasehold Mortgage. Appendix H to this Official Statement contains a summary of certain provisions of the Agreement Towards Entering Into a Lease and the City Attornment Agreement. Appendix I to this Official Statement sets forth the form of opinion of Bond Counsel. The Gate Demand Study prepared by Simat, Helliesen & Eichner, Inc. is attached hereto as Appendix J. The assumptions, findings and opinions contained in the Gate Demand Study have not been adopted by, and do not necessarily represent the opinions or views of, the Agency, the Underwriters or the Company. The descriptions in this Official Statement (including the Appendices hereto) of the IDA Lease Agreement, the Company Sublease, the Indenture, the Guaranties, the Equipment Security Agreement, the Port Authority Lease, the form of Leasehold Mortgage, the Port Authority Consent, the Agreement Towards Entering Into a Lease and the City Attornment Agreement are qualified in their entirety by reference to such documents, and the descriptions in this Official Statement (including the Appendices hereto) of the Series 2002 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained during the initial offering period from the principal offices of the Underwriters and, after the initial delivery of the Series 2002 Bonds, at the principal corporate trust office of the Trustee in New York, New York. All capitalized terms used herein (including in the Appendices) and not defined herein or in Appendix B hereto shall have the meanings set forth in the Indenture.

THE AGENCY

The Agency was established in 1974 as a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State duly organized and existing pursuant to Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the *"Act"*) for the purposes of promoting the economic welfare of the inhabitants of the City and promoting, developing, encouraging and assisting in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreational and civic facilities, thereby advancing the job

opportunities, health, general prosperity and economic welfare of the people of the State and improving their recreational opportunities, prosperity and standard of living.

Under the Act, the Agency has power to acquire, hold and dispose of personal property for its corporate purposes; to acquire, use for its corporate purposes and dispose of real property within the geographical jurisdictional limits of the City; to appoint officers, agents and employees; to make contracts and leases; to acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more projects; to borrow money and issue bonds and to provide for the rights of the holders thereof; to grant options to renew any lease with respect to any project and to grant options to buy any project at such price as the Agency may deem desirable; to designate depositories for its moneys; and to do all things necessary or convenient to carry out its purposes and exercise the powers given in the Act.

The members of the Board of Directors of the Agency are listed earlier in this Official Statement.

To support its activities, the Agency contracts with the New York City Economic Development Corporation (*"EDC"*) to provide staff and technical assistance. EDC is a not-for-profit local development corporation which includes among its purposes the administration of government financing programs which foster business expansion in the City.

The Agency has heretofore authorized and issued revenue bonds under the Act for the benefit of various borrowers. Each series of such revenue bonds constitutes a separate, special obligation of the Agency payable only from revenues received from the specific borrower benefited thereby or from other limited sources and the full faith and credit of the Agency was not pledged to secure the payment of principal of, premium, if any, or interest on such bonds.

Neither the members, directors, officers or agents of the Agency nor any person executing the Series 2002 Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof.

THE SERIES 2002 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE AS TO THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, AND PURCHASE PRICE THEREOF, AND INTEREST THEREON, SOLELY FROM THE TRUST ESTATE. NEITHER THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, OR PURCHASE PRICE OF, OR THE INTEREST ON, THE SERIES 2002 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2002 BONDS. THE SERIES 2002 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE AGENCY OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2002 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, OR PURCHASE PRICE OF, OR INTEREST ON, ANY SERIES 2002 BOND AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR

AGENT OF THE AGENCY. THE AGENCY HAS NO TAXING POWER. THE AGENCY HAS NOT VERIFIED, REVIEWED OR APPROVED AND DOES NOT REPRESENT OR WARRANT IN ANY WAY THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO (OTHER THAN THE STATEMENTS AND INFORMATION SET FORTH UNDER "THE AGENCY" AND THE INFORMATION RELATING TO THE CITY AND THE AGENCY ON THE PAGE IMMEDIATELY FOLLOWING THE TABLE OF CONTENTS).

THE AIRPORT

Pursuant to the Basic Lease, the Airport is leased, together with LaGuardia Airport, to the Port Authority by the City for a term extending to December 31, 2015. Opened on July 1, 1948, the Airport is located in the southeastern section of Queens County, New York City, on Jamaica Bay. The Airport consists of approximately 4,956 acres, including 880 acres in the Central Terminal Area. The Central Terminal Area contains nine individual airline passenger terminals surrounded by a dual ring of peripheral taxiways. Six hangars are used to provide aircraft maintenance and storage for aircraft parts and equipment. Two patron parking structures, 35 cargo buildings to accommodate the demand for cargo space, a 520-room hotel, and a cogeneration facility integrating an installation for the generation of electrical energy with the Airport's central heating, refrigeration plant and thermal distribution system also are located at the Airport. The four major runways now in use range in length from approximately 8,400 feet to 14,600 feet. For additional information regarding the Airport, see APPENDIX J—"GATE DEMAND STUDY."

THE PROJECT; PLAN OF FINANCE

The Project

The Project consists of (i) the demolition of Terminals 8 and 9 at the Airport, and (ii) the acquisition, construction and equipping of a new air passenger terminal (the *"Terminal"*) together with related arrival and departure access ramps and a passenger tunnel connecting Concourse C of the Terminal to the main Terminal building. The Company currently plans for the Terminal to consist of an approximately 2 million square foot, 55 gate terminal building and central ticketing facility. The Terminal will replace the Company's two existing terminals at the Airport, currently designated as Terminals 8 and 9, creating what the Company believes will be one of the best and most advanced passenger terminal facilities at the Airport. When completed, the Terminal will enhance the position of the Airport as one of the United States' premier international gateways.

The description of the Project set forth below reflects the Company's existing design and construction plans for the Terminal. To permit the Leasehold Mortgage to be executed, delivered and recorded, the Company must satisfy the Required Conditions (as defined under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions to Execution, Delivery and Recording of the Leasehold Mortgage*"), which generally require that the Terminal contain 55 gates or such other number of gates as shall have been approved by the Port Authority, and that the Company incur not less than $850,000,000 of qualified costs in connection with construction

of the Leased Facilities. The Company's plans for the Terminal could change (for example, the Company could decide to construct fewer than 55 gates in the Terminal), but the Company expects that in any event the Terminal, when completed, will satisfy the Required Conditions. The Company will covenant in the IDA Lease Agreement that it will construct at the Premises not less than 55 aircraft loading and unloading gate positions of which at least 35 are to accommodate widebody aircraft and of which at least two are to accommodate narrowbody aircraft, or such other number of aircraft gate positions as are approved by the Port Authority.

The Terminal will contain three concourses. Concourses A and B will extend from the main Terminal area. Concourse A will be a second level concourse that will provide 18 gates with passenger loading devices for regional aircraft operated by American Eagle. Concourse B will be part of the main Terminal building, will have 20 gates, and will provide gating for both narrowbody and widebody aircraft. All gates on Concourse B will accommodate international and domestic arrivals and departures. Concourse C will have 17 gates and will be linked to the main Terminal building by a 320-foot underground tunnel with moving walkways. Concourse C also will provide gating for narrowbody and widebody aircraft. Eleven gates on Concourse C will accommodate domestic arriving flights and international or domestic departing flights. All other gates in Concourse C will accommodate international or domestic arriving flights and departing flights.

The concourses are planned to consist of 37 gates for main line aircraft and 18 gates for regional jet aircraft that each will accommodate up to a 70-seat regional jet. The Company expects that the finished Terminal will be able to accommodate up to 40,000 passengers a day.

To allow customers to move through the Terminal smoothly and efficiently, the Terminal will have four primary levels: one for arrivals, one for baggage handling, one for departures, and one for clubs, lounges and offices.

The departures level will include curbside check-in positions and main ticket counter check-ins, each with take-away belts for baggage. The positions will be arranged in five check-in islands. For arriving international passengers, there will be a Federal Inspection Service (customs and immigration) facility planned to process up to 2,400 people an hour. This facility is designed to feature 22 customs positions, 48 immigration positions and six baggage claim carousels, each with 250 linear feet for baggage pickup. Outside of the facility, there will be an area designated for meeting arriving passengers.

The Terminal is planned to feature two Admirals Clubs, an Arrivals Lounge and a Flagship Lounge.

Integral to the design of the Terminal is a new two-level roadway – one for arrivals and the other for departures. Each is planned to have 900 linear feet of curb space. In addition, the Terminal will be linked to other terminals at the Airport and the Airport's parking areas by the Airport's light rail AirTrain system that is currently under construction. Portions of the light rail AirTrain system are expected to begin operating by the fourth quarter of 2002.

The Terminal's planned retail and concession program is expected to encompass 74 specialty stores consisting of retail, duty free, newsstand and food and beverage facilities and financial and passenger services facilities, including business centers and currency exchanges. The retail and concession program is expected to provide approximately 90,000 square feet of concession space. The concession program's primary goal will be customer satisfaction through provision of a broad variety of quality products and services to travelers and Airport users with innovative concepts that impart broad customer appeal. The concession program is intended to enhance the Terminal as a major international point of entry/departure at the Airport.

The Company has selected DMJM Aviation as architect/engineer for the Project. DMJM Aviation specializes in aviation planning, programming, environmental analysis, engineering, design, construction/program management, and selected specialty technical services. DMJM Aviation incorporates the aviation resources of Day & Zimmermann Infrastructure; Daniel, Mann, Johnson, & Mendenhall; and Turner Collie & Braden. The firm's recent projects include major airport development programs at Chicago O'Hare, Edmonton, Miami, Philadelphia, Phoenix Sky Harbor, Salt Lake City, Southwest Florida, San Francisco, Washington Dulles and Ronald Reagan National Airport.

Construction of the Leased Facilities began in October 1999. The Company currently expects to meet the project milestones of opening Concourse C in February 2003, completing the Terminal C tunnel/connector and mid-section of the main Terminal by December 2003, opening the west portions of Concourses A and B and the Federal Inspection Service facility by July 2004, and opening the east portions of Concourses A and B by August 2006. At the end of May 2002, Concourse C was 60% complete and 70% of the structural steel installation for the main Terminal was complete. To date the Company has spent approximately $350,000,000 on the Leased Facilities (all of which the Company believes are proper Redevelopment Work costs that will apply towards satisfaction of the Required Condition requiring the Company to incur at least $850,000,000 in qualifying costs in connection with construction of the Leased Facilities). See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Redevelopment Work."

Plan of Finance

The proceeds of the Series 2002 Bonds will be used (i) to fund deposits to the applicable Construction Accounts of the Project Fund to fund the costs of the design, construction, equipping, and installation of the Facility through approximately August 31, 2002, (ii) to fund deposits to the applicable Accounts of the Debt Service Reserve Fund and (iii) to pay the costs of issuance of the Series 2002 Bonds.

The Company's current plan is to issue Additional Bonds in 2003, 2004 and 2005 to fund completion of the Facility and to reimburse the Company for moneys advanced by it for construction of the Facility.

APPLICATION OF PROCEEDS OF THE SERIES 2002 BONDS

The following table sets forth the sources and estimated uses of the proceeds of the Series 2002 Bonds (other than accrued interest):

Sources of Funds	
Par Amount of Series 2002 Bonds	$500,000,000
(less Original Issue Discount)	(24,891,800)
TOTAL	$475,108,200
Estimated Uses of Funds	
Deposit to the Project Fund	$421,097,380
Deposit to the Series 2002A Debt Service Reserve Account	11,408,160
Deposit to the Series 2002B Debt Service Reserve Account	36,102,660
Issuance Costs[1]	6,500,000
TOTAL	$475,108,200

(1) Includes underwriting discount and rating agency, legal, accounting, printing and other fees and expenses.

THE SERIES 2002 BONDS

General

The Series 2002 Bonds offered hereby will bear interest at the Long-Term Interest Rates set forth on the inside front cover of this Official Statement, subject to their prior redemption as described below under "—Redemption Prior to Maturity," to their respective maturity dates (each a *"Long-Term Interest Rate Period"*) and are issuable in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The owners of the Series 2002 Bonds will **not** have the right to optionally tender their Series 2002 Bonds for purchase during such Long-Term Interest Rate Periods. The Indenture provides that the Series 2002B Bonds may be converted to bear interest at a different Long-Term Interest Rate, or at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates on a date (prior to their maturity date) that the Series 2002B Bonds would otherwise be subject to optional redemption as described below under "—Redemption Prior to Maturity—*Optional Redemption at the Direction of the Company.*" In such case, the Series 2002B Bonds would be subject to mandatory tender at a purchase price equal to 100% of the principal amount of the Series 2002B Bonds being so converted, plus any premium that would have been payable on such mandatory tender date had the Series 2002B Bonds been optionally redeemed on such date, together with accrued interest, if any. At the time of such mandatory tender of the Series 2002B Bonds, the Series 2002B Bonds may be remarketed by a Remarketing Agent to be appointed by the Company prior to such time.

Interest on the Series 2002 Bonds during the initial Long-Term Interest Rate Periods will accrue from July 1, 2002 and will be payable on February 1, 2003, and semiannually on each

August 1 and February 1 thereafter (each, an *"Interest Payment Date"*) to registered owners as of the 15th day immediately preceding such Interest Payment Date (each, a *"Record Date"*). If a February 1 or August 1 is not a Business Day, the Interest Payment Date shall be the next succeeding Business Day, but no additional interest will accrue. Interest on the Series 2002 Bonds offered hereby will be computed during the initial Long-Term Interest Rate Periods on the basis of a year of 360 days consisting of twelve 30-day months, and will be payable by check mailed or otherwise delivered to the registered owner thereof on the date that such interest is due at the address of such registered owner shown on the registration books kept by the Trustee, as Bond Registrar, as of the close of business on the Record Date or, in the case of Series 2002 Bonds owned by an owner who is the registered owner of Series 2002 Bonds of such series in an aggregate principal amount of at least $500,000 and who, prior to the Record Date next preceding any Interest Payment Date, shall have provided, or caused to be provided, to the Trustee, as Paying Agent, wire transfer instructions, by wire transfer. Payment of the principal of, premium, if any, and interest on the Series 2002 Bonds shall be in lawful money of the United States of America. So long as Series 2002 Bonds are registered in the name of Cede & Co., registration of the Series 2002 Bonds and provisions relating to the delivery or presentation of the Series 2002 Bonds shall be handled in accordance with the procedures of DTC described below and the provisions of the Indenture relating to DTC's book-entry-only system described below.

Book-Entry-Only System

General. When the Series 2002 Bonds are issued, only beneficial ownership interests will be available to purchasers through a book-entry-only system maintained by DTC (the *"Book-Entry-Only System"*). The following discussion will not apply to Series 2002 Bonds if issued in physical form due to the discontinuance of the DTC system. See "*—Discontinuance of Book-Entry-Only System.*"

DTC will act as securities depository for the Series 2002 Bonds. The Series 2002 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Series 2002 Bonds, each in the aggregate principal amount of that maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act (hereinafter defined). DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (the *"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities

certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). Direct Participants and Indirect Participants are collectively referred to as *"Participants."* DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com.**

Purchases of Series 2002 Bonds under the Book-Entry-Only System must be made by or through Direct Participants, which will receive a credit for the Series 2002 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2002 Bond (the *"Beneficial Owner"*) is in turn to be recorded in the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2002 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2002 Bonds, except in the event that use of the Book-Entry-Only System for the Series 2002 Bonds is discontinued. See "*—Discontinuance of Book-Entry-Only System.*"

To facilitate subsequent transfers, all Series 2002 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2002 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002 Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2002 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2002 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2002 Bond documents. For example, Beneficial Owners of Series 2002 Bonds may wish to ascertain that the nominee holding the Series 2002 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption and mandatory tender notices shall be sent to DTC. If less than all of the Series 2002 Bonds within a series are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in the series to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2002 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2002 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and purchase price of, and premium, if any, and interest on the Series 2002 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Trustee, the Company, AMR or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, purchase price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee (or the applicable Tender Agent with respect to purchase price), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

The requirement for physical delivery of Series 2002 Bonds in connection with a mandatory tender will be deemed satisfied when the ownership rights in such Series 2002 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of such Series 2002 Bonds to the applicable Tender Agent's DTC account.

Discontinuance of Book-Entry-Only System. Certificates representing replacement Series 2002 Bonds may be issued directly to Beneficial Owners of such Series 2002 Bonds in the event that (a) DTC determines to discontinue providing its services with respect to the Series 2002 Bonds; (b) the Agency, in consultation with the Company, and without the consent of the Trustee, the Beneficial Owner of any Series 2002 Bond or any other person, terminates the services of a depository with respect to a series of Series 2002 Bonds if the Agency determines

(i) the depository is unable to discharge its responsibilities with respect to such Bonds or (ii) a continuation of the requirement that all of the Outstanding Bonds of such series issued in book-entry form be registered in the registration books of the Agency in the name of the depository, is not in the best interest of the Beneficial Owners of such Bonds, or (c) the Agency shall terminate the services of the depository upon receipt by the Agency and the Trustee of written notice from DTC that it has received written requests that DTC be removed from its participants having beneficial interest, as shown in the records of DTC, in an aggregate amount of not less than fifty percent in principal amount of the then Outstanding Bonds of such series for which DTC is serving as depository. If no successor is appointed, the Bond Registrar will transfer one or more separate Series 2002 Bonds of a series to owners identified by the securities depositary having Series 2002 Bonds of such series credited to their accounts. In such event, such Series 2002 Bonds will no longer be restricted to being registered in the registration books in the name of the securities depository.

Beneficial Owners have no right to a Book-Entry-Only System or a depository for the Series 2002 Bonds.

If the Series 2002 Bonds are issued in physical form due to the discontinuance of the Book-Entry-Only System, the provisions of the Indenture with respect to payment and registration of the Series 2002 Bonds that are not in the Book-Entry-Only System will apply.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Series 2002 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which a Participant acquires an interest in the Series 2002 Bonds, but (a) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (b) except as described above, notices that are to be given to registered owners will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters, the Agency, the Company or AMR.

Redemption Prior to Maturity

The Series 2002 Bonds offered hereby are subject to redemption as described below:

Optional Redemption at the Direction of the Company. The Series 2002A Bonds are not subject to optional redemption at the direction of the Company. The Series 2002B Bonds are subject to optional redemption by the Agency, at the direction of the Company, during the periods specified below, in whole or in part on any date, at the redemption prices (expressed as a percentage of principal amount) specified below, together with accrued interest, if any, to the redemption date:

Redemption Periods	Redemption Prices
August 1, 2012 to July 31, 2013	101%
August 1, 2013 to July 31, 2014	100 1/2%
August 1, 2014 and thereafter	100%

Extraordinary Optional Redemption Without Premium. The Series 2002 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 Company 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 100% of the unpaid principal amount of the Series 2002 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 Company 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 Company 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 2002 Bonds are 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 Company 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 Company fails to cure such noncompliance within the time periods set forth in the IDA Lease Agreement, at a redemption price equal to 100% of the unpaid principal amount of the Series 2002 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 2002 Bonds shall be subject to mandatory redemption prior to maturity, as a whole only, on any date, at a redemption price equal to 100% of the unpaid principal amount of the Series 2002 Bonds, together with accrued interest to the date of redemption, and without premium. See "SECURITY FOR THE BONDS—Company Sublease; The Lease Term Differential" for a discussion of the events that could lead to the termination of the Company Sublease.

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 Port Authority Lease, the Company Sublease and the IDA Lease Agreement, and such release constitutes a Major Release, the Series 2002 Bonds shall be subject to mandatory redemption in a principal amount (rounded down to the nearest authorized denomination) approximately equal to the Release Price. The redemption price of any Series 2002 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 and maturities of Series 2002 Bonds to be redeemed shall be determined by the Company.

Mandatory Redemption Without Premium Upon the Occurrence of a Determination of Taxability. The Series 2002 Bonds of each series are subject to mandatory redemption in whole or, under certain circumstances, in part, at a redemption price equal to 100% of the unpaid principal amount of such Series 2002 Bonds of such series, together with accrued interest to the date of redemption, and without premium, within 90 days following receipt by the Trustee of written notice from a current or former holder or Beneficial Owner of the Series 2002 Bonds of such series or the Company of a Determination of Taxability (defined below). All of the Series 2002 Bonds of such series 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 2002 Bonds of such series would have the result that interest payable on the remaining Series 2002 Bonds of such series 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 2002 Bond of such series, 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 (defined below), in which case only such portion shall be redeemed. A Determination of Taxability is defined in the Indenture with respect to any series of Series 2002 Bonds as (i) the issuance of a published or private ruling or a technical advice memorandum by the Internal Revenue Service in which the Company has participated or has been given the opportunity to participate, and which ruling or memorandum the Company, in its discretion, does not contest or from which no further right of judicial review or appeal exists, (ii) 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 Company has participated or has been a party, or has been given the opportunity to participate or be a party or (iii) the delivery to the Agency and the Company 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 Company to observe any covenant or agreement of the Company in the IDA Lease Agreement or any applicable Tax Certificate or the inaccuracy of any Company representation or warranty therein, the interest payable on the Series 2002 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 Internal Revenue Code of 1986, as amended, and the temporary, proposed or final regulations promulgated thereunder (the "*Code*"); *provided, however,* that no such Determination of Taxability shall be considered to exist with respect to (i) or (ii) above unless (x) the holder or Beneficial Owner or former holder or Beneficial Owner of such Series 2002 Bonds involved in such proceeding or action (A) gives the Company and the Trustee prompt notice of the commencement thereof and (B) (if the Company agrees to pay all expenses in connection therewith) offers the Company the opportunity to control unconditionally the defense thereof and (y) either (A) the Company 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 Company exhausts or chooses not to exhaust all available proceedings for the contest, review, appeal or rehearing of such decree, judgment or action that the Company determines to be appropriate, and no such Determination of Taxability as described in (iii) above shall be considered to exist if the Company gives the Agency prompt written notice of its intent to obtain (at the Company's expense) a second opinion and within 60 days of the receipt of the opinion described in (iii) above 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 bonds 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 (iii) above does not adversely affect the exclusion of interest on the applicable series of Series 2002 Bonds from gross income, for federal income tax purposes, of the holders (and agrees to take the action or actions, if any, required of the Company in the second opinion). No Determination of Taxability described above will result from the inclusion of interest on any Series 2002 Bond in the computation of minimum or indirect taxes.

Extraordinary Optional Redemption Without Premium to Preserve Tax Exempt Status of the Series 2002 Bonds. The Series 2002 Bonds of each series shall be subject to extraordinary optional redemption by the Agency, at the direction of the Company, 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 Company 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 2002 Bonds of such series (or the relevant portion thereof) may adversely affect the exclusion of interest on the Series 2002 Bonds of such series from the gross income of the holders pursuant to Section 103 of the Code and (ii) redemption of Series 2002 Bonds of such series 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 Mandatory Redemption Without Premium Upon Exercise of Port Authority's or City's Right to Terminate the Leasehold Mortgage. The Series 2002 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 Port Authority Lease or as a result of the exercise by the City of any similar right it may have under the New City/American Lease. See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Right of Port Authority to Terminate the Leasehold Mortgage Prior to Foreclosure*" and APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Port Authority Right to Terminate Leasehold Mortgage.*"

Mandatory Sinking Fund Redemption. The Series 2002B Bonds will be subject to redemption by lot in such manner as the Trustee determines pursuant to the terms of a mandatory sinking fund provided in the Indenture, on August 1 of each year, beginning August 1, 2015, 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:

August 1 of the year	Principal Amount
2015	$15,140,000
2016	$16,425,000
2017	$17,825,000
2018	$19,340,000
2019	$20,980,000
2020	$22,765,000
2021	$24,700,000
2022	$26,800,000
2023	$29,080,000
2024	$31,550,000
2025	$34,230,000
2026	$37,140,000
2027	$40,300,000
2028†	$43,725,000

†Final Maturity

The principal amount of the Series 2002B Bonds to be redeemed pursuant to the sinking fund will, at the request of the Company, 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.

If all of a series of the Series 2002 Bonds are redeemed as provided in any of the preceding paragraphs, then (x) the failure by the Company to observe or perform a covenant or agreement in the IDA Lease Agreement or (y) the inaccuracy of any representation or warranty made by the Company in the IDA Lease Agreement or in the related Tax Certificate, either of which results in a Determination of Taxability with respect to such series, 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 2002 Bonds of such series for any claims, damages, costs or expenses arising out of or based upon such failure by the Company.

If the lien of the Indenture has been defeased with respect to a series of Series 2002 Bonds prior to the occurrence of an event permitting or requiring redemption of a series of the Series 2002 Bonds, the affected series of Series 2002 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. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Discharge of Indenture."

Selection of Series 2002 Bonds For Redemption. In the event of redemption of less than all the outstanding Series 2002 Bonds of the same series and maturity, the particular Series 2002 Bonds of such series and maturity or portions thereof to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair, except that Series 2002 Bonds to be redeemed from sinking fund installments shall be redeemed by lot. In the event of redemption of less than all the outstanding Series 2002 Bonds of the same series stated to mature on different dates, the principal amount of such Series 2002 Bonds to be redeemed shall be applied to the maturities as directed by the Company. The portion of Series 2002 Bonds to be redeemed in part shall be in the principal amount of the minimum authorized denomination thereof or some integral multiple thereof and, in selecting Series 2002 Bonds for redemption, the Trustee shall treat each such Series 2002 Bond as representing that number of Series 2002 Bonds which is obtained by dividing the principal amount of such registered Series 2002 Bond by the minimum denomination (referred to below as a *"unit"*) then issuable rounded down to the integral multiple of such minimum denomination. If it is determined that one or more, but not all, of the units of principal amount represented by any such Series 2002 Bond is to be called for redemption, then, upon notice of intention to redeem such unit or units, the holder of such Series 2002 Bond shall forthwith surrender such Series 2002 Bond to the Trustee for (a) payment to such holder of the redemption price of the unit or units of principal amount called for redemption and (b) delivery to such holder of a new Series 2002 Bond or Bonds of the same series and maturity in the aggregate unpaid principal amount of the unredeemed balance of the principal amount of such Series 2002 Bond. New Series 2002 Bonds of the same series and maturity representing the unredeemed balance of the principal amount of such Series 2002 Bond shall be issued to the registered holder thereof, without charge therefor. If the holder of any such Series 2002 Bond of a denomination greater than a unit shall fail to present such Series 2002 Bond to the Trustee for payment and exchange as aforesaid, such Series 2002 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the unit or units of principal amount called for redemption (and to that extent only).

Notice of Redemption. The Trustee shall give notice of redemption of Series 2002 Bonds in the name of the Agency, specifying the series, CUSIP number, Bond numbers, the date of original issue, the date of mailing of the notice of redemption, maturities, interest rates and principal amounts of the Series 2002 Bonds or portions thereof to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable (including the name, address and telephone number of a contact person at the Trustee) and specifying the principal amounts of the Series 2002 Bonds of such series or portions thereof to be payable and, if less than all of the Series 2002 Bonds of a series of any maturity are to be redeemed, the numbers of such Series 2002 Bonds of such series or portions thereof to be so redeemed. Such notice shall further state that on such date there shall become due and payable upon each Series 2002 Bond of such series or portion thereof to be redeemed the redemption price thereof together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee, in the name and on behalf of the Agency (i) shall mail a copy of such notice by first class mail, postage

prepaid, not more than 45 nor less than 30 days prior to the date fixed for redemption of such Series 2002 Bonds, to the registered owners of any such Series 2002 Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registration books, but any defect in such notice shall not affect the validity of the proceedings for the redemption of Series 2002 Bonds with respect to which proper mailing was effected; and (ii) shall cause notice of such redemption to be sent to at least two (2) of the national information services that disseminate redemption notices. Any such notice shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. In the event of a postal strike, the Trustee shall give notice by other appropriate means selected by the Trustee in its discretion. If any Series 2002 Bond shall not be presented for payment of the redemption price within 60 days of the redemption date, the Trustee shall mail a second notice of redemption to such holder by first class mail, postage prepaid.

Any notice of optional redemption may provide that the redemption of Series 2002 Bonds described therein is conditioned upon receipt by the Trustee, on or before the date fixed for redemption, of sufficient funds to pay the redemption price of the Series 2002 Bonds to be redeemed and such notice shall be of no effect if moneys sufficient to pay the redemption price of the Series 2002 Bonds to be redeemed have not been deposited with the Trustee on or before the date fixed for redemption. Any amounts held by the Trustee due to non-presentment of Series 2002 Bonds for payment on any redemption date shall be retained by the Trustee for a period of one year after the redemption date of such Series 2002 Bonds and invested in overnight funds with the interest thereon credited to the Company as provided in the Indenture, and any such amounts still held after the expiration of such period shall then be paid to the Company.

Provisions Regarding Bonds Bearing Interest at a Long-Term Interest Rate; Mandatory Tender and Remarketing

Series 2002B Bonds may be converted to a different Long-Term Interest Rate Period or to another interest rate mode prior to the scheduled end of the Long-Term Interest Rate Period applicable to the Series 2002B Bonds on a date upon which the Series 2002B Bonds are subject to optional redemption at the direction of the Company as described above under "—Redemption Prior to Maturity—*Optional Redemption at the Direction of the Company*." Upon any such conversion, the Series 2002B Bonds will be subject to mandatory tender. The purchase price in the case of such mandatory tender will be 100% of the principal amount of the Series 2002B Bonds subject to mandatory tender, plus any premium that would be payable if such Series 2002B Bonds were optionally redeemed on such day, together with accrued interest to the date of redemption. If the mandatory tender date is not a Business Day, then the date for such payment will be the next Business Day, but no additional interest will accrue as a result.

Notice of any mandatory tender described in the preceding paragraph shall be given by the Trustee to the owners of Series 2002B Bonds affected thereby by first-class mail not less than 15 days prior to such mandatory tender date. When the Book-Entry-Only System is not in effect, an owner of a Series 2002B Bond must deliver to the Tender Agent the Series 2002B Bond subject to mandatory tender (accompanied by an instrument of transfer, in form satisfactory to such Tender Agent, executed in blank by the holder thereof or his duly-authorized attorney, with such signature guaranteed as provided in the Indenture) on the purchase date by 12:00 Noon,

New York City time. Delivery of a Beneficial Owner's Series 2002B Bond while Cede & Co. is the sole registered owner of the Series 2002B Bonds shall occur when the ownership rights in such Series 2002B Bond are transferred by a Direct Participant to the Tender Agent on DTC's records. In the event any such Series 2002B Bond is delivered after 12:00 Noon, New York City time, on such date, payment of the purchase price of such Series 2002B Bond need not be made until the Business Day following the date of delivery of such Bond, but such Bond shall nonetheless be deemed to be an Undelivered Bond (defined below) and to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

If an owner of a Series 2002B Bond subject to mandatory tender shall fail to deliver such Series 2002B 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 2002B Bond properly endorsed, or if the Book-Entry-Only System is in effect, shall fail to cause its beneficial ownership to be transferred to such Tender Agent on the records of DTC, and moneys sufficient to pay the purchase price thereof are on deposit with such Tender Agent for such purpose, such Series 2002B Bond shall constitute an *"Undelivered Bond."* If funds in the amount of the purchase price of the Undelivered Bonds 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 (i) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be outstanding under the Indenture; (ii) interest shall no longer accrue thereon; and (iii) 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 2002B Bonds.

The Company will not appoint a Remarketing Agent at the time of the initial issuance and delivery of the Series 2002B Bonds, but is required to appoint a Remarketing Agent for the Series 2002B Bonds at least 30 days prior to the first remarketing of Series 2002B Bonds, if any. The purchase price of a series of Series 2002B Bonds will be paid (i) from the proceeds of the remarketing of such Series 2002B Bonds by the Remarketing Agent and (ii) if such remarketing proceeds are insufficient, from moneys provided by the Company under the IDA Lease Agreement or the Company Guaranty or by AMR under the AMR Guaranty.

SECURITY FOR THE BONDS

The Indenture

In the Indenture, the Agency has assigned to the Trustee all right, title and interest of the Agency in and to the IDA Lease Agreement, including, but not limited to, all lease rentals, revenues and receipts payable or receivable thereunder, excluding, however, the Agency's Reserved Rights, which Agency's Reserved Rights may be enforced by the Agency and the Trustee jointly or severally, subject to the limitations contained in the IDA Lease Agreement and the Indenture. In addition, the Series 2002 Bonds, along with all Additional Bonds, are secured by all moneys on deposit in accounts held under the Indenture except (i) any Rebate Fund (which is held solely to pay any amounts required to be paid to the United States Treasury), (ii) any

Bond Purchase Fund created under the Indenture (which is held solely for the benefit of the owners of Bonds subject to tender), (iii) any moneys drawn on any credit facility securing a particular series of Bonds (which is held solely for the benefit of that series of Bonds and the issuer of such credit facility), and (iv) any debt service reserve fund created by, or any other security of any nature pledged under, a Series Supplemental Indenture to secure a particular series of Bonds. Pursuant to the provisions of the Indenture, there will be established within the Debt Service Reserve Fund: (i) a Series 2002A Debt Service Reserve Account to secure the payment of the principal, redemption price, if applicable, and interest on the Series 2002A Bonds and (ii) a Series 2002B Debt Service Reserve Account to secure the payment of the principal, redemption price, if applicable, and interest on the Series 2002B Bonds.

Under the Indenture, the Trustee shall have only the right to enforce the obligation of the Company to pay lease payments sufficient to enable the Agency to pay the principal, redemption price, if applicable, and purchase price of, and interest on, the Bonds and to accelerate and collect the rentals payable by the Company under the IDA Lease Agreement. Under the Indenture each holder of the Bonds agrees 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 Company and impose upon the Company the obligations set forth in the IDA Lease Agreement. Pursuant to the Indenture, each holder of the Bonds further agrees that neither the Agency, the Bondholder nor the Trustee (except as Leasehold Mortgagee under and pursuant to the Leasehold Mortgage) shall (except as described above) have any other interest in the Leased Facilities or the Port Authority Lease (including, but not limited to, any rights to perform the rights or obligations of the Company under the Port Authority Lease (except for those rights pursuant to the Leasehold Mortgage or the provisions of the Port Authority Lease governing the exercise of rights under the Leasehold Mortgage) 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 or the Port Authority 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 of New York, or (iv) the Real Property Law of the State of New York or otherwise. Further, under the Indenture, each 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 Port Authority Lease at law or in equity arising out of or in connection with the Act, the Security Documents or the Leased Facilities (other than the interests, rights and remedies granted to the Leasehold Mortgagee under or pursuant to the Leasehold Mortgage or the provisions of the Port Authority Lease governing the exercise of rights under the Leasehold Mortgage).

Pursuant to the Indenture upon an Event of Default thereunder, the Trustee will have a first right of payment prior to payment of rent under the IDA Lease Agreement in respect of the principal of or interest on any Bonds upon the revenues for the payment of its compensation and expenses and for the payment of advances reasonably and necessarily made or incurred by it under the Indenture.

The Indenture also permits the issuance of Additional Bonds ranking on a parity with the Series 2002 Bonds, *provided* that the maximum principal amount of Bonds, including the

Series 2002 Bonds, issued under the Indenture shall not exceed $2,300,000,000. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions—*Issuance of Additional Bonds*" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Authorization and Issuance of Bonds" for a description of the conditions upon which Additional Bonds may be issued. The Company intends to finance the completion of the Project through the issuance from time to time of Additional Bonds by the Agency. See "THE PROJECT; PLAN OF FINANCE."

THE SERIES 2002 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AGENCY, PAYABLE AS TO THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, AND PURCHASE PRICE THEREOF, AND INTEREST THEREON, SOLELY FROM THE TRUST ESTATE. NEITHER THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, OR PURCHASE PRICE OF, OR THE INTEREST ON, THE SERIES 2002 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY, IS PLEDGED TO SUCH PAYMENT OF THE SERIES 2002 BONDS. THE SERIES 2002 BONDS WILL NOT BE PAYABLE OUT OF ANY FUNDS OF THE AGENCY OTHER THAN THOSE PLEDGED THEREFOR PURSUANT TO THE INDENTURE. THE SERIES 2002 BONDS WILL NOT GIVE RISE TO A PECUNIARY LIABILITY OR CHARGE AGAINST THE CREDIT OR TAXING POWERS OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE CITY. NO RECOURSE WILL BE HAD FOR THE PAYMENT OF THE PRINCIPAL, REDEMPTION PRICE, IF APPLICABLE, OR PURCHASE PRICE OF, OR INTEREST ON, ANY SERIES 2002 BOND AGAINST ANY MEMBER, OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE AGENCY. THE AGENCY HAS NO TAXING POWER.

Debt Service Reserve Fund

Within the Debt Service Reserve Fund there shall be created and held a Series 2002A Debt Service Reserve Account and a Series 2002B Debt Service Reserve Account. The Series 2002A Debt Service Reserve Account shall be held as security for the Series 2002A Bondholders and the Series 2002B Debt Service Reserve Account shall be held as security for the Series 2002B Bondholders. Each such Debt Service Reserve Account shall be held by the Trustee and applied solely for the purposes specified in the Indenture and shall be pledged to the payment of the principal of, Sinking Fund Installments, redemption price and interest on the Series 2002A Bonds or the Series 2002B Bonds, as the case may be. The Debt Service Reserve Account for the Series 2002A Bonds will be funded from the proceeds of the Series 2002A Bonds and the Debt Service Reserve Account for the Series 2002B Bonds will be funded from the proceeds of the Series 2002B Bonds, in each case in an amount equal to the applicable Debt Service Reserve Account Requirement. In lieu of or in substitution of such Bond proceeds, the Company may deposit or cause to be deposited into the respective Debt Service Reserve Account a Reserve Fund Facility. See APPENDIX D–"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE–Custody and Investment of Funds–*Debt Service Reserve Fund*."

Amounts held in the Debt Service Reserve Account for the Series 2002A Bonds will be withdrawn and deposited in the applicable Principal Account, the applicable Interest Account

and the applicable Redemption Account to the extent amounts held therein are not sufficient to make payments of principal, interest or redemption price on the Series 2002A Bonds when due. Amounts held in the Debt Service Reserve Account for the Series 2002B Bonds will be withdrawn and deposited in the applicable Principal Account, the applicable Interest Account, the applicable Sinking Fund Installment Account and the applicable Redemption Account to the extent amounts held therein are not sufficient to make payments of principal, interest, redemption price or Sinking Fund Installments on the Series 2002B Bonds when due.

Commencing with the first Business Day of the first calendar month immediately following any withdrawal from any Debt Service Reserve Account, the Company will be obligated under the IDA Lease Agreement to make 12 monthly installment payments to the Trustee in immediately available funds, each payment to be in an amount equal to 1/12 of such withdrawal until amounts held in such Debt Service Reserve Account shall equal the Debt Service Reserve Account Requirement for such Debt Service Reserve Account. See the last paragraph under APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT–Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions–*Rental Provisions*."

The IDA Lease Agreement

The primary source for the payment of principal, redemption price, if applicable, and purchase price of, and interest on, the Series 2002 Bonds will be the payment by the Company of rent under the IDA Lease Agreement. The Company will be obligated to pay directly to the Trustee, as assignee of the Agency under the Indenture, rent in an amount equal to the principal, redemption price, if applicable, and purchase price of, and interest on, the Series 2002 Bonds and all Additional Bonds, when due. The obligations of the Company under the IDA Lease Agreement will be absolute and unconditional obligations of the Company.

The Guaranties

The owners of the Series 2002 Bonds and all Additional Bonds will be entitled to the benefits of the Company Guaranty and the AMR Guaranty pursuant to which the Company and AMR, respectively, will unconditionally guarantee to the Trustee for the benefit of the owners of the Series 2002 Bonds and all Additional Bonds payment of the principal, redemption price, if applicable, and purchase price of, and interest on, the Series 2002 Bonds and all Additional Bonds when and as due and payable. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES."

Neither the IDA Lease Agreement nor the Company Guaranty will contain any restriction on the ability of the Company to incur debt, to declare dividends or, except as described in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Dissolution or Merger of Company; Restrictions on Company*" and in APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES—Assignment; Dissolution or Merger; Ability to Incur Debt," to merge with or into another entity or to sell or otherwise transfer any portion of its assets.

The AMR Guaranty will not contain any restriction on the ability of AMR to incur debt, to declare dividends or, except as described in APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES—Assignment; Dissolution or Merger; Ability to Incur Debt," to merge with or into another entity or to sell or otherwise transfer any portion of its assets.

Leasehold Mortgage and Reletting

Leasehold Mortgage. As security for payment of its obligations under the Company Guaranty and AMR's obligations under the AMR Guaranty, the Company has agreed that within 21 Business Days after the satisfaction of the Reletting Rights Effective Date Conditions, the Company will execute and deliver to the Leasehold Mortgagee for recording a leasehold mortgage of the Company's interest in the Premises under the Port Authority Lease. The Leasehold Mortgage will be acknowledged and consented to by the Agency. See *"—Execution, Delivery and Recording of the Leasehold Mortgage After Reletting Rights Effective Date."* A form of the Leasehold Mortgage has been consented to by the Port Authority under the Port Authority Consent and is described in APPENDIX G—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE." The sole rights of the Leasehold Mortgagee pursuant to the exercise of its rights under the Leasehold Mortgage following a Leasehold Mortgage Default are the Reletting Rights, which would permit the Leasehold Mortgagee to exclude the Company from possession of the Premises and to select a Qualifying Replacement Tenant during the Foreclosure Period. The obligations of the Leasehold Mortgagee with respect to any exercise of the Reletting Rights are described below and in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights."

The Leasehold Mortgage is not permitted to be executed, delivered or recorded until after the Leased Facilities have been substantially completed and the Reletting Rights Effective Date Conditions have been satisfied. Any failure to substantially complete the Leased Facilities or to satisfy the other Reletting Rights Effective Date Conditions would result in the Leasehold Mortgage never becoming effective. If the Leasehold Mortgage does not become effective, the only source of payment of the Bonds (including the Series 2002 Bonds) would be (i) the Equipment Security Agreement, (ii) the unsecured obligations of the Company under the IDA Lease Agreement and the Company Guaranty, (iii) the unsecured obligation of AMR under the AMR Guaranty, and (iv) amounts held by the Trustee in any Account of the Debt Service Reserve Fund established to secure such series of Bonds. The delayed execution, delivery and recording of the Leasehold Mortgage also raises certain bankruptcy and lien priority issues. See "RISK FACTORS—Risks Related to Delayed Effective Date and Recording of Leasehold Mortgage; Delay in Completion of Leased Facilities" and "—Certain Considerations under the United States Bankruptcy Code."

If the Basic Lease expires the Leasehold Mortgage will terminate. The City will agree in the Agreement Towards Entering Into a Lease that it will not unreasonably withhold its consent to a new leasehold mortgage in favor of the Trustee (or an approved successor trustee), as leasehold mortgagee, of the Company's interest in the New City/American Lease, *provided* that certain conditions are satisfied. The form, terms

and provisions of such new leasehold mortgage are not specified in the Agreement Towards Entering Into a Lease. A new leasehold mortgage covering the New City/American Lease having terms satisfactory to the City must be negotiated at such time. There can be no assurance that any such new leasehold mortgage will have terms similar to the Leasehold Mortgage as described herein or whether a leasehold mortgage satisfactory to the parties will, in fact, be agreed to and executed. Also, no assurance can be given that the City will not require additional provisions in the New City/American Lease that would add to, or significantly differ from, the provisions of the Port Authority Lease governing restrictions on the ability of the Leasehold Mortgagee to foreclose the Leasehold Mortgage as described herein. See "—New Leasehold Mortgage Upon Expiration of the Basic Lease."

The following discussion describes (i) the requirements that must be satisfied by the Company before the Leasehold Mortgage can be executed, delivered or recorded and (ii) the conditions set forth in the Port Authority Lease that must be satisfied before the Leasehold Mortgage can be foreclosed once it becomes effective.

Conditions to Execution, Delivery and Recording of the Leasehold Mortgage. The Leasehold Mortgage is not permitted to be executed, delivered or recorded until after each of the Reletting Rights Effective Date Conditions described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions*" is fulfilled. The Reletting Rights Effective Date Conditions include the requirements that (i) the Company construct a terminal containing not less than 55 gates, of which at least 35 are to accommodate widebody aircraft and at least two are to accommodate narrowbody aircraft, or such other number of gates as shall have been approved in writing by the Director of the Port Authority's Aviation Department, and (ii) the Company incur not less than $850,000,000 of qualified costs in connection with construction of the Leased Facilities (referred to collectively as the *"Required Conditions"*). The Company will covenant in the IDA Lease Agreement that it will construct at the Premises not less than 55 aircraft loading and unloading gate positions of which at least 35 are to accommodate widebody aircraft and of which at least two are to accommodate narrowbody aircraft, or such other number of aircraft gate positions as are approved by the Port Authority. The other Reletting Rights Effective Date Conditions are requirements that must be complied with to verify that the Required Conditions have been satisfied. The Port Authority Lease contains specific procedures (including procedures relating to the Port Authority's right to audit costs of work on the Project) as described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions*" that must be strictly complied with to satisfy the Reletting Rights Effective Date Conditions.

The Company currently estimates that the substantial completion of the Project will occur in August 2006 and that the remaining Reletting Rights Effective Date Conditions will be satisfied by August 31, 2007 (which allows one year for the Port Authority to conduct an audit, if it so chooses, to determine whether the Company has satisfied the Required Condition that the Company incur not less than $850,000,000 in qualified costs in connection with construction of the Leased Facilities).

There can be no assurance that the Reletting Rights Effective Date Conditions will ever be satisfied. See "RISK FACTORS—Risks Related to Delayed Effective Date and Recording of Leasehold Mortgage; Delay in Completion of Leased Facilities" and "— Certain Considerations under the United States Bankruptcy Code" for a discussion of certain risks related to the delayed execution and recording of the Leasehold Mortgage.

Under the Port Authority Lease, the Company is incentivized to complete the Project in a timely manner as a result of certain provisions that provide for abatements of rent as certain criteria are met. Building rent is abated until December 22, 2010 as follows: (i) one-third of such building rent is abated from (x) the later of December 22, 2002 and the first day of the month after the month in which the Company has incurred at least $283,333,050 of qualifying costs for Redevelopment Work to (y) the later of December 21, 2004 and the last day of the month during which the Company has incurred at least $566,666,100 of qualifying costs for Redevelopment Work and (ii) two-thirds of such building rent is abated from (x) the later of December 22, 2004 and the first day of the month after the month in which the Company has incurred at least $566,666,100 of qualifying costs for Redevelopment Work to (y) the earlier of the first day of the month after which the Required Conditions have been satisfied and December 21, 2010. The abatements under item (i) above would amount to approximately $7 million per year and under item (ii) above would amount to approximately $14 million per year. All building rent is abated from the first day of the month after the month in which the Company satisfies the Required Conditions until the earlier of (i) December 22, 2031 and (ii) the 25th anniversary of the Redevelopment Work Completion Date. Such rent abatements would total approximately $22 million per year. In addition, the Port Authority Lease provides that if the Required Conditions have not occurred prior to December 30, 2015, the Port Authority Lease will automatically terminate notwithstanding any prior extension of the Port Authority Lease. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Rent."

Execution, Delivery and Recording of the Leasehold Mortgage After Reletting Rights Effective Date. In the IDA Lease Agreement, the Company will agree that, following the Redevelopment Work Completion Date, it will comply with the procedural provisions of the Port Authority Lease governing the execution, delivery and recording of the Leasehold Mortgage. Such provisions, which are described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions,*" are referred to herein as the "*Section 92(d) Provisions.*" Any failure of the Company to comply with the Section 92(d) Provisions or any Wrongful Recording of the Leasehold Mortgage would constitute a breach of the IDA Lease Agreement unless such breach is cured as provided in the IDA Lease Agreement and, in the case of a Wrongful Recording of the Leasehold Mortgage, such Wrongful Recording of the Leasehold Mortgage is waived, in writing, by the Port Authority. Even if such a breach could be so cured, the Port Authority will have sole discretion as to whether it will waive any Wrongful Recording of the Leasehold Mortgage and accept such a cure.

In the IDA Lease Agreement, the Company and the Agency will agree, in accordance with the Section 92(d) Provisions, to execute and deliver the Leasehold Mortgage to the Trustee within 21 Business Days after the satisfaction of the Reletting Rights Effective Date Conditions.

Simultaneously with such delivery, the Company will be required to deliver to the Trustee an opinion of counsel reasonably satisfactory to the Trustee as to the validity and enforceability of the Leasehold Mortgage. The IDA Lease Agreement will provide that the Company shall direct the Trustee to record the Leasehold Mortgage in the appropriate recording office of the City. **Delayed execution, delivery and recording of the Leasehold Mortgage raises certain bankruptcy and lien priority issues. See "RISK FACTORS—Risks Related to Delayed Effective Date and Recording of Leasehold Mortgage; Delay in Completion of Leased Facilities" and "—Certain Considerations under the United States Bankruptcy Code."**

If the Company were to wrongfully execute, deliver or record the Leasehold Mortgage prior to the fulfillment of all Reletting Rights Effective Date Conditions, such action would constitute a material breach of the Port Authority Lease and an event of default thereunder (which the Leasehold Mortgagee would have no right to cure) permitting the Port Authority to terminate the Port Authority Lease, which termination (i) could result in an acceleration of the Bonds and (ii) would result in the termination of the Company Sublease and a mandatory redemption of the Series 2002 Bonds in whole. See APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default; Remedies of Bondholders" and APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights."

Foreclosure of Leasehold Mortgage. Upon the occurrence and continuation of a Leasehold Mortgage Default as described below, the Leasehold Mortgagee, acting on behalf of the Bondholders, may foreclose upon the Leasehold Mortgage by seeking to (a) exclude the Company from possession of the Premises, if necessary, and (b) have the Company's leasehold interest in the Premises assigned to a successor tenant (a *"Qualifying Replacement Tenant"*) that satisfies the conditions set forth below under "*—Obligations of Qualifying Replacement Tenant; Qualification Standards*." The Qualifying Replacement Tenant also would be required to meet the other conditions described below under "*—Obligations of Qualifying Replacement Tenant; Qualification Standards*," including the payment of a "deferred reletting fee" to the Port Authority.

The "events of default" under the Leasehold Mortgage (each a *"Leasehold Mortgage Default"*) include the occurrence, after the satisfaction of the Reletting Rights Effective Date Conditions, of:

(a) the Leasehold Mortgagee's receipt of a notice from the Port Authority to the effect that the Company is in default under the Port Authority Lease and that the Port Authority has elected to terminate the Port Authority Lease pursuant to its terms (a *"Lease Default"*);

(b) (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 would not be a Leasehold Mortgage Default as described in this paragraph (b) (a *"Bonds Default"*); or

(c) the later of (i) the date of rejection of the Port Authority Lease pursuant to the order of a bankruptcy court, and (ii) the date of such an order of a bankruptcy court if it triggers a period during which the Trustee must decide whether to exercise its reletting rights (a *"Bankruptcy Rejection Date"*).

Conditions Precedent to Foreclosure. The Port Authority may not terminate the Port Authority Lease so long as the Company's interest in the Premises is encumbered by the Leasehold Mortgage without giving notice and, in most cases, without giving the Leasehold Mortgagee the opportunity to cure as described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights." To preserve the effectiveness of the Leasehold Mortgage following any Leasehold Mortgage Default, the Leasehold Mortgagee must satisfy certain requirements. As discussed below, such requirements include obligations to commence foreclosure actions in specified periods, to identify a proposed Qualifying Replacement Tenant in specified periods, to pay substantial foreclosure extension fees (if required and if certain conditions are satisfied) and to pay deferred reletting fees. **If any of these requirements are not satisfied or complied with by the Leasehold Mortgagee in a timely manner, the Port Authority Lease and the Leasehold Mortgage will terminate and the Leasehold Mortgagee will be forever precluded from foreclosing upon the Leasehold Mortgage. Upon such termination of the Port Authority Lease (which would result in a termination of the Company Sublease) all of the Bonds are required to be redeemed at a redemption price of 100% of the principal amount thereof, together with accrued interest, and without premium.**

1. *Notice.* Within 30 days (which period can be extended to a total of 90 days) after a Leasehold Mortgage Default, the Leasehold Mortgagee must give notice to the Port Authority of its intent to exercise its Reletting Rights (the *"Foreclosure Notice"*). The date of actual service on the Port Authority of the Foreclosure Notice starts the Foreclosure Period (as defined below).

2. *Foreclosure Proceedings and Removal of the Company.* The Leasehold Mortgagee must identify to the Port Authority a Qualifying Replacement Tenant to assume from the Company its leasehold interest in the Premises within 270 days following the commencement of the Foreclosure Period (the *"Initial Foreclosure Period"*). The Qualifying Replacement Tenant must satisfy the requirements described below under "*—Obligations of Qualifying Replacement Tenant; Qualification Standards.*" If the Company does not agree voluntarily to assign its leasehold interest in the Premises to a Qualifying Replacement Tenant or if the Company fails to vacate the Premises, the Leasehold Mortgagee must promptly, diligently and in good faith commence, continue and seek to complete foreclosure proceedings within the first 90 days of the Initial Foreclosure Period and diligently pursue such proceedings to secure (a) the Company's removal from the Premises, if necessary, and (b) the assignment of the Company's leasehold

interest in the Premises to a Qualifying Replacement Tenant. The Initial Foreclosure Period may be extended for up to an additional 450 days (*i.e.*, to a total of 720 days) if the Leasehold Mortgagee has secured the commitment of a Qualifying Replacement Tenant prior to the expiration of the Initial Foreclosure Period and if pending legal foreclosure proceedings are the sole obstacle then preventing a Qualifying Replacement Tenant from taking possession of the Premises (the Initial Foreclosure Period, with any extensions, is hereafter referred to as the *"Foreclosure Period"*). For a more complete description, see APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Foreclosure Obligations" and "—Extensions of Foreclosure Period."*

If the Company's leasehold interest in the Premises has not been assigned to, and assumed by, a Qualifying Replacement Tenant by the end of the Foreclosure Period, the Leasehold Mortgage will be deemed expired and terminated and of no further force or effect. **No assurance can be given that the Leasehold Mortgagee will have sufficient time to complete any necessary foreclosure proceedings during the Foreclosure Period. See "RISK FACTORS—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage."**

3. *Foreclosure Period Payments.* Except as described below under "*—Certain Bankruptcy Matters,*" to preserve the effectiveness of the Leasehold Mortgage upon the commencement of and during the continuation of the Foreclosure Period, the Leasehold Mortgagee must make certain ongoing payments to the Port Authority pursuant to the Port Authority Lease (referred to collectively as the *"Company's Aggregate Port Authority Lease Obligations"*), as follows:

(a) To the extent such amounts have not previously been paid to the Port Authority by the Company or the Leasehold Mortgagee, all amounts due and owing to the Port Authority under the Port Authority Lease (in the case of the initial payment, to the extent such amounts have accrued for any and all periods up to the commencement of the Foreclosure Period (which is the date the Foreclosure Notice is actually served on the Port Authority)), including, without limitation, various ground and building rentals and fees, costs and charges for various services and uses.

(b) To the extent such amounts have not previously been paid to the Port Authority by the Company or the Leasehold Mortgagee, all amounts due and owing by the Company 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 (in the case of the initial payment, to the extent such amounts have accrued for a period of 60 days up to the commencement of the Foreclosure Period).

In addition to its initial and monthly obligation to pay all current Company's Aggregate Port Authority Lease Obligations, the Leasehold Mortgagee must pay certain additional fees to the Port Authority in order to preserve the effectiveness of the Leasehold Mortgage beyond 180 days from the commencement of the Foreclosure Period (*"Leasehold Mortgage Extension Fees"*). Such fees are not payable during any period when the initial commencement of the Foreclosure Period was due to a Bonds Default and no other Leasehold Mortgage Default has

occurred. The following table summarizes the scope of the payments that the Leasehold Mortgagee could be required to make to the Port Authority during the Foreclosure Period to preserve the effectiveness of the Leasehold Mortgage:

PAYMENT PERIOD	PAYMENT OBLIGATION
Commencement of Foreclosure Period (*i.e.* delivery of Foreclosure Notice)	Accrued but unpaid Company's Aggregate Port Authority Lease Obligations.
0-90 days of Foreclosure Period	Current Company's Aggregate Port Authority Lease Obligations.
91-180 days of Foreclosure Period (requires foreclosure proceedings to be diligently pursued)	Current Company's Aggregate Port Authority Lease Obligations.
181-270 days of Foreclosure Period (requires foreclosure proceedings to be diligently pursued and inability to complete foreclosure proceedings, including eviction of the Company, within period through no fault of the Leasehold Mortgagee)	Current Company's Aggregate Port Authority Lease Obligations and, in addition, up to $8,090,000 in Leasehold Mortgage Extension Fees for this period, prorated and payable in advance in monthly installments.
271-360 days of Foreclosure Period (requires foreclosure proceedings to be diligently pursued and inability to complete foreclosure proceedings, including eviction of the Company, within period through no fault of the Leasehold Mortgagee)	Current Company's Aggregate Port Authority Lease Obligations and, in addition, up to $8,090,000 in Leasehold Mortgage Extension Fees for this period, prorated and payable in advance in monthly installments.
361-540 days of Foreclosure Period (requires foreclosure proceedings to be diligently pursued and inability to complete foreclosure proceedings, including eviction of the Company, within period through no fault of the Leasehold Mortgagee)	Current Company's Aggregate Port Authority Lease Obligations and, in addition, up to $32,361,000 in Leasehold Mortgage Extension Fees for this period, prorated and payable in advance in monthly installments.
541-720 days of Foreclosure Period (requires foreclosure proceedings to be diligently pursued and inability to complete foreclosure proceedings, including eviction of the Company, within period through no fault of the Leasehold Mortgagee)	Current Company's Aggregate Port Authority Lease Obligations and, in addition, up to $48,541,000 in Leasehold Mortgage Extension Fees for this period, prorated and payable in advance in monthly installments.

In 2001 the average monthly Company's Aggregate Port Authority Lease Obligations were approximately $5.4 million. Pursuant to the Indenture, a Foreclosure Payment Account will be established within the Mortgage Reserve Fund for use by the Leasehold Mortgagee to preserve the rights of the Leasehold Mortgagee under the Port Authority Lease, including making payments to prevent a default under the Port Authority Lease with respect to payments required to preserve the Leasehold Mortgage or, if applicable, the New City/American Lease. Under the IDA Lease Agreement, at the time the Company delivers the executed Leasehold Mortgage to the Trustee following satisfaction of the Reletting Rights Effective Date Conditions, the Company is obligated to deposit into the Foreclosure Payment Account of the Mortgage Reserve Fund either cash or a direct pay letter of credit or surety bond with a value equal to $18.6 million. Such amount is estimated to be equal to three months of the Company's Aggregate Port Authority Lease Obligations in 2006, based on various assumptions. Amounts required to be paid by the Company under the Port Authority Lease may be highly variable and are expected to increase over time, and after the earlier to occur of (i) December 22, 2031 and (ii) the 25th anniversary of the Redevelopment Work Completion Date, the rent payable by the Company under the Port Authority Lease will increase significantly. **Accordingly, no assurance can be given that the Foreclosure Payment Account will provide sufficient funds in any year to cover all or any portion of the payments required to be made at the commencement of the Foreclosure Period or during any other part of the Foreclosure Period to preserve the effectiveness of the Leasehold Mortgage.** See "RISK FACTORS—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage." If the Trustee determines that it is in the best interest of the Bondholders or is directed by the holders of a majority in aggregate principal amount of outstanding Bonds, the Foreclosure Payment Account of the Mortgage Reserve Fund may instead be used to pay debt service on the Bonds following a Leasehold Mortgage Default, in which case the Leasehold Mortgage would terminate. **The Leasehold Mortgage will terminate if the Leasehold Mortgagee fails to make any of the above payments in a timely manner.**

4. *Right of Port Authority to Terminate the Leasehold Mortgage Prior to Foreclosure.* The Leasehold Mortgagee shall not be entitled to foreclose the Leasehold Mortgage or to have the Company's interest assigned in lieu of such foreclosure unless at least 30 days prior to commencing such foreclosure or requesting such assignment in lieu of foreclosure, the Leasehold Mortgagee shall have given the Port Authority the Foreclosure Notice, 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 has the right, but not the obligation, following notice by the Leasehold Mortgagee as described in the preceding sentence, to terminate the Leasehold Mortgage by paying to the Trustee an amount equal to the principal amount of the Bonds outstanding, including per diem interest to the date of purchase. Exercise of such right by the Port Authority would cause a mandatory redemption of the Series 2002 Bonds at a redemption price of 100% of the unpaid principal thereof, together with accrued interest to the date of redemption and without premium. See "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Extraordinary Mandatory Redemption Without Premium Upon Exercise of Port Authority's or City's Right to Terminate the Leasehold Mortgage*" and APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights." If the Port Authority shall fail to notify the

Leasehold Mortgagee within the 30-day period specified in the notice of its intention to exercise such right, the Leasehold Mortgagee shall be entitled to proceed to foreclose the Leasehold Mortgage or to accept an assignment in lieu of foreclosure in accordance with the provisions of the Port Authority Lease. Bondholders should not assume that the Port Authority will exercise this option.

Certain Bankruptcy Matters. If any bankruptcy proceedings involving the Company are instituted while the Leasehold Mortgage remains in effect, the obligations of the Leasehold Mortgagee to take the actions (including making certain required payments) described above under "*—Conditions Precedent to Foreclosure*" in order to preserve the Leasehold Mortgagee's rights to foreclose upon the Company's interest in the Premises will be suspended until the earlier to occur of (a) the "rejection" of the Port Authority Lease by the Company as debtor-in-possession or by its bankruptcy trustee or (b) the conclusion of such bankruptcy proceedings. During the pendency of any bankruptcy proceedings, the Leasehold Mortgagee would be precluded from foreclosing upon the Company's leasehold interest in the Premises absent relief from the bankruptcy court. See "RISK FACTORS—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage."

1. *Rejection of Port Authority Lease.* In the event that the Port Authority Lease is "rejected" by the Company as debtor-in-possession or by its bankruptcy trustee, the Port Authority has agreed that the Leasehold Mortgagee will become the "deemed lessee" of the Premises following the later of the date of the bankruptcy court's approval of the rejection of the Port Authority Lease and the effective date of the rejection of the Port Authority Lease (the "*rejection date*"). To preserve such right, however, the Leasehold Mortgagee would be required to (a) provide the Foreclosure Notice to the Port Authority (as described above under "*—Notice*") and pay to the Port Authority all current and previously accrued Company's Aggregate Port Authority Lease Obligations, in each case as they become due under the Port Authority Lease from and after the rejection date, and (b) institute appropriate legal proceedings in the bankruptcy court, if necessary, to remove the Company from the Premises.

2. *Assignment of Port Authority Lease.* If the Port Authority Lease is not "rejected" and is assigned to another entity or person by the Company as debtor-in-possession or by its bankruptcy trustee, and assuming the Leasehold Mortgage remains unaltered and in full force and effect in connection therewith, upon any then-current or subsequent Lease Default (involving such assignee of the Port Authority Lease) or Bonds Default, the Leasehold Mortgagee would again be required to take the actions described above under "*—Conditions Precedent to Foreclosure*" to preserve and effect its right to foreclose upon the assignee's interest in the Premises.

3. *Conclusion of Proceedings.* Following the Company's emergence from any bankruptcy proceedings, and if the Port Authority Lease was not "rejected" or assigned to another person or entity during the bankruptcy proceedings, the Leasehold Mortgagee would be required to take the actions described above under "*—Conditions Precedent to Foreclosure*" to preserve and effect its right to foreclose upon the Company's interest in the Premises on account of any then-current or subsequent Lease Default or Bonds Default involving the Company.

Obligations of Qualifying Replacement Tenant; Qualification Standards. The following requirements and obligations are applicable to any Qualifying Replacement Tenant selected by the Leasehold Mortgagee and approved by the Port Authority to succeed to the Company's interest in the Premises upon the Leasehold Mortgagee's foreclosure under the Leasehold Mortgage:

1. *Assignment and Assumption Agreement.* The Qualifying Replacement Tenant must execute an assignment and assumption agreement with the Port Authority agreeing to be bound by the terms of the Port Authority Lease as if it were the original tenant thereunder, except that the Qualifying Replacement Tenant may (with the Leasehold Mortgagee's approval) agree to lease the Premises for a term that is less than the remaining term of the Port Authority Lease.

2. *Payment of Accrued Company Obligations and Deferred Reletting Fee.* Upon or prior to accepting the assignment and assumption of the Company's interest in the Premises, the Qualifying Replacement Tenant (or the Leasehold Mortgagee) must also pay to the Port Authority:

(a) all accrued Company's Aggregate Port Authority Lease Obligations previously owed and unpaid by the Leasehold Mortgagee pursuant to the Leasehold Mortgage, together with accrued interest thereon at the Port Authority's then-prevailing late charges rate; and

(b) a "Deferred Reletting Fee" equal to the product of (1) the Mortgage Amount multiplied by (2) 2% if the default under the Leasehold Mortgage that gave rise to the assignment is a Bonds Default, 3% if the default that gave rise to the assignment is a Lease Default or a Bankruptcy Rejection Date or 4% if there were both (x) a Bonds Default and (y) a Lease Default or a Bankruptcy Rejection Date, further multiplied by (3) a fraction, the numerator of which is the greater of five and the number of full years remaining in the lease term of the Port Authority Lease on the date that the Foreclosure Period commenced, and the denominator of which is the total number of years between December 22, 2000 and the earlier of the day preceding the 30th anniversary of the Redevelopment Work Completion Date or December 21, 2036, which deferred reletting fee may be paid upon the commencement of the reletting or in installments. **The amount of the Deferred Reletting Fee will be significant and may, since it must be paid by the Qualifying Replacement Tenant (or the Bondholders), be a significant impediment to the attraction of a Qualifying Replacement Tenant. See "RISK FACTORS—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage."**

3. *Qualification Standards.* The acceptance of any proposed replacement tenant is subject to approval of the Port Authority and such proposed replacement tenant must be 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 the Port Authority Lease, and who shall each meet all of the requirements described below. The Port Authority will reasonably consider all relevant factors, including whether such proposed replacement tenant, together with each of its members if it is a consortium, satisfies the following conditions: (a) it has financial resources that are sufficient, in the opinion of the Port Authority, to fulfill all obligations as the lessee of the Premises for the term of its tenancy, (b) it and its 20% owners have a good reputation for integrity and financial responsibility and have not been convicted of a crime and are not currently involved in material civil antitrust or fraud litigation (other than as a plaintiff), (c) it and all of its officers, directors, partners or 20% owners have had no prior "*unfavorable experience*" (as defined in the Port Authority Lease) with the Port Authority, (d) it and all of its officers, directors, partners or 20% owners have no "*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, and (e) it and all of its officers, directors, partners or 20% owners have not been the subject of bankruptcy proceedings during the prior five years. A "20% owner" refers to any person, firm or corporation having an outright or beneficial interest in 20% or more of the monies invested in the proposed Qualifying Replacement Tenant, and if said Qualifying Replacement Tenant is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest.

The Agreement Towards Entering Into a Lease provides that under certain limited circumstances and subject to conditions that may be difficult to satisfy, the Leasehold Mortgagee may direct the City to enter into a new agreement with a City Approved Successor Lessee that contains all of the covenants, conditions, limitations and agreements contained in the Agreement Towards Entering Into a Lease (including, without limitation, the obligation to enter into a new Recognition, Non-Disturbance and Attornment Agreement) (with such reasonable modifications thereof to reflect the fact that such agreements are with a successor lessee and that the Leasehold Mortgagee no longer has any rights). See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Leasehold Mortgagee's Termination Rights*" for a summary of such provisions and all conditions precedent. Upon any reletting of the Premises to a Qualifying Replacement Tenant without the consent of the City, the City may, at its option, terminate the Agreement Towards Entering Into a Lease.

There can be no assurance that the Leasehold Mortgagee will be able to locate a Qualifying Replacement Tenant capable of satisfying all of the requirements and qualification standards imposed by the Port Authority Lease. See "RISK FACTORS—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage" herein.

No Subsequent Leasehold Mortgages. After a successor lessee succeeds to the Company's interests in the Premises as a result of the Leasehold Mortgagee's exercise of its Reletting Rights under the Leasehold Mortgage, the Leasehold Mortgage terminates and neither the Leasehold Mortgagee nor Bondholders would have any further leasehold mortgage rights with respect to the Premises.

Termination of the Leasehold Mortgage. The Leasehold Mortgage, and the Reletting Rights thereunder, are subject to termination upon the occurrence of any one of several events, including, without limitation, termination or expiration of the Basic Lease or the Port Authority Lease, termination of the Guaranties (when no Bonds are deemed to be outstanding under the Indenture) or expiration of the Foreclosure Period. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights." However, the City Attornment Agreement will provide that, subject to certain conditions described below, the Leasehold Mortgage, if it has then become effective, will continue in effect in the event the Basic Lease is terminated prior to its scheduled expiration date.

Equipment Security Agreement

The Company and the Agency will enter into the Equipment Security Agreement with the Trustee for the benefit of the Bondholders providing for the granting of a security interest in certain items of Facility Equipment which are owned by the Agency and leased to the Company under the IDA Lease Agreement (the *"Collateral"*).

Pursuant to the terms of the Equipment Security Agreement, the Trustee, as secured party, may, upon the occurrence of an Event of Default under the Indenture, do one or more of the following:

(i) upon notice to the Company and the Agency, make such payments and do such acts in accordance with its obligations under the Indenture, to maintain, preserve and protect the Collateral and the Trustee's security interest in the Collateral;

(ii) foreclose the Equipment Security Agreement;

(iii) require the Company to assemble all or part of the Collateral as directed by the Trustee and make it available to the Trustee or any other party designated by the Trustee;

(iv) take possession of the Collateral;

(v) sell the Collateral or any part thereof at public or private sale, at such price or prices and upon such other terms as the Trustee may deem commercially reasonable and, at any sale of the Collateral, if permitted by law, the Trustee may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) for the purchase of the Collateral or any portion thereof; and

(vi) exercise with respect to the Collateral, in addition to other rights and remedies provided for in the Equipment Security Agreement or otherwise available to the Trustee, all the rights and remedies of a secured party after default under the Uniform Commercial Code.

Proceeds from the exercise of remedies under the Equipment Security Agreement will be applied in accordance with the Indenture. The value of the Collateral is substantially related to

its use in connection with the Company's operation of the Premises. The realizable value of the Collateral outside of its use in the Premises will likely be substantially less than its cost.

City Attornment Agreement

In the City Attornment Agreement, the City and the Company will agree that if the Basic Lease is terminated prior to its stated expiration date and if (i) the Company is not at such time a Prohibited Person, (ii) the Company is not in default under the Port Authority Lease and no event exists which would permit the Port Authority to terminate the Port Authority Lease or to exercise any dispossess remedy, (iii) the Company has possession of the Premises as the tenant under the Port Authority Lease, (iv) no event has occurred which would permit the commencement of the exercise of the Reletting Rights, (v) no Qualifying Replacement Tenant has been appointed and (vi) no Triggering Event has occurred, then (A) the Port Authority Lease will thereafter continue in effect as a direct lease between the Company and the Fee Owner upon the terms and conditions contained therein and the Port Authority Lease will not be deemed terminated for any purpose (other than as regards the Port Authority), (B) the Fee Owner will recognize the rights of the Company as its direct tenant under the Port Authority Lease (including its rights to grant a leasehold mortgage therein) and (C) the Company will recognize the Fee Owner as its direct landlord thereunder. In such event, the Leasehold Mortgage, if it has then become effective, would continue in effect. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the City Attornment Agreement."

The Agreement Towards Entering Into a Lease

The Basic Lease is currently scheduled to expire on December 31, 2015. If the Basic Lease is extended, the Port Authority Lease will be automatically extended so that it will expire on the day prior to the new expiration date of the Basic Lease, so long as the Company is not in default under the Port Authority Lease at that time and the Company has satisfied certain additional conditions set forth in the Port Authority Lease and described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Term." An official statement dated June 26, 2002 of the Port Authority offering certain of its bonds for sale contained the following statement relating to the Basic Lease: "In 1994, the former administration of the City of New York suspended negotiations to extend the term of such lease. In early 2002, the Port Authority and the City of New York began to discuss various contractual and other matters, including the extension of the term of such lease agreement, and certain disputes pertaining to payments-in-lieu-of-taxes and other real estate tax matters pertaining to the World Trade Center... . Although a definitive schedule for the resolution of these matters has not been established, the current administration of the City of New York has publicly expressed a desire to amicably complete these discussions expeditiously." None of the Company, AMR or the Agency has any independent knowledge as to the factual basis of this statement or whether it accurately reflects the state of affairs between the City and the Port Authority as of the date of this Official Statement.

Pursuant to the Agreement Towards Entering Into a Lease, the City will agree that, if the Basic Lease is not extended to or beyond the Maximum Port Authority Lease Expiration Date,

upon expiration of the Basic Lease, the City will enter into the New City/American Lease with the Company for the lease of the Premises, provided certain conditions are met as described below. The Agreement Towards Entering Into a Lease constitutes an agreement to enter into a lease at a future point in time, but is not itself a lease of the Premises. The Agreement Towards Entering Into a Lease provides that the New City/American Lease shall contain certain terms and conditions as set forth in the Agreement Towards Entering Into a Lease. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Summary of Terms of the New City/American Lease*" for a summary of such terms and conditions. Pursuant to the Agreement Towards Entering Into a Lease, the City or its designee has the option of including in the New City/American Lease more particular and additional terms and conditions that the City deems appropriate in good faith. See "RISK FACTORS—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms."

The Agreement Towards Entering Into a Lease will provide that the term of the New City/American Lease shall commence on the day first following the day after the expiration, but not the earlier termination, of the Company's interest under the Port Authority Lease, and shall expire on the earlier to occur of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date and (ii) December 21, 2036. See "RISK FACTORS—Leasehold Term."

Provided that the Basic Lease has not been extended to or beyond the Maximum Port Authority Lease Expiration Date, the Agreement Towards Entering Into a Lease will require the Company and the City to execute the New City/American Lease on or before December 31, 2014. If the Basic Lease has been extended or renewed, or a new lease between the City and the Port Authority covering the Airport has been executed, the Agreement Towards Entering Into a Lease will provide that the Company and the City shall execute the New City/American Lease by the date that is 12 months prior to the stated expiration date of the extended or renewed Basic Lease or such new lease. See "RISK FACTORS—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Term."

There are certain conditions precedent to the City's obligations under the Agreement Towards Entering Into a Lease to enter into the New City/American Lease. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Conditions Precedent*" for a summary of such conditions precedent. As of the date of this Official Statement, the Company has no reason to believe that it will not be in compliance with any condition precedent to the City's obligations under the Agreement Towards Entering Into a Lease (other than the extension of the Basic Lease). See "RISK FACTORS—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Term."

The City may terminate the Agreement Towards Entering Into a Lease if certain events occur. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of

Certain Provisions of the Agreement Towards Entering Into a Lease—*Remedies: Termination by the City*" for a summary of such events. As of the date of this Official Statement, the Company has no reason to believe that any default under the Agreement Towards Entering Into a Lease has occurred, or that any condition exists, or with the giving of notice and/or passage of time would exist, to give rise to the termination of the Agreement Towards Entering Into a Lease.

The Agreement Towards Entering Into a Lease also will provide that after the effective date, if any, of the Leasehold Mortgage, subject to the specific limitations set forth in the Agreement Towards Entering Into a Lease, the Leasehold Mortgagee may perform the obligations of the Company under the Agreement Towards Entering Into a Lease. If the Agreement Towards Entering Into a Lease is terminated by reason of an event of default thereunder or otherwise (except by reason of a failure of the City and/or the Company to negotiate, execute or deliver the New City/American Lease), the City will give prompt notice thereof to the Trustee, as Leasehold Mortgagee. If such default is capable of cure by the Trustee, as Leasehold Mortgagee without possession of the Premises, such termination will not be effective until 30 days after delivery of such notice to the Trustee, and, if the Trustee, as Leasehold Mortgagee, notifies the City in writing within such 30 day period that it intends to cure such default or cause such default to be cured, then the Agreement Towards Entering Into a Lease will not terminate and the Trustee will have 60 days to cure or cause the cure of such default from the date it delivers the latter notice to the City. If such default is not cured within such 60 day period afforded to the Trustee, then the City may terminate the Agreement Towards Entering Into a Lease upon written notice to the Trustee and upon such delivery of such notice the Agreement Towards Entering Into a Lease will terminate.

In addition, under certain limited circumstances and subject to conditions that may be difficult to satisfy, the Leasehold Mortgagee may direct the City to enter into a new agreement with a City Approved Successor Lessee that contains all of the covenants, conditions, limitations and agreements contained in the Agreement Towards Entering Into a Lease (including, without limitation, the obligation to enter into a new Recognition, Non-Disturbance and Attornment Agreement) (with such reasonable modifications thereof to reflect the fact that such agreements are with a successor lessee and that the Leasehold Mortgagee no longer has any rights). See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Leasehold Mortgagee's Termination Rights*" for a summary of such provisions and all conditions precedent. **Until such time, if any, as the Leasehold Mortgage shall have become effective, the Leasehold Mortgagee will not have any rights to cure any defaults.**

New Leasehold Mortgage Upon Expiration of the Basic Lease

The City will agree in the Agreement Towards Entering Into a Lease that it will not unreasonably withhold its consent to a new leasehold mortgage in favor of the Trustee (or an approved successor trustee), as leasehold mortgagee, of the Company's interest in any New City/American Lease, *provided* that certain conditions are satisfied. The form, terms and provisions of such new leasehold mortgage are not specified in the Agreement Towards Entering

Into a Lease. A new leasehold mortgage covering the New City/American Lease having terms satisfactory to the City must be negotiated at such time.

In the IDA Lease Agreement, the Company will agree to use commercially reasonable good faith efforts to negotiate, execute and deliver to the Trustee a leasehold mortgage of the Company's leasehold interest under the New City/American Lease having substantially similar terms and provisions as the Leasehold Mortgage, but if the Company, using such efforts, can obtain from the City only the right to grant to the Trustee a leasehold mortgage that is substantially similar to comparable leasehold mortgages then permitted by the City to be granted by other similarly situated air carriers on leasehold interests in property at the Airport, the Company will be deemed to have satisfied such obligation if it executes and delivers such a leasehold mortgage to the Trustee. **See "RISK FACTORS—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms," "—Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage" and "—Certain Considerations under the United States Bankruptcy Code."**

Company Sublease; The Lease Term Differential

Term of Company Sublease. Under the Act, the Agency must have a leasehold interest in the facilities financed with the proceeds of its bonds. To accomplish this the Company and the Agency will enter into the Company Sublease pursuant to which the Company will sub-sublease to the Agency the Leased Facilities. Upon a termination of the Company Sublease, the Series 2002 Bonds and all Additional Bonds outstanding under the Indenture will be subject to mandatory redemption at a redemption price equal to 100% of the unpaid principal amount of the Bonds outstanding, together with accrued interest to the date of redemption, and without premium. The term of the Company Sublease shall terminate on the earliest of:

(i) the expiration or earlier termination of the IDA Lease Agreement;

(ii) the earlier of (x) two days immediately preceding the thirtieth (30th) 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 New City/American Lease is effective upon the termination of the Basic Lease or if, pursuant to the City Attornment Agreement, the Company is leasing the Premises directly from the City;

(v) the termination of the Port Authority Lease prior to its expiration, *provided* that the Company Sublease shall not terminate on the termination of the Port Authority Lease if, pursuant to the City Attornment Agreement, the Company is leasing the Premises directly from the City or the Port Authority Lease is deemed terminated in connection with a Triggering Event; or

(vi) except under certain limited circumstances, the termination of the New City/American Lease (or such other leases as set forth in the Company Sublease pursuant to which the Company may be leasing the Premises at that time) or one day prior to its scheduled expiration subsequent to the expiration of the Port Authority Lease without extension or renewal.

The Company Sublease specifically provides that any assignment of the Company's rights thereunder or substitution of the Company under the Company Sublease in accordance with the provisions of the Security Documents shall not result in the termination of the Company Sublease.

Lease Term Differential. The Port Authority Lease provides that its term shall expire on December 30, 2015, which is one day earlier than the expiration date of the Basic Lease, and each of the Company Sublease and the IDA Lease Agreement expires one day earlier than the lease from which it derives. Consistent with the foregoing, the term of any New City/American Lease shall not commence (if ever) until after the expiration, but not earlier termination, of the Port Authority Lease. Therefore, there could be a gap in the Company's legal possession of the Premises. In addition, if the Port Authority Lease is extended, there will continue to be a gap between the expiration of the Port Authority Lease and the commencement of the New City American Lease. With respect to this gap between the Company's right of possession under the Port Authority Lease and the Company's right of possession under the New City/American Lease, the Port Authority has agreed pursuant to the Port Authority Lease not to commence any action against the Company seeking possession of the Premises or dispossession of the Company from the Premises unless the Port Authority is required to do so by contract, lease, law, court order or otherwise, so long as it has not given a notice of termination in accordance with the terms of the Port Authority Lease.

Pursuant to the Company Sublease, the Agency and the Company have agreed to waive any right of termination of both the Company Sublease and the IDA Lease Agreement as a result of such a gap in the Company's legal possession of the Premises as described in the immediately preceding paragraph. **However, no assurance can be given that this waiver will be effective and that such gap will not terminate the Company Sublease and the IDA Lease Agreement. See "RISK FACTORS—Leasehold Term."** Upon such a termination (if the Company Sublease and the IDA Lease Agreement cannot be effectively reinstated), the Series 2002 Bonds and all Additional Bonds will be subject to mandatory redemption at a redemption price equal to 100% of the principal amount of Bonds Outstanding together with accrued interest thereon to the redemption date, and without premium.

RISK FACTORS

In determining whether to purchase the Series 2002 Bonds, each potential purchaser of the Series 2002 Bonds should carefully consider, among other matters, the following risk factors, along with all other information described elsewhere or incorporated by reference in this Official Statement. The following discussion is not meant to be an exhaustive list of all of the risks associated with a purchase of the Series 2002 Bonds and does not necessarily reflect the relative importance of the various risks.

Company and AMR Financial Condition

Payment of the Series 2002 Bonds and any Additional Bonds is dependent upon the ability of the Company to make all required payments under the IDA Lease Agreement and the Company Guaranty and the ability of AMR to make all required payments under the AMR Guaranty. See APPENDIX A—"AMERICAN AIRLINES, INC. AND AMR CORPORATION" for information concerning the Company and AMR.

Neither the IDA Lease Agreement nor the Company Guaranty will contain any restriction on the ability of the Company to incur debt, to declare dividends or, except as described in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Dissolution or Merger of Company; Restrictions on Company*" and in APPENDIX E—"SUMMARY OF CERTAIN PROVISION OF THE GUARANTIES—Assignment; Dissolution or Merger; Ability to Incur Debt," to merge with or into another entity or to sell or otherwise transfer any portion of its assets.

The AMR Guaranty will not contain any restriction on the ability of AMR to incur debt, to declare dividends or, except as described in APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES—Assignment; Dissolution or Merger; Ability to Incur Debt," to merge with or into another entity or to sell or otherwise transfer any portion of its assets.

Special Risk Factors Related to the Company and AMR

On September 11, 2001, two of the Company's aircraft were hijacked and destroyed in terrorist attacks on The World Trade Center in New York City and the Pentagon in northern Virginia. On the same day, two United Air Lines aircraft also were hijacked and used in terrorist attacks. In addition to the loss of life on board the aircraft, these attacks resulted in untold deaths and injuries to persons on the ground and massive property damage. In response to those terrorist attacks, the Federal Aviation Administration (the *"FAA"*) issued a federal ground stop order on September 11, 2001, prohibiting all flights to, from and within the United States. Airports did not reopen until September 13, 2001 (except for Washington Reagan National Airport, which has since fully reopened). The Company was able to operate only a portion of its scheduled flights for several days thereafter. When flights were permitted to resume, passenger traffic and yields on the Company's flights were significantly lower than prior to the attacks. As a result, the Company reduced its operating schedule to approximately 80 percent of the schedule it flew prior to September 11, 2001. In addition, as a result of its schedule reduction and the sharp fall off in passenger traffic, the Company eliminated approximately 20,000 jobs. The Company's future schedule will vary as the Company reacts to continuing changes in demand and yields, as well as normal factors such as seasonality and fleet composition.

On September 22, 2001, President Bush signed into law the Air Transportation Safety and System Stabilization Act (the *"Stabilization Act"*) which for all United States airlines and air cargo carriers (*"air carriers"*) provides for, among other things: (i) $5 billion in compensation for direct losses (including lost revenues) incurred as a result of the federal ground stop order and for incremental losses incurred through December 31, 2001 as a direct result of the terrorist attacks on the United States, of which the Company and TWA LLC had received approximately

$791 million as of June 28, 2002 and expect to receive additional payments in 2002 of approximately $41.6 million; (ii) subject to certain conditions, the availability of up to $10 billion in federal government guarantees of certain loans made to air carriers for which credit is not reasonably available as determined by a newly established Air Transportation Stabilization Board; (iii) the authority of the Secretary of Transportation to reimburse air carriers (which authority expired 180 days after the enactment of the Stabilization Act) for the increase in the cost of insurance, for coverage ending before October 1, 2002, over the premium in effect for the period September 4, 2001 to September 10, 2001; (iv) at the discretion of the Secretary of Transportation, a $100 million limit on the liability of any air carrier to third parties with respect to acts of terrorism committed on or to such air carrier during the 180-day period following the enactment of the Stabilization Act; (v) the extension of the due date for the payment by air carriers of certain excise taxes; and (vi) compensation to individual claimants who were physically injured or killed as a result of the terrorist attacks of September 11, 2001. In addition, the Stabilization Act provides that, notwithstanding any other provision of law, liability for all claims, whether for compensatory or punitive damages, arising from the terrorist-related events of September 11, 2001 against any air carrier shall not exceed liability coverage maintained by the air carrier.

In November 2001, the Aviation and Transportation Security Act (the *"Aviation Security Act"*) was enacted. The Aviation Security Act imposes additional security requirements on air carriers that may require the installation by the Company of additional equipment at the Airport and at other U.S. airports. The cost of any such additional equipment and whether any remodeling of the Project or facilities at other U.S. airports will be required in connection therewith is not known by the Company at this time. The Company will, however, comply with any such requirements imposed by the Aviation Security Act.

Among the effects experienced by the Company from the September 11, 2001 terrorist attacks have been significant flight disruption costs caused by the FAA's imposed grounding of the U.S. airline industry's fleet, significantly increased security and other costs, significantly higher ticket refunds, significantly reduced load factors and significantly reduced yields. The occurrence of another terrorist attack (whether domestic or international and whether against the Company or another entity) could again have a material adverse impact on the Company, its finances and/or its operations.

The impact of the events of September 11, 2001 and their aftermath on the Company and the sufficiency of its financial resources to absorb that impact will depend on a number of factors, including: (i) the magnitude and duration of the adverse impact of the terrorist attacks on the economy in general and the airline industry in particular; (ii) the Company's ability to reduce its operating costs and conserve its financial resources, taking into account the increased costs it will incur as a consequence of the attacks, including those referred to below; (iii) the higher costs associated with new airline security directives, including the impact of the Aviation Security Act, and any other increased regulation of air carriers; (iv) the significantly higher costs of aircraft insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance will continue to be available; (v) the Company's ability to raise additional financing and the cost of such financing; (vi) the price and availability of jet fuel, and the availability to the Company of fuel hedges in

light of current industry conditions; and (vii) the extent of the benefits received by the Company under the Stabilization Act, taking into account any challenges to and interpretations or amendments of the Stabilization Act or regulations issued pursuant thereto.

Because the Company is the principal subsidiary of AMR, all of the above risks are applicable to AMR as well.

Risk Factors Related to the Airline Industry

The airline industry, in general, is cyclical and characterized by high sensitivity to general economic trends, intense competition among air carriers and significant fuel, labor, equipment, regulatory and other costs. The profitability of the industry has fluctuated dramatically since its deregulation in 1978. Additionally, since 1985, a series of airline mergers, takeovers, asset transfers and bankruptcies have resulted, and may continue to result, in a consolidation of the industry. See APPENDIX J—"GATE DEMAND STUDY."

Leasehold Term

Although the Port Authority has, subject to certain conditions, agreed to extend the term of the Port Authority Lease if the Basic Lease is extended, there can be no assurance that the Port Authority will be able to secure an extension of the term of the Basic Lease beyond its scheduled expiration date of December 31, 2015, or that the Company will be able to fulfill all conditions precedent to any extension of the Port Authority Lease if the Port Authority is able to extend the Basic Lease. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Term." In addition, the Port Authority may include additional terms and provisions in any amendments or supplements to the Port Authority Lease in order to pass through to the Company any additional or substitute terms and conditions contained in any extension of the Basic Lease. It is impossible to predict at this time what those terms might be.

If the Basic Lease (and thus the Port Authority Lease) is not extended, there can be no assurance that all conditions precedent to the delivery and execution of the New City/American Lease will be fulfilled. See "—The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms" below for further discussion.

If the Port Authority Lease is not extended and all conditions precedent to the delivery and execution of the New City/American Lease are not met, the Company will not hold a leasehold interest in the Premises beyond December 30, 2015. The failure to execute an extension of the Port Authority Lease or to enter into the New City/American Lease would cause a termination of the Company Sublease, which would result in a mandatory redemption of all outstanding Bonds at a redemption price equal to 100% of the principal amount of Series 2002 Bonds and all Additional Bonds outstanding, together with accrued interest to the date of redemption, and without premium. Because the Leasehold Mortgage will have terminated, the obligation of the Company (and of AMR under the AMR Guaranty) to pay the redemption price would be unsecured other than to the extent that the Bonds are secured by the Equipment Security Agreement.

If the Basic Lease is not extended, there can be no assurance that the Port Authority will not continue to assert claims to the use and occupancy of the Airport or assert the right to collect rent from the Company. Should both the City and the Port Authority assert the right to collect rent from the Company at the Airport at such time, the Company is obligated under the Port Authority Lease to continue to pay rent to the Port Authority and the Company is obligated under the Agreement Towards Entering Into a Lease to pay rent to the City.

Pursuant to the Company Sublease and the IDA Lease Agreement, the Agency and the Company have agreed to waive any right of termination of both the Company Sublease and the IDA Lease Agreement as a result of the gap in the Company's legal possession of the Premises, as described under "SECURITY FOR THE BONDS—Company Sublease; The Lease Term Differential." However, no assurance can be given that this waiver will be effective and that such gap will not terminate the Company Sublease and the IDA Lease Agreement, which agreements may or may not be effectively reinstated upon the commencement of the lease term under the New City/American Lease, if any. In the event the Company Sublease and the IDA Lease Agreement cannot be effectively reinstated, the Series 2002 Bonds and all Additional Bonds will be subject to mandatory redemption at a redemption price equal to 100% of the principal amount of Bonds Outstanding, together with accrued interest to the redemption date, and without premium.

Assignment of the Company's Interest in the Port Authority Lease

The Company is not restricted under either the Company Sublease or the IDA Lease Agreement from assigning the Port Authority Lease to a third party, although such an assignment would require the prior written consent of the Port Authority. However, no such assignment would relieve the Company of its obligations under the IDA Lease Agreement or the Company Guaranty or AMR of its obligations under the AMR Guaranty.

Risks Related to Delayed Effective Date and Recording of Leasehold Mortgage; Delay in Completion of Leased Facilities

The Leasehold Mortgage is not permitted to be executed, delivered or recorded until after the Leased Facilities have been substantially completed and the other Reletting Rights Effective Date Conditions have been satisfied. Any failure to substantially complete the Leased Facilities and to satisfy the other Reletting Rights Effective Date Conditions will result in the Leasehold Mortgage never becoming effective. If the Leasehold Mortgage does not become effective, the Company's and AMR's obligations under the Guaranties will not be secured by any leasehold mortgage of the Company's interest in the Premises and the only source of payment of the Bonds (including the Series 2002 Bonds) will be (i) the Equipment Security Agreement, (ii) the unsecured obligations of the Company under the IDA Lease Agreement and the Company Guaranty and (iii) the unsecured obligation of AMR under the AMR Guaranty. See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting."

The delayed execution and recording of the Leasehold Mortgage will result in the lien on the Company's interest in the Premises being subordinate to any liens on the leasehold interest

recorded prior to the recording of the Leasehold Mortgage and also raises certain bankruptcy issues. See "—Certain Considerations under the United States Bankruptcy Code."

Although the Company currently estimates that the construction of the Leased Facilities will be substantially completed in August 2006, and that the other Reletting Rights Effective Date Conditions will be satisfied by August 31, 2007, prospective investors should consider that completion of the construction of the Leased Facilities by the anticipated completion date could be adversely affected by such factors as (a) estimating errors, (b) design and engineering errors, (c) delays in the award or processing of construction contracts or changes in construction plans, (d) unforeseen site conditions, (e) labor difficulties, (f) adverse weather conditions, (g) contractor defaults and (h) other construction-related delays. The ability of the Company to complete the Leased Facilities depends on the ability of the Company to provide additional funding, either through the issuance of Additional Bonds or from other sources, in an amount that is currently estimated to be approximately $800 million. See "THE PROJECT; PLAN OF FINANCE," and APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE." Pursuant to the Port Authority Lease, the Port Authority retains substantial control over the Project. To the extent that the Company must obtain approvals from the Port Authority to complete the Project, the Company may encounter delays and incur additional expenses. There is no assurance that the Port Authority will grant any approval for actions with respect to the Project and any failure or refusal of the Port Authority to grant any such approval could have a negative effect on the Company and the Leased Facilities. If the Project is not substantially completed, the Leasehold Mortgage cannot be executed, delivered or recorded. See "THE PROJECT; PLAN OF FINANCE."

Circumstances under Which the Leasehold Mortgage Can Terminate

The Leasehold Mortgage will terminate automatically upon the occurrence of certain events as set forth in the Port Authority Consent. See APPENDIX G— "SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE." If such events were to occur, the obligations of the Company and of AMR under the Guaranties would cease to be secured by the Leasehold Mortgage.

Termination of the Port Authority Lease

The Port Authority has the right to terminate the Port Authority Lease following the occurrence of certain events set forth therein, subject to the rights of the Leasehold Mortgagee to cure such default, if applicable. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE" for a description of the events that give rise to the Port Authority's right to terminate the Port Authority Lease. In addition, a violation of certain covenants and representations by the Company under the Port Authority Consent would constitute a material breach of the Port Authority Lease, allowing the Port Authority to terminate the Port Authority Lease. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions*" and APPENDIX G—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE—Summary of Certain Provisions of the Port Authority Consent—*Covenants With Respect to the Leasehold Mortgage*."

Termination of the Port Authority Lease due to a default by the Company thereunder (i) would be an event of default under the Indenture which could cause an acceleration of the Bonds and (ii) would result in the termination of the Company Sublease and a mandatory redemption of the Series 2002 Bonds and all Additional Bonds at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, and without premium. Such a termination of the Port Authority Lease also would result in the loss of the opportunity to enter into the New City/American Lease and, therefore, the loss of the Company's possession of the Premises and its right to use the Terminal.

Upon the occurrence of certain Triggering Events set forth in the Port Authority Lease (which include the failure to make certain payments required under the Port Authority Lease and other agreements with the Port Authority and certain adverse changes to the Company), the Port Authority Lease will be deemed to be a "permitted tenancy" on a month-to-month periodical basis. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Termination by Port Authority." Such permitted tenancy may continue until the date on which the Port Authority Lease would have expired had such Triggering Events not occurred. After four consecutive calendar quarters have elapsed after a Triggering Event, the Company and the Port Authority will enter into a supplemental lease upon request by either party to the other. There can be no assurance that the terms and provisions of such a supplemental lease would be acceptable to the Company and that the Company would continue to occupy the Premises following such a Triggering Event. **These changed terms could diminish the value and rentability of the Company's leasehold and could add to, or significantly differ from, the provisions of the Port Authority Lease governing restrictions on the ability of the leasehold mortgagee to foreclose the new leasehold mortgage as described herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting" and in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights."** Under New York law such a month-to-month tenancy could be terminated by either party, upon 30 days' notice, for any reason.

Upon a conversion to a month-to-month tenancy, the Company's interest in the Premises could be of little or no value and, therefore, the Leasehold Mortgage would offer little or no security for the obligations of the Company or AMR.

The Agreement Towards Entering Into a Lease; New Leasehold Mortgage and Related Terms

Pursuant to the Agreement Towards Entering Into a Lease, there are certain conditions precedent to the City's obligations to enter into the New City/American Lease. There can be no assurance that such conditions precedent to the execution of the New City/American Lease by the City will be met, or if they are not met, that the City will waive such conditions. If the City and the Company do not enter into the New City/American Lease prior to the expiration, if any, of the Port Authority Lease, the Company's leasehold interest in the Premises will expire, the Company Sublease will terminate and the Series 2002 Bonds and all Additional Bonds will be subject to mandatory redemption at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date of redemption, and without premium. **In such event, if the Company (or AMR under the AMR Guaranty) did not pay the redemption**

price, the Bondholders would have no recourse under the Leasehold Mortgage because the Port Authority Lease would have expired.

The terms of the New City/American Lease may contain terms and conditions substantially different from those in the Port Authority Lease, which terms and conditions may adversely affect the value of the Company's leasehold interest in the Premises. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Summary of Terms of the New City/American Lease*." **These changed terms could diminish the value and rentability of the Company's leasehold and could add to, or significantly differ from, the provisions of the Port Authority Lease governing restrictions on the ability of the Leasehold Mortgagee to foreclose the Leasehold Mortgage as described herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting" and in APPENDIX F —"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights."**

The Leasehold Mortgage, by its terms, terminates upon the expiration without renewal of the Basic Lease between the City and the Port Authority. The Basic Lease is currently scheduled to expire on December 31, 2015. The City has agreed in the Agreement Towards Entering Into a Lease that it will not unreasonably withhold its consent to a new leasehold mortgage in favor of the Trustee (or an approved successor trustee), as leasehold mortgagee, of the Company's interest in any New City/American Lease at the time the New City/American Lease becomes effective. The form, terms and provisions of such new leasehold mortgage are not specified in the Agreement Towards Entering Into a Lease. A new leasehold mortgage covering the New City/American Lease having terms satisfactory to the City must be negotiated at such time.

At the time of recording such a new leasehold mortgage, a mortgage recording tax (the *"Recording Tax"*) could be imposed. Currently, the Recording Tax is equal to 2.75% of the principal amount secured by such a leasehold mortgage. The Leasehold Mortgage is exempt from the Recording Tax. There can be no assurance, however, that such an exemption from the Recording Tax would be available at the time of recording of a new leasehold mortgage covering the New City/American Lease. If a Recording Tax were imposed at the time of recording of such a new leasehold mortgage covering the New City/American Lease, the amount of the Recording Tax could be based on the current rate or a higher rate. Such an amount would be substantial and there are no funds reserved for payment of such a Recording Tax. The Company has covenanted to pay the Recording Tax upon recording such a new leasehold mortgage covering the New City/American Lease, but if the Recording Tax is not paid, such a leasehold mortgage would not be recorded and the Company's and AMR's obligations under the Guaranties would not be secured by a leasehold mortgage of the Company's interest in the Premises under the New City/American Lease.

In the IDA Lease Agreement, the Company will agree to use commercially reasonable good faith efforts to negotiate, execute and deliver to the Trustee a leasehold mortgage of the Company's leasehold interest under the New City/American Lease having substantially similar terms and provisions as the Leasehold Mortgage, but if the Company, using such efforts, can obtain from the City only the right to grant the Trustee a leasehold mortgage that is substantially

similar to comparable leasehold mortgages then permitted by the City to be granted by other similarly situated air carriers on leasehold interests in property at the Airport, the Company will be deemed to have satisfied such obligation if it executes and delivers such a leasehold mortgage to the Trustee.

There can be no assurance that any such new leasehold mortgage of the Company's interest in the Premises under the New City/American Lease will have terms similar to the Leasehold Mortgage as described herein or whether a leasehold mortgage satisfactory to the parties will, in fact, be agreed to and executed.

The Agreement Towards Entering Into a Lease also provides that after the effective date, if any, of the Leasehold Mortgage, subject to the specific limitations set forth in the Agreement Towards Entering Into a Lease, the Leasehold Mortgagee may perform the obligations of the Company under the Agreement Towards Entering Into a Lease.

In addition, under certain limited circumstances and subject to conditions that may be difficult to satisfy, the Leasehold Mortgagee may direct the City to enter into an Agreement Towards Entering Into a Lease and a City Attornment Agreement with a City Approved Successor Lessee. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Leasehold Mortgagee's Termination Rights*" for a summary of such provisions and all conditions precedent. **Until such time, if any, as the Leasehold Mortgage has become effective, the Leasehold Mortgagee will not have any rights under the Agreement Towards Entering Into a Lease.**

Entering into a new leasehold mortgage could result in the lien on the leasehold interest in the Premises being subordinate to any liens on the leasehold interest recorded prior to the recording of the new leasehold mortgage and also raises certain bankruptcy issues. See "—Certain Considerations under the United States Bankruptcy Code."

Section 1301(2)(1) of the City Charter provides that no lease of airport property, such as the New City/American Lease, may be executed by the Commissioner of Business Services until a public hearing has been held with respect thereto after the publication of notice in the City Record at least thirty days in advance. In order for the City to execute and deliver the New City/American Lease, such a public 1301 hearing must be held.

Insurance Coverage

The Company is obligated under the Port Authority Lease to obtain and keep in force, or cause to be kept in force, certain comprehensive insurance with respect to the Leased Facilities to the extent of the replacement value of such facilities, including business interruption insurance. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Insurance." There is no assurance that such insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates or that the amounts for which the Company is insured will cover all unanticipated losses.

The Port Authority Lease provides that insurance coverages will be payable to the City. In the event of partial or total loss of the Leased Facilities, the proceeds of casualty insurance may not be sufficient to rebuild the Leased Facilities, or be available for redemption of the Bonds, including the Series 2002 Bonds.

If the Company is unable to rebuild or restore the Leased Facilities, or if it estimates that it will be unable to rebuild or restore the Leased Facilities within the periods required by the Port Authority Lease, the Port Authority Lease could be terminated. There can be no assurance that any business interruption insurance will be sufficient to pay amounts due under the Port Authority Lease and principal of and the interest on the Series 2002 Bonds and any Additional Bonds during the period of rebuilding.

Additional Bonds

The Series 2002 Bonds are being issued to finance a portion of the cost of the Project and the Company currently intends to finance the completion of the Project with the issuance of Additional Bonds (*provided* that the maximum principal amount of Bonds, including the Series 2002 Bonds, cannot exceed $2,300,000,000) under the Indenture which will rank on a parity with the Series 2002 Bonds. See APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions—*Issuance of Additional Bonds*" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Authorization and Issuance of Bonds."

The issuance of Additional Bonds would dilute the value of the security relating to the then outstanding Bonds, including the value of the security created under the Leasehold Mortgage, if any, and the Equipment Security Agreement. See "SECURITY FOR THE BONDS." This could result in a reduction in the cash available to make payments of principal of and interest on the Series 2002 Bonds. The issuance of Additional Bonds increases the indebtedness of the Company, which could have a negative impact on the ability of the Company to pay its obligations with respect to the Bonds.

No Mortgage Title Insurance

Upon initial issuance of the Series 2002 Bonds a leasehold title insurance policy for the benefit of the Agency will be obtained in the amount of $1,000,000. No additional title insurance will be obtained in connection with the issuance of any Additional Bonds. No mortgage title insurance will be obtained.

Limitations Upon Leasehold Mortgagee's Ability to Realize Benefits of the Leasehold Mortgage

Upon and during a Leasehold Mortgage Default the Leasehold Mortgagee may seek to foreclose upon the Company's leasehold interest in the Premises under the Port Authority Lease and assign such interest to a Qualifying Replacement Tenant. The sole right of the Leasehold Mortgagee pursuant to the exercise of its rights under the Leasehold Mortgage following a Leasehold Mortgage Default is to exclude the Company from possession of the Premises and to

select a Qualifying Replacement Tenant during the Foreclosure Period. See APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Qualifying Replacement Tenant.*" See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting" for a more detailed discussion of the leasehold mortgage rights granted to the Leasehold Mortgagee. Certain practical and legal considerations, however, could inhibit or materially delay the Leasehold Mortgagee's ability to foreclose upon its interests in the Port Authority Lease or to locate a Qualifying Replacement Tenant for the Premises and could otherwise preclude the receipt of sufficient revenues following a foreclosure to repay all the Bonds.

Effect of Company Bankruptcy. In addition to giving rise to the possibility of avoidance of the Leasehold Mortgage as a preference or a fraudulent conveyance and limited damages against the Company as described below under "—Certain Considerations Under the United States Bankruptcy Code," during a bankruptcy of the Company certain procedural and substantive provisions of the United States Bankruptcy Code could significantly delay or inhibit the Leasehold Mortgagee's ability to cause the Company to initially grant the Leasehold Mortgage or to surrender any or all of the Premises so that the Company's leasehold interest in such Premises could be assigned to a Qualifying Replacement Tenant. In particular, the automatic stay imposed upon a bankruptcy filing would prohibit the future grant of a Leasehold Mortgage upon either the Port Authority Lease or the New City/American Lease absent bankruptcy court approval. In addition, while the Leasehold Mortgage, if it has been executed and recorded, would permit the Bondholders to be treated as secured creditors in a bankruptcy proceeding involving the Company, the automatic stay against foreclosure on the Leasehold Mortgage would mean that the Leasehold Mortgagee would not be able to foreclose on the Leasehold Mortgage and obtain a Qualifying Replacement Tenant for the Premises during the pendency of the bankruptcy proceeding. Since prepetition claims are not typically paid during a bankruptcy, absent special circumstances, such as the granting of adequate protection under Section 361 of the United States Bankruptcy Code, there can be no assurance that the Company will not suspend its payments in respect of the Bonds during the pendency of any bankruptcy proceedings.

Limited Foreclosure Period. If the Company does not consent to the assignment of its rights and obligations with respect to the Premises to a new tenant following a Leasehold Mortgage Default, the Leasehold Mortgagee will have a maximum of 720 days following the delivery by the Leasehold Mortgagee to the Port Authority of the Foreclosure Notice stating the Leasehold Mortgagee's intention to exercise its rights under the Leasehold Mortgage to foreclose upon the Company's interest in the Premises pursuant to the Leasehold Mortgage. Under New York law, the Leasehold Mortgagee must comply with many procedural requirements to foreclose on the Leasehold Mortgage. These include time-consuming filing and notice requirements. In addition, a judgment of foreclosure must be obtained from applicable administrative and/or judicial authorities and acted upon by the local sheriff. It is possible, particularly if the Company or any of its other creditors challenge the foreclosure, that the Leasehold Mortgagee may not be able to foreclose within the up to 720 day time period and, in such event, the Leasehold Mortgagee would lose its right to obtain a Qualifying Replacement Tenant for the Premises.

Leasehold Mortgagee's Obligations During Foreclosure Period. As a condition to exercising its rights under the Leasehold Mortgage, the Leasehold Mortgagee must pay to the Port Authority all accrued but unpaid Company's Aggregate Port Authority Lease Obligations at the time the Leasehold Mortgagee delivers the Foreclosure Notice. Further, the Leasehold Mortgagee will thereafter be responsible for paying all current Company's Aggregate Port Authority Lease Obligations not paid by the Company under the Port Authority Lease from and after the date it elects to enforce its rights under the Leasehold Mortgage. See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Foreclosure Period Payments.*" Pursuant to the Indenture, the Agency will establish a Foreclosure Payment Account held in the Mortgage Reserve Fund to be funded by the Company at the time the Company delivers the executed Leasehold Mortgage to the Trustee following satisfaction of the Reletting Rights Effective Date Conditions. See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Foreclosure Period Payments,*" APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT— Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Mortgage Reserve Fund.*" There is no assurance, however, that the Company will have the funds necessary to fund the Foreclosure Payment Account of the Mortgage Reserve Fund. The amount required to be deposited in the Foreclosure Payment Account of the Mortgage Reserve Fund is estimated to be equal to three months of the Company's Aggregate Port Authority Lease Obligations in 2006, based on various assumptions. Amounts in the Foreclosure Payment Account may be used to preserve the rights of the Leasehold Mortgagee under the Port Authority Lease while the Leasehold Mortgagee is attempting to locate a Qualifying Replacement Tenant for the Premises (which might thereafter assume any further obligations that would accrue during the Foreclosure Period to preserve the effectiveness of the Leasehold Mortgage until it can gain possession of the Premises). Amounts required to be paid by the Company under the Port Authority Lease may be highly variable and are expected to increase over time, and after the earlier to occur of (i) December 22, 2031 and (ii) the 25th anniversary of the Redevelopment Work Completion Date, the rent payable by the Company under the Port Authority Lease will increase significantly. There can be no assurance that the Foreclosure Payment Account of the Mortgage Reserve Fund will, in fact, be adequate for its purpose, or that any Qualifying Replacement Tenant, if located, would be willing to assume any such further obligations that accrue during the Foreclosure Period. If the Foreclosure Payment Account of the Mortgage Reserve Fund is not sufficient, the Bondholders may be compelled to choose between providing additional funds to the Leasehold Mortgagee for that purpose on the one hand and losing their rights under the Leasehold Mortgage on the other hand.

One Time Right. The provisions of the Port Authority Lease governing the Leasehold Mortgage permit the Company to grant the Leasehold Mortgage one time only. Once the Leasehold Mortgagee begins to exercise its Reletting Rights, those Reletting Rights can never be exercised again whether or not a Qualifying Replacement Tenant is selected by the Leasehold Mortgagee and approved by the Port Authority. Once the Foreclosure Period begins, any failure of the Leasehold Mortgagee to file any notices, to make any payments or to comply with any

other relevant provision of the Port Authority Lease will terminate the Reletting Rights forever. In addition, the Port Authority Lease provides that subsequent tenants will not be allowed to mortgage their interests in the Premises. Thus, the Leasehold Mortgagee and the Bondholders will have no further rights or interests in the Premises following the assignment of the rights and obligations of the Company under the Port Authority Lease to a Qualifying Replacement Tenant.

Uncertain Gate Demand; Availability of Competing Facilities. The likelihood that the Leasehold Mortgagee would be able to find a Qualifying Replacement Tenant for the Premises would be affected by the supply of and demand for gates at the Airport and in the greater New York area. Such supply and demand cannot be predicted at this time and could be affected by such factors as an economic downturn in the area at the time the Leasehold Mortgagee is seeking a Qualifying Replacement Tenant. In addition, the requirements that any Qualifying Replacement Tenant for the Premises make certain payments as discussed further below under "*—Assumption of Bond Obligations*" and "*—Payment of Deferred Reletting Fee to the Port Authority,*" particularly if competing facilities are available without those payment requirements, could make it difficult for the Leasehold Mortgagee to locate a Qualifying Replacement Tenant for the Premises. In any event, no assurance can be given as to whether the Leasehold Mortgagee can obtain a Qualifying Replacement Tenant.

See the Gate Demand Study prepared by Simat, Helliesen & Eichner, Inc. attached hereto as Appendix J. The assumptions, findings and opinions contained in the Gate Demand Study have not been adopted by, and do not necessarily represent the opinions or views of, the Agency or the Company.

Assumption of Bond Obligations. Finding a successor tenant that is willing to satisfy all payment requirements of a Qualifying Replacement Tenant and that also will assume all or part of the obligation to pay the Bonds then outstanding would be difficult, especially if there are other facilities available at the Airport. Also, such potential successor tenant could lease the Premises from the Port Authority at the end of the Foreclosure Period (up to 720 days) without making any such payments. A Qualifying Replacement Tenant is not required to assume all or any part of the obligation to pay the Bonds.

Requirement for Single Successor Tenant or Consortium of Tenants. The Port Authority Lease provides that the Leasehold Mortgagee may assign the Port Authority Lease only to a single tenant or to a consortium of tenants, each of which is jointly and severally responsible for the consortium's liabilities and meets certain requirements described under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Obligations of Qualifying Replacement Tenant; Qualification Standards,*" but not to multiple tenants that are not part of a consortium. This limits the availability of potential Qualifying Replacement Tenants.

Payment of Deferred Reletting Fee to the Port Authority. As a condition to assuming the Company's rights and interests with respect to the Premises, the Leasehold Mortgagee or a Qualifying Replacement Tenant must pay to the Port Authority at the time of such assumption a deferred reletting fee. See "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Obligations of Qualifying Replacement Tenant; Qualification Standards—Payment of Accrued Company Obligations and Deferred Reletting Fee.*" This fee, and the fact that the

Port Authority could lease the same property to the same tenant immediately following the expiration of the term of the Foreclosure Period under the Leasehold Mortgage (*i.e.*, up to 720 days) without regard to this fee, could impair the ability of the Leasehold Mortgagee to find a Qualifying Replacement Tenant willing to assume the Company's obligations with respect to the Leased Facilities under the IDA Lease Agreement and the Port Authority Lease.

Limitations on Successor Tenants. Any proposed replacement tenant is subject to approval of the Port Authority. In addition, both the Agreement Towards Entering Into a Lease and the City Attornment Agreement are subject to termination, at the option of the City, if a Qualifying Replacement Tenant succeeds to the Company's leasehold interest in the Port Authority Lease and such Qualifying Replacement Tenant has not been approved by the City. See APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease." As described above under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Obligations of Qualifying Replacement Tenant; Qualification Standards,*" the Port Authority is entitled to consider a number of factors in determining whether to provide its consent to a proposed replacement tenant selected by the Leasehold Mortgagee. Some of the factors the Port Authority may consider in deciding whether to approve a proposed replacement tenant provide the Port Authority with significant discretion to reject any proposed replacement tenant who is otherwise willing and able to assume the Company's rights and obligations under the Port Authority Lease with respect to the Premises.

Certain Considerations under the United States Bankruptcy Code

Bankruptcy of Company. In the event a bankruptcy case is filed with respect to the Company, a bankruptcy court could determine that the IDA Lease Agreement is an executory contract or unexpired lease pursuant to Section 365 of the United States Bankruptcy Code. In that event, a trustee in bankruptcy or the Company as a debtor-in-possession might reject the IDA Lease Agreement. Any rejection of the IDA Lease Agreement could result in a claim for damages against the Company in connection with the Series 2002 Bonds and all Additional Bonds, which claim would rank as that of a general unsecured creditor of the Company. If the IDA Lease Agreement were determined to be an unexpired lease of non-residential real property, under Section 502(b)(6) of the United States Bankruptcy Code the amount of such corresponding claim would be limited to the rent payable under the IDA Lease Agreement (without acceleration) for the greater of one year or 15% of the remaining term of the IDA Lease Agreement, but not to exceed three years, following the earlier of (a) the date the bankruptcy petition was filed, and (b) the date on which the Agency repossessed or the Company surrendered the Leased Facilities under the IDA Lease Agreement, plus any unpaid rentals under the IDA Lease Agreement (without acceleration) on the earlier of such dates. In this event, any claim with respect to Series 2002 Bonds and Additional Bonds that does not mature (absent acceleration) within the period of one year or 15% of the remaining term of the IDA Lease Agreement (but not in excess of three years) following the bankruptcy commencement date (*i.e.*, the earlier of (a) or (b) above) could be limited to the interest which would accrue on such Series 2002 Bonds during such period and may not permit a claim for the recovery of principal since it is anticipated that there will be no principal amortization of the Series 2002 Bonds and any

Additional Bonds until August 1, 2012. As a result, owners of the Series 2002 Bonds could suffer a substantial loss with respect to their investment in the Series 2002 Bonds. Moreover, even if the IDA Lease Agreement is not found to be an executory contract or unexpired lease, the treatment accorded the claim represented by the IDA Lease Agreement in the bankruptcy, through a plan of reorganization or otherwise, could adversely affect the funds available to pay the Series 2002 Bonds.

Pursuant to the terms of the Guaranties, the Company and AMR have separately unconditionally guaranteed to the Trustee, for the benefit of the owners of the Series 2002 Bonds and all Additional Bonds, the full and prompt payment of the principal and purchase price of, and premium, if any, on the Bonds when and as the same shall become due and payable as provided in the Indenture, whether at the stated maturity thereof, by redemption, acceleration or otherwise, and the full and prompt payment of the interest on the Bonds when and as the same shall become due and payable as provided in the Indenture. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES." The obligations covered by the Guaranties are intended by the parties to be independent of those set out in the IDA Lease Agreement (and thereby not subject to United States Bankruptcy Code limitations on claims for damages with respect to non-residential real property leases described above) and to be enforceable without regard to the validity or enforceability of the IDA Lease Agreement or any obligation of the Company contained therein. In the event a bankruptcy case were filed with respect to the Company or AMR, the Trustee may file a claim pursuant to the applicable Guaranty, independent of any claim under the IDA Lease Agreement, for the payment of all amounts, if any, required for the payment of the principal and purchase price of, premium, if any, and interest on the Bonds when due. Such claim, if allowed, would rank as that of a general unsecured creditor of the Company or AMR, respectively, unless the Leasehold Mortgage has become effective. A bankruptcy court could determine, however, that the Trustee's claim under the applicable Guaranty or the Guaranties should be limited to the same extent as the United States Bankruptcy Code limitation of claims for termination damages with respect to non-residential real property leases described above in connection with a claim under the IDA Lease Agreement and the Leasehold Mortgage would secure only such limited obligations of the Company and AMR. No assurance can be given that the Trustee's claims in connection with the applicable Guaranty or the Guaranties would not be so limited. In such an event, the applicable Guaranty or the Guaranties would provide no additional security for payments due on the Series 2002 Bonds.

No representation or warranty is made by the Company, AMR or any other party that any claim under the IDA Lease Agreement or the Guaranties will be allowed or that any recovery on any such claim will be permitted under the United States Bankruptcy Code. AMR is a holding company with no direct operations and no significant assets other than the stock of its subsidiaries. Therefore, in the event of a bankruptcy filing or monetary default by the Company, the value of the AMR Guaranty may be adversely affected.

If after the date, if any, that (i) the Leasehold Mortgage is recorded, or (ii) a new leasehold mortgage is executed and recorded covering the New City/American Lease, a bankruptcy case is filed with respect to the Company, a bankruptcy court could determine that the grant of the Leasehold Mortgage with respect to either the Port Authority Lease or the New

City/American Lease constituted a preference or a fraudulent transfer under the United States Bankruptcy Code and, therefore, the grant of the Leasehold Mortgage with respect to the Port Authority Lease or the New City/American Lease, as applicable, could be avoided or set aside. In addition, in either such a bankruptcy proceeding or a state court proceeding by an unpaid creditor, a court could find that the grant of the Leasehold Mortgage with respect to either the Port Authority Lease or the New City/American Lease constituted a fraudulent conveyance under state fraudulent conveyance laws and, therefore, the grant of the Leasehold Mortgage with respect to either the Port Authority Lease or the New City/American Lease, as applicable, could be avoided or set aside. The time periods applicable to preferences under the United States Bankruptcy Code, fraudulent transfer under the United States Bankruptcy Code and fraudulent conveyances under state law vary and therefore, if one or two such time periods have expired but at least one time period remains open, such mortgage grant remains subject to avoidance or set aside. Moreover, there is no assurance as to what standard a court would apply to determine if the Company was solvent at the relevant time period. In the event that the Leasehold Mortgage is avoided or set aside, the Company's and AMR's obligations under the respective Guaranties will not be secured by any leasehold mortgage of the Company's interest in the Premises and the only source of payment of the Bonds (including the Series 2002 Bonds) or recourse will be (i) the Equipment Security Agreement, (ii) the unsecured obligations of the Company under the IDA Lease Agreement and the Company Guaranty and (iii) the unsecured obligation of AMR under the AMR Guaranty.

Bankruptcy of City. The New York Local Finance Law (McKinney's Local Finance Law) currently authorizes the City to be a debtor under the applicable provisions of the United States Bankruptcy Code with respect to municipalities. If the City should file a proceeding under Chapter 9 of the United States Bankruptcy Code, it is possible that actions could be taken in that case, despite the existence of Section 929 of the United States Bankruptcy Code, which would impact or alter the Basic Lease, the Agreement Towards Entering Into a Lease, the City Attornment Agreement or, if in effect, the New City/American Lease. Such actions could adversely affect the security for the Series 2002 Bonds.

Possible Loss of Tax-Exempt Status of Interest on Series 2002 Bonds

On the date of delivery of and payment for the Series 2002 Bonds, Bond Counsel will render its opinion with respect to the tax-exempt status of the interest on the Series 2002 Bonds, the form of which opinion is set forth in APPENDIX I—"FORM OF OPINION OF BOND COUNSEL." See also "TAX MATTERS."

In the event the interest (and any original issue discount) on the Series 2002 Bonds is determined to be includable in gross income of holders or Beneficial Owners of the Series 2002 Bonds for federal tax purposes, the Series 2002 Bonds will be subject to mandatory redemption as described under "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Mandatory Redemption Without Premium Upon the Occurrence of a Determination of Taxability.*" In such event, there will be no adjustment in the interest rate on the Series 2002 Bonds and the owners will not be indemnified against losses sustained as a result of a determination that the interest (and any original issue discount) on the Series 2002 Bonds is not excludable from gross income for federal income tax purposes. Further, a determination that the interest (and any original issue

discount) on the Series 2002 Bonds is includable in gross income of the holders or Beneficial Owners may not occur for a substantial period of time after interest (and any original issue discount) first becomes includable in the gross income of the owners thereof for federal income tax purposes. Additionally, if the lien of the Indenture has been defeased pursuant to the provisions thereof summarized in Appendix D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Discharge of Indenture," the Series 2002 Bonds will not be subject to mandatory redemption upon the occurrence of a Determination of Taxability.

The loss of the exclusion of the interest (and any original issue discount) on any Series 2002 Bonds from gross income of the owners thereof for federal income tax purposes could be retroactive to the date of issuance of the Series 2002 Bonds. The tax liability of the owners of any Series 2002 Bonds for failure to include interest (and any original issue discount) on such Series 2002 Bonds in their gross income may extend to years for which interest (and any original issue discount) was received or accrued on such Series 2002 Bonds, or some portion thereof, and for which the relevant statute of limitations has not yet run. If all of the Series 2002 Bonds are redeemed as described under "THE SERIES 2002 BONDS—Redemption Prior to Maturity," then the failure by the Company to observe or perform a covenant or agreement in the IDA Lease Agreement or the inaccuracy of any representation or warranty made by the Company in the IDA Lease Agreement or the Series 2002 Tax Certificate (as defined in the first paragraph under "TAX MATTERS"), 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 2002 Bonds for any claims, damages, costs or expenses arising out of or based upon such failure by the Company.

TAX MATTERS

The Internal Revenue Code of 1986, as amended, and the temporary, proposed or final regulations promulgated thereunder (the *"Code"*) establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2002 Bonds in order that interest on the Series 2002 Bonds be and remain not includable in gross income of the Bondholders for federal income tax purposes pursuant to Section 103 of the Code. These continuing requirements include certain restrictions and prohibitions on the use of the proceeds of the Series 2002 Bonds and the Leased Facilities, restrictions on the investment of proceeds and other amounts and the rebate to the United States of certain earnings in respect of such investments. Pursuant to the Agency's and the Company's Series 2002 Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, and accompanying attachments, executed by the Company dated the date of issuance of the Series 2002 Bonds (the *"Series 2002 Tax Certificate"*), the Company will make certain representations, certifications and covenants relating to such non-inclusion in gross income. The IDA Lease Agreement and the Series 2002 Tax Certificate will obligate the Company to do and perform all acts and things necessary and within its control to assure that interest on the Series 2002 Bonds not be included in gross income pursuant to Section 103 of the Code. Noncompliance with current requirements or future amendments may cause interest on the Series 2002 Bonds to become subject to federal income taxes retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained. **In the event of a Determination of Taxability, the**

Series 2002 Bonds are subject to mandatory redemption (unless the lien of the Indenture has been defeased) without interest rate adjustment and Bondholders will not be indemnified against losses (including but not limited to tax deficiencies, interest and penalties) sustained as a result of such Determination of Taxability. See "RISK FACTORS—Possible Loss of Tax-Exempt Status of Interest on Series 2002 Bonds."

In the opinion of Winston & Strawn, New York, New York, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance by the Agency and the Company (and their successors) with covenants and the accuracy of the representations and certifications referenced above, interest on the Series 2002 Bonds will not be included in gross income for federal income tax purposes pursuant to Section 103 of the Code. Under the Code, however, such interest is treated as a preference item to be included in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed with respect to individuals and corporations. No opinion is expressed by Bond Counsel as to the non-inclusion of interest on any Series 2002 Bond in gross income during the period that such Series 2002 Bond is held by a "substantial user" of the Facility or a "related person" within the meaning of Section 147(a) of the Code.

In rendering the opinion described above with respect to the Series 2002 Bonds, Bond Counsel has relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectations and certifications of fact and compliance with covenants contained in the IDA Lease Agreement and the Series 2002 Tax Certificate, each to be delivered on the date of original issuance of the Series 2002 Bonds with respect to matters affecting the non-inclusion in gross income of interest on the Series 2002 Bonds for purposes of federal income taxation.

In addition, certain requirements and procedures contained or referred to in the Indenture, the IDA Lease Agreement, the Series 2002 Tax Certificate and other relevant documents and certificates may be changed and certain actions may be taken subsequent to the date of issue, under the circumstances and subject to the terms and conditions set forth in such documents or certificates, upon the advice or with the approving opinion of nationally recognized bond counsel. Winston & Strawn expresses no opinion as to the impact of any such change or action on the tax-exempt status of interest on any Series 2002 Bond if such change occurs or action is taken upon the advice or approval of bond counsel other than Winston & Strawn.

Under the Code, interest on the Series 2002 Bonds is to be taken into account in the computation of the foreign branch profits tax.

The Code further provides that interest on the Series 2002 Bonds is includable in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement payments are to be included in the taxable income of individuals.

The Code also imposes a tax on excess net passive income of certain S Corporations that have subchapter C earnings and profits. Passive investment income includes interest on tax exempt obligations. Moreover, the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry tax exempt obligations such as the Series 2002 Bonds.

The foregoing is not intended as an exhaustive list of potential collateral tax consequences of the ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations such as the Series 2002 Bonds. Bondholders should consult their tax advisors with respect to the calculations of alternative minimum tax, foreign branch profits tax liability, the taxation of net passive income of S Corporations, collateral effects upon financial institutions and property and casualty insurance companies, the impact on the earned income credit, the deductibility of interest on obligations incurred or continued to purchase or carry the Series 2002 Bonds or the inclusion of Social Security or other retirement payments in taxable income. Bond Counsel expresses no opinion regarding any such collateral tax consequences.

The Series 2002 Bonds have been offered to the public at prices less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Series 2002 Bonds of the same maturity is sold in the initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount in respect of each Series 2002 Bond of the same maturity (the *"Discount Bonds"*). Bond Counsel is of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes, and is subject to the alternative minimum tax to the same extent as interest on the Series 2002 Bonds. Original issue discount accrues over the term of the Discount Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Original issue discount may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event the Company encounters financial difficulties. The tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to such holder's purchase price of such Discount Bond, the original issue discount which has accrued. The portion of the original issue discount on a Discount Bond that accrues in each taxable year is included in the calculation of the alternative minimum tax to the same extent as interest on the Series 2002 Bonds and may have collateral tax consequences for the taxpayers referred to above. Accordingly, owners of Discount Bonds are advised that the accrual of original issue discount could cause an increase in tax liability although no cash will have been received in the year of accrual. Owners of Discount Bonds should consult their own tax advisors with respect to the calculation of the amount of the original issue discount which will be treated for federal income tax purposes as having accrued for any taxable year (or portion thereof) of the owners and with respect to other federal, state and local tax consequences of owning and disposing of the Discount Bonds.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Series 2002 Bonds may adversely affect the tax status of interest on the Series 2002 Bonds. The Code has been continuously subject to legislative modifications, amendments and revisions and bills proposing further changes are regularly introduced in the United States Congress. No representation is made as to whether bills adversely affecting the tax-exempt status of interest on governmental obligations, such as the Series 2002 Bonds, or the economic value of owning such obligations, will be introduced or enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such bills or amendments will not materially and adversely affect the economic value of the Series 2002 Bonds or the federal and state tax consequences of ownership of the Series 2002 Bonds.

In the further opinion of Bond Counsel, interest on the Series 2002 Bonds is also exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), and the Series 2002 Bonds are exempt from all taxation directly imposed thereon by or under authority of said State, except for transfer and estate taxes.

Reference is made to Appendix I hereto for the proposed form of the approving opinion expected to be rendered by Bond Counsel in connection with the Series 2002 Bonds.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement (the *"Bond Purchase Agreement"*) among the Agency, the Company, AMR and Salomon Smith Barney Inc., as representative of the underwriters (the *"Underwriters"*), the Underwriters have agreed to purchase the Series 2002 Bonds at a purchase price of $475,974,867, which is the par amount of the Series 2002 Bonds less an underwriting discount of $2,625,000 and original issue discount of $24,891,800 plus accrued interest of $3,491,667. The Bond Purchase Agreement provides that the obligation of the Underwriters is subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series 2002 Bonds if any of the Series 2002 Bonds are purchased. The Series 2002 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2002 Bonds into investment trusts, accounts or funds) and others at prices lower than the initial public offering price. After the initial public offering, the public offering price of the Series 2002 Bonds may be changed from time to time by the Underwriters. The Company and AMR have agreed to indemnify the Underwriters and the Agency against certain liabilities or to contribute to any payments required to be made by the Underwriters relating to such liabilities, including liabilities under the federal securities laws.

In the ordinary course of their respective businesses, the Underwriters and certain of their respective affiliates have engaged, and expect in the future to engage, in commercial banking transactions with the Company and AMR.

CONTINUING DISCLOSURE

The Company and AMR, on the date of issuance of the Series 2002 Bonds, will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the beneficial owners of the Series 2002 Bonds. Under the Undertaking, the Company and AMR are required to send certain information annually and provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission (the *"Commission"*) under the Securities Exchange Act of 1934 (the *"Exchange Act"*). The information to be provided on an annual basis, the events that are required to be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under "THE UNDERTAKING."

Each of the Company and AMR has represented that it is in compliance with all undertakings previously entered into by it pursuant to the Rule. A failure by the Company or AMR to comply with the Undertaking will not constitute an Event of Default under the IDA Lease Agreement, the Indenture or the Guaranties and beneficial owners of the Series 2002 Bonds are limited to the remedies described in the Undertaking. See "THE UNDERTAKING—Consequences of Failure of the Company or AMR to Provide Information." A failure by the Company or AMR to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2002 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2002 Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Company and AMR and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Company.

Annual Financial Information Disclosure

Each of the Company and AMR covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (as described below) to the Commission. Each of the Company and AMR also covenants that it will send a notice to each Nationally Recognized Municipal Securities Information Repository (a *"NRMSIR"*) then recognized by the Commission for purposes of the Rule and to any public or private repository designated by the State of New York as the state information depository (the *"SID"*) and recognized as such by the Commission for purposes of the Rule on an annual basis indicating that its Annual Report on Form 10-K filed with the Commission, in accordance with the Exchange Act, constitutes its Annual Financial Information and Audited Financial Statements for that year.

"Annual Financial Information" of the Company or AMR means information of the type contained in the Annual Report on Form 10-K filed with the Commission by the Company or AMR, as the case may be, in accordance with the Exchange Act.

"Audited Financial Statements" means the audited financial statements of the Company and AMR, respectively, prepared in accordance with accounting principles generally accepted in the United States as in effect from time to time.

Events Notification; Material Events Disclosure

Each of the Company and AMR covenants that it will disseminate to each NRMSIR or to the Municipal Securities Rulemaking Board (the *"MSRB"*) and to the SID, if any, in a timely manner the disclosure of the occurrence of an Event (as described below) that is material, as materiality is interpreted under the Exchange Act. The *"Events"* are:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties (inapplicable to this transaction);

4. Unscheduled draws on credit enhancements reflecting financial difficulties (inapplicable to this transaction);

5. Substitution of credit or liquidity providers, or their failure to perform (inapplicable to this transaction);

6. Adverse tax opinions or events affecting the tax-exempt status of the security;

7. Modifications to the rights of security holders;

8. Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities; and

11. Rating changes.

Consequences of Failure of the Company or AMR to Provide Information

The Company or AMR, as applicable, is required to give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same is due under the Undertaking.

In the event of a failure of the Company or AMR to comply with any provision of the Undertaking, the beneficial owner of any Series 2002 Bond may seek specific performance by court order, to cause the Company or AMR to make such filings. The beneficial owners of 25% or more in principal amount of the outstanding Series 2002 Bonds may challenge the adequacy of the information provided under the Undertaking and seek specific performance by court order to cause the Company or AMR to provide the information required by the Undertaking. A default under the Undertaking will not be deemed an Event of Default under the IDA Lease Agreement, the Indenture or the Guaranties, and the sole remedy under the Undertaking in the event of any failure of the Company or AMR to comply with the Undertaking is an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Company and AMR may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Company or AMR or a change in the type of business conducted by the Company;

(b) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2002 Bonds, as determined either by parties unaffiliated with the Company or AMR (such as Bond Counsel), or by an approving vote of the Bondholders of each series pursuant to the terms of the Indenture at the time of the amendment.

Termination of Undertaking

The Undertaking will terminate as to the Company or AMR if the Company or AMR, as the case may be, no longer has any legal liability for any obligation on or relating to repayment of the Series 2002 Bonds under the Indenture, the IDA Lease Agreement or the Guaranties. The Company or AMR, as the case may be, is required to give notice to each NRMSIR or to the MSRB and to the SID, if any, in a timely manner if this paragraph is applicable.

Neither the Company nor AMR has any obligation to provide continuing disclosure pursuant to the Undertaking with respect to a series of Series 2002 Bonds that bear interest at an interest rate other than a Long-Term Interest Rate. The Undertaking terminates with respect to a series of the Series 2002 Bonds that bear interest at rates other than a Long-Term Interest Rate but must be reinstated, or a new continuing disclosure undertaking must be entered into, in connection with any subsequent adjustment of the interest rate on that series of the Series 2002 Bonds to a Long-Term Interest Rate, if required by law at such time.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the Company or AMR, as the case may be, from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a material Event, in addition to that which is required by the Undertaking. If the Company or AMR, as the case may be, chooses to include any information from any document or notice of occurrence of a material Event in addition to that which is specifically required by the

Undertaking, the Company or AMR, as the case may be, shall not have any obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a material Event.

Dissemination Agent

The Company or AMR may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its respective obligations under the Undertaking and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the validity of the Series 2002 Bonds and with regard to the exclusion of interest on the Series 2002 Bonds from federal income taxation under existing law and regulations are subject to the approval of Winston & Strawn, New York, New York, Bond Counsel, and the Underwriters' obligation to purchase the Series 2002 Bonds is subject to the issuance of such opinion. A proposed form of such opinion is attached to this Official Statement as Appendix I. Legal matters pertaining to the Agency will be passed upon by Richard E. Marshall, Vice President for Legal Affairs. Certain legal matters will be passed upon for the Company and AMR by Anne H. McNamara, Senior Vice President and General Counsel of the Company and AMR. Certain legal matters will be passed upon for the Underwriters by their counsel, Chapman and Cutler, Chicago, Illinois.

MISCELLANEOUS

The foregoing summaries and the summaries contained in Appendices C, D, E, F, G and H do not purport to be complete and are expressly made subject to the exact provisions of the applicable documents. For details of all terms and conditions, reference is made to the IDA Lease Agreement, the Company Sublease, the Indenture, the Guaranties, the Equipment Security Agreement, the Port Authority Lease, the Port Authority Consent, the form of Leasehold Mortgage attached to the Port Authority Consent, the Agreement Towards Entering Into a Lease and the City Attornment Agreement, copies of which may be obtained from the Underwriters during the initial offering at the principal office of the Underwriters and, after the initial delivery of the Series 2002 Bonds, at the principal corporate trust office of the Trustee in New York, New York. Information concerning the Company and AMR is contained or incorporated by reference in Appendix A to this Official Statement. The Gate Demand Study prepared by Simat, Helliesen & Eichner, Inc. at the request of the Company is contained in Appendix J to this Official Statement. The assumptions, finding and opinions contained in the Gate Demand Study have not been adopted by, and do not necessarily represent the opinions or views of, the Agency or the Company.

The use of this Official Statement has been duly authorized by the Agency.

APPENDIX A

AMERICAN AIRLINES, INC.
AND
AMR CORPORATION

The information contained in this Appendix A to this Official Statement relates to and has been supplied by American Airlines, Inc. and AMR Corporation. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of American Airlines, Inc. or AMR Corporation since the date hereof or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date.

AMERICAN AIRLINES, INC.
AND
AMR CORPORATION

Statement of Available Information

Each of American Airlines, Inc. (*"American"*) and AMR Corporation (*"AMR"*) is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the *"Commission"*). These filings are available to the public over the Internet at the Commission's web site at http://www.sec.gov. A prospective purchaser can call the Commission at 1-800-SEC-0330 for further information on the public reference rooms and copy charges. Reports, proxy statements and other information filed by American and AMR can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Copies of such material can be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

Incorporation of Certain Documents by Reference

The following documents have been filed with the Commission and are incorporated herein by reference:

1. American's and AMR's Annual Reports on Form 10-K for the year ended December 31, 2001;

2. American's and AMR's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002;

3. American's Current Reports on Form 8-K filed with the Commission on January 16, 2002 , June 13, 2002 and June 19, 2002; and

4. AMR's Current Reports on Form 8-K filed with the Commission on January 16, 2002, June 13, 2002, June 19, 2002 and July 18, 2002.

All documents filed by American or AMR pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds offered hereby are deemed to be incorporated by reference into this Official Statement and to be part hereof from the date of filing of any such document. Any statement contained in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded may not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

American will provide a copy of these filings (other than their exhibits, unless those exhibits are specifically incorporated by reference in the filings) at no cost by writing or telephoning American at the following address:

Corporate Secretary
American Airlines, Inc.
P.O. Box 619616
Mail Drop 5675
Dallas/Fort Worth Airport, Texas 75261-9616
(817) 963-1234

Persons receiving this Official Statement should rely only on the information incorporated by reference or provided in this Official Statement or any applicable Official Statement Supplement. Neither American nor AMR has authorized anyone to provide prospective purchasers with different information. If anyone provides different or inconsistent information, it should not be relied upon.

Certain Other Information

On January 25, 2002, February 22, 2002, March 22, 2002 and May 31, 2002 AMR furnished to the Commission certain actual and forecasted information, including information regarding American's unit costs, capacity, traffic, fuel costs and fuel consumption, pursuant to Item 9 of Form 8-K in accordance with the guidelines set forth in Regulation FD adopted by the Commission. American expects that AMR will continue to furnish similar information to the Commission on a regular basis during the second half of each month, other than months in which AMR issues a quarterly earnings release, and that in addition AMR may from time to time furnish other information, including but not limited to information with respect to fleet plans and revenue estimates, as it deems appropriate; *provided, however,* AMR shall have no obligation to furnish such information to the Commission.

On January 25, 2002, February 22, 2002, March 22, 2002 and May 31, 2002 American furnished to the Commission certain actual and forecasted information, including information regarding American's unit costs, capacity, traffic, fuel costs, fuel consumption and fleet plans, pursuant to Item 9 of Form 8-K in accordance with the guidelines set forth in Regulation FD adopted by the Commission. American expects that it will continue to furnish similar information to the Commission, including but not limited to information with respect to fleet plans and revenue estimates, as it deems appropriate; *provided, however,* American shall have no obligation to furnish such information to the Commission.

American will provide a copy of Forms 8-K furnished as described above at no cost upon request. Requests may be made by writing or telephoning American at the following address:

Corporate Secretary
American Airlines, Inc.
P.O. Box 619616
Mail Drop 5675
Dallas/Fort Worth Airport, Texas 75261-9616
(817) 963-1234

APPENDIX B

CERTAIN DEFINITIONS

"Accounts" means those accounts established pursuant to the Indenture and any accounts established pursuant to any Series Supplemental Indenture.

"Act" has the meaning set forth herein under "THE AGENCY."

"Act of Bankruptcy" means the commencement of a bankruptcy or similar proceeding by or against the Company or AMR, 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 Company or AMR or a substantial part of the assets of the Company or AMR, 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 Company or AMR or any substantial part of any of the properties of the Company or AMR.

"Additional Bonds" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Affiliate" means any Person under common control with the Company. "Control" (including the related term "under common control with") 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.

"Agency" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Agency's Reserved Rights" means, 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 Company to complete the Project;

(iv) the right of the Agency to enforce or otherwise exercise in its own behalf all agreements of the Company with respect to ensuring that the Facility will 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 the IDA Lease Agreement relating to: sales and use tax exemptions; the leasing of the Facility; taxes; assessments and charges; insurance; advances made by the Agency; compliance with laws; restrictions imposed upon the Company with respect to dissolution and merger; indemnity; payment by the Company of the compensation and expenses of the Agency; certain filings of the Company of its Form 10-K and compliance and default certificates; the furnishing of security by the Company in the event of its contest of any liens; the condition or suitability of the Facility; the compliance by the Company with certain laws and guidelines relating to non-discrimination of employees; the enforcement of the redemption provision described herein under "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Extraordinary Optional Redemption Without Premium at the Option of the Agency Upon Failure to Operate the Facility as a Qualified Project*"; further assurances with respect to the perfection of the interests and rights granted to the Agency under the IDA Lease Agreement, the Indenture and the Leasehold Mortgage; current descriptions of the Facility; the filing of Uniform Commercial Code financing statements; certain covenants made by the Company with respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease; the agreement by the Company to pay attorneys' fees and expenses of the Agency upon default; certain options with respect to the substitution and sale of Facility Equipment; the assignment of the IDA Lease Agreement or the subletting of the Facility; inspection of the Facility; the intention that the IDA Lease Agreement be a "net lease"; the waiver of a jury trial; and the consent to the Leasehold Mortgage; and

(vi) the right of the Agency in its own behalf to declare an Event of Default under the IDA Lease Agreement or with respect to any of the Agency's Reserved Rights subject to the limitations contained therein.

"Agreement Towards Entering Into a Lease" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Airport" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"AMR" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"AMR Guaranty" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Authorized Representative" means, (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 Company, its President, Treasurer, Executive Vice President, Senior Vice President, Vice President, Managing Director or any other person designated by the Company to act on behalf of the Company by a written certificate, containing a specimen signature of such person, which is duly executed on behalf of the Company and delivered to the other parties, and (iii) in the case of AMR, its President, Treasurer, Executive Vice President, Senior Vice President, Vice President, Managing Director or any other person designated by AMR to act on behalf of AMR by a written certificate, containing a specimen signature of such person, which is duly executed on behalf of AMR and delivered to the other parties.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended (Title 11 of the United States Code, as amended).

"Bankruptcy Rejection Date" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage*."

"Basic Lease" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Beneficial Owner" has the meaning set forth herein under "THE SERIES 2002 BONDS—Book-Entry-Only System."

"Bond Counsel" means 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" means the Bond Fund created under the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Payments into Bond Fund*" and "—*Application of Bond Fund*."

"Bond Interest Term Rate" means, with respect to each series of Bonds, a term, non-variable interest rate on such series of Bonds established periodically in accordance with the Indenture.

"Bond Purchase Fund" means any Bond Purchase Fund created for a series of Bonds under a Series Supplemental Indenture, which Fund will be held by the applicable Tender Agent and be used with respect to the tender and remarketing of Bonds.

"Bond Registrar" means the Trustee, acting as registrar for the Bonds as provided in the Indenture.

"Bondholder," "Holder of the Bonds," "Holder" or *"holder"* means any Person who is the registered owner of any Bonds or Bonds. So long as Cede & Co., as nominee of DTC, is the registered owner, references to "Bondholders" or "registered owners" herein mean Cede & Co., and not the Beneficial Owners of the Series 2002 Bonds. See "THE SERIES 2002 BONDS—Book-Entry-Only System."

"Bonds" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Bonds Default" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage*."

"Book-Entry-Only System" has the meaning set forth herein under "THE SERIES 2002 BONDS—Book-Entry-Only System."

"Business Day" means any day which is not a Saturday, 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.

"Capitalized Interest Account" means any special trust Account of the Project Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Project Fund*."

"City" means The City of New York.

"City Approved Successor Lessee" has the meaning set forth herein in APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Remedies; Termination by the City*.

"City Attornment Agreement" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Civil Aircraft Operator" (as used herein in the definition of Scheduled Aircraft Operator) means a Person engaged in civil transportation by aircraft or otherwise operating aircraft for civilian purposes, whether governmental or private. If any such Person is also engaged in the operation of aircraft for military, naval or air force purposes, he or she will be deemed to be a Civil Aircraft Operator only to the extent that he or she engages in the operation of aircraft for civilian purposes.

"Code" has the meaning set forth herein under "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Mandatory Redemption Without Premium Upon the Occurrence of a Determination of Taxability*."

"Company" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Company Guaranty" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Company Sublease" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Construction Account" means any special trust Account of the Project Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Project Fund*."

"Controlled Entity" means 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.

"Credit Facility" means 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 Indenture. No Credit Facility is being provided with respect to any series of the Series 2002 Bonds.

"Credit Facility Provider" means the issuer of any Credit Facility and any successors thereto. There is no Credit Facility and no Credit Facility Provider with respect to any series of the Series 2002 Bonds.

"Daily Interest Rate" means, with respect to each series of Bonds, a variable interest rate on such series of Bonds established in accordance with the Indenture.

"Debt Service Reserve Account" means any special trust Account of the Debt Service Reserve Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Debt Service Reserve Fund*."

"Debt Service Reserve Account Requirement" means, with respect to each series of Bonds, the amount, if any, required by any Series Supplemental Indenture authorizing the issuance of a 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. The applicable Debt Service Reserve Account Requirement with respect to each series of Series 2002 Bonds will be an amount equal to the lesser of (i) the greatest amount required in the then current or any future bond year to pay the sum of interest on the Outstanding Bonds of such series payable during such bond year, and the principal and sinking fund installments, if any, on the Outstanding Bonds of such series payable on August 1 of such bond year, excluding interest accruing on such Bonds from the dated date of such Bonds to the date of delivery thereof, (ii) an amount equal to 10% of the net proceeds of the sale of such series of Series 2002 Bonds, and (iii) 125% of the average of the principal, whether at maturity or on mandatory redemption, and interest becoming due over the term of such series of Series 2002 Bonds.

"Debt Service Reserve Fund" means the Debt Service Reserve Fund created under the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Debt Service Reserve Fund*."

"Deferred Reletting Fee" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Obligations of Qualifying Replacement Tenant: Qualification Standards.*"

"Determination of Taxability" has the meaning set forth herein under "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Mandatory Redemption Without Premium Upon the Occurrence of a Determination of Taxability.*"

"Eligible Affiliate" means any Person controlled by the Company. "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" means 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 Company) in accordance with Accounting Standards of the Financial Accounting Standards Board, as a capital expenditure, to be used by the Company, 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" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Event of Default" with respect to any default under the IDA Lease Agreement, has the meaning set forth herein under APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Events of Default; Remedies—*Events of Default*" and, with respect to any default under the Indenture, has the meaning set forth herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default; Remedies of Bondholders—*Events of Default; Acceleration of Due Date.*"

"Extended Basic Lease" has the meaning set forth herein in APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Conditions Precedent.*"

"Facility" has the meaning set forth herein under "INTRODUCTORY STATEMENT" and also means, collectively, the Leased Facilities and the Facility Equipment.

"Facility Equipment" has the meaning set forth herein under "INTRODUCTORY STATEMENT" and also means such items of machinery, equipment, furniture, fixtures, furnishings, apparatus and other items of tangible personal property the acquisition of which is 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 Company) in accordance with

Accounting Standards of the Financial Accounting Standards Board as a capital expenditure, to be used at the Premises by the Company, 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 the IDA Lease Agreement, and excludes all items of Facility Equipment so substituted for or replaced.

"Facility Improvement Materials" means construction materials, building materials, building supplies, and other tangible personal property which are used, depleted or consumed by the Company exclusively for the Project.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the Agency, the Company 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.

"Fee Owner" has the meaning set forth herein under APPENDIX G—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE—Summary of Certain Provisions of the Port Authority Consent—*Termination of the Port Authority Consent With Respect to Leasehold Mortgage*."

"Financed Property" means 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.

"Financing Documents" means the Company Sublease, the IDA Lease Agreement, the Indenture, resolutions adopted by the Agency authorizing the issuance of the Series 2002 Bonds, any resolutions adopted by the Agency in connection with the issuance and sale of Additional Bonds, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, and the City Attornment Agreement; and *provided further*, the term *"Financing Document"* does not mean the Basic Lease, the Port Authority Lease or the Port Authority Consent.

"Foreclosure Payment Account" means any special trust Account of the Mortgage Reserve Fund so designated and established pursuant to the Indenture and as described herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Foreclosure Period Payments*," APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*" and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Mortgage Reserve Fund*."

"Foreclosure Payment Account Requirement" means $18,600,000.

"Foreclosure Period" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Foreclosure Proceedings and Removal of the Company.*"

"Funds" means those Funds established pursuant to the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Creation of Funds and Accounts*" and any Funds established pursuant to any Series Supplemental Indenture.

"General Airport Agreement" means that certain agreement and lease of premises entitled "John F. Kennedy International Airport Airline Lease," dated as of January 1, 1953 (as the same may have been supplemented, amended and extended) and bearing Port Authority file number designation AY-351 which governs the rights, privileges, duties and obligations of and between the Port Authority and the Company with respect to the Airport.

"Government Obligations" means (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.

"Guaranties" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Guarantor" means each of the Company and AMR and their respective successors and assigns under the Guaranties.

"IDA Lease Agreement" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"IDA Lease Amendment" means any amendment to the IDA Lease Agreement entered into by and between the Company 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" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Interest Account" means any special trust Account of the Bond Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY

OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Payments into Bond Fund*" and "—*Application of Bond Fund.*"

"*Interest Payment Date*" has the meaning set forth herein under "THE SERIES 2002 BONDS—General."

"*Lease Assignment/Assumption and Consent Agreement*" has the meaning set forth herein under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Qualifying Replacement Tenant.*"

"*Lease Assignment/Assumption Commencement Date*" has the meaning set forth herein under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Qualifying Replacement Tenant.*"

"*Lease Default*" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage.*"

"*Lease Payments Fund*" means the Lease Payments Fund created under the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Lease Payments Fund.*"

"*Leased Facilities*" has the meaning set forth herein under "INTRODUCTORY STATEMENT" and also means those certain facilities, structures, buildings, fixtures and improvements, exclusive of Facility Equipment, as will constitute a new air passenger terminal together with related arrival and departure access ramps and a passenger tunnel connecting Concourse C to the main terminal, to be located at the premises in the vicinity of Terminals 8 and 9 at the Airport, all 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*" means one or more items of tangible personal property, in which the Agency acquires a leasehold interest under a Qualified Personalty Lease in accordance with the IDA Lease Agreement, to be used exclusively for the Project by the Company, the Affiliates, and the Eligible Affiliates. Leased Personalty does 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 Port Authority Lease will not constitute and will not be deemed to constitute Leased Personalty by virtue of the provisions of the Port Authority Lease.

"*Leasehold Mortgage*" has the meaning set forth herein under "INTRODUCTORY STATEMENT." All references to the Leasehold Mortgage herein are 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 will not be dated, executed, delivered or recorded and the Reletting Rights will not be exercisable until the Reletting Rights Effective Date.

"Leasehold Mortgage Default" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage.*"

"Leasehold Mortgage Extension Fee" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure.*"

"Leasehold Mortgagee" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Legal Requirements" has the meaning set forth herein in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Maintenance, Taxes and Insurance—*Compliance with Law.*"

"Lessee's Property" has the meaning set forth herein in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Maintenance, Taxes and Insurance—*Maintenance, Alterations and Improvements.*"

"Long-Term Interest Rate" means, with respect to each series of Bonds, a term, non-variable interest rate on such series of Bonds established in accordance with the Indenture.

"Loss Event" has the meaning set forth herein in APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Damage, Destruction and Condemnation."

"Maintenance Contracts" means contracts entered into by the Company as agent for the Agency for the maintenance, service or repair of Eligible Personalty or Leased Personalty used at the Leased Facilities by the Company, the Affiliates, and the Eligible Affiliates, exclusively for the Project, solely to the extent such contracts encompass Qualified Maintenance.

"Major Release" has the meaning set forth herein under APPENDIX G—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE—Summary of Certain Provisions of the Leasehold Mortgage—*Release of Part of Mortgaged Property.*"

"Master Indenture" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Maximum Port Authority Lease Expiration Date" has the meaning set forth herein in APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Conditions Precedent.*"

"Minor Release" has the meaning set forth herein under APPENDIX G—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE—Summary of Certain Provisions of the Leasehold Mortgage—*Release of Part of Mortgaged Property.*"

"Moody's" means 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 is dissolved or liquidated or no longer performs the functions of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized securities rating agency designated by the Agency by notice to the Company and the Trustee.

"Mortgage Amount" means 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) $2,300,000,000.00.

"Mortgage Reserve Fund" means the Mortgage Reserve Fund created under the Indenture and described herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Foreclosure Period Payments,"* APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease"* and APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Mortgage Reserve Fund."*

"Mortgagee Rights Period" has the meaning set forth herein in APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Remedies; Termination by the City."*

"Net Proceeds" means, 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" means 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 will be deemed to mean and refer to such New Basic Lease.

"New City/American Lease" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Nonapproved Successor Lessee Event" has the meaning set forth herein in APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Remedies; Termination by the City."*

"Nonqualified Cost" means the Project Costs paid pursuant to the Indenture which are not Qualified Costs.

"Opinion of Counsel" means 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 Company, AMR or the Agency and who is reasonably acceptable to the Trustee.

"Outstanding" when used with reference to a Bond or series of Bonds, as of any particular date or series, means 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 the Indenture, there has been separately set aside and held in any Redemption Account of the Bond Fund either:

(A) moneys, and/or

(B) noncallable Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as are necessary to provide moneys,

in an amount sufficient to effect payment of the principal or applicable redemption price of such Bond (or portion thereof), together with accrued interest on such Bond 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 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 the Indenture and Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under 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 Company or any Affiliate of the Company will be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee is 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 to act with respect to such Bonds and that the pledgee is not the Company or any Affiliate or Controlled Entity of the Company.

"Paying Agent" means 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" means, as of any particular time,

(i) the Agreement Towards Entering Into a Lease, the City Attornment Agreement, the Basic Lease, the Port Authority 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 the provisions of the IDA Lease Agreement;

(iv) utility, access and other easements and rights of way, restrictions and exceptions that an Authorized Representative of the Company certifies to the Agency and the Trustee will not materially interfere with or impair the Company'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, are being contested in good faith by appropriate proceedings), all if and to the extent permitted by 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 Company 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 the IDA Lease Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Port Authority" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Port Authority Consent" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Port Authority Lease" has the meaning set forth herein under "INTRODUCTORY STATEMENT" and further means 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 Company, as the same may now or hereafter be amended, modified or supplemented from time to time. The term *"Port Authority Lease"* means and includes the foregoing agreement during any period when the City has become lessor under the Port Authority Lease in accordance with the provisions of the City Attornment Agreement.

"Possessory Rights and Remedies" means 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" means (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" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Primary Term" has the meaning set forth herein under APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions—*Allocation of Rent*."

"Principal Account" means any special trust Account of the Bond Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Payments into Bond Fund*" and "—*Application of Bond Fund*."

"Prohibited Person" means (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 Company or AMR, the felony conviction of the 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" has the meaning set forth herein under "INTRODUCTORY STATEMENT" and also means solely with respect to the Redevelopment Work, the demolition of Terminals 8 and 9 at the Airport, the construction, acquisition, installation and equipping of the Facility by the Company, and the acquisition, construction, installation and equipping by the Company 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 Company, Affiliates and Eligible Affiliates solely for the construction, acquisition, installation and equipping of the Facility.

"Project Costs" means:

(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 Company's interest in the Leased Facilities;

(v) the fees and expenses of the Trustee, each Remarketing Agent, if any, and 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 Company) 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 Company for the construction of the Project) for the time specified in any Series Supplemental Indenture authorizing the issuance of a series of Bonds and executed and delivered by the Agency and the Trustee in accordance with the Indenture;

(vii) all costs which the Company is required to pay, under the terms of any contract or contracts, for the completion of the Project, including any amounts required to reimburse the Company 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 Company is required to pay under the Port Authority Lease for (a) the review and approval of the plans and specifications relating to the Project, (b) obtaining the required permits and approvals under such plans and specifications 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 the IDA Lease Agreement that the salary or other compensation paid to the officers or employees of the Company 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 Company, be treated on the books of the Company as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis, expenses for supervision by the officers or employees of the Company 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 the costs of funding any amounts to be held in any Account of the Debt Service Reserve Fund; and

(xi) costs of issuance.

"Project Fund" means the Project Fund created under the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Project Fund*."

"Qualified Costs" means the cost of exempt facilities, including facilities functionally related and subordinated thereto, as set forth in the Code.

"Qualified Financial Institution" means 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" means, 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 provides 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 or above from S&P.

"*Qualified Maintenance*" means, 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 Company) 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 Mortgage*" has the meaning set forth herein in APPENDIX H—"SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT—Summary of Certain Provisions of the City Attornment Agreement."

"*Qualified Personalty Lease*" means the IDA Lease Agreement and any lease of one or more items of Leased Personalty to the Company on behalf of and as agent for the Agency, (1) which lease would be characterized (whether or not so characterized by the Company) 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.

"Qualifying Replacement Tenant" means 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 the Port Authority Lease, who each meet all of the requirements set forth in Section 92, including but not limited to the entering into with the Port Authority of the Lease Assignment/Assumption and Consent Agreement, and thereby become the assignee/purchaser of the Port Authority Lease with respect to the 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.

"Rating Agency" means S&P if S&P is then rating the Bonds and Moody's if Moody's is then rating the Bonds, and such other nationally recognized securities rating agency, if any, as shall then rating the Bonds.

"Rating Category" means 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" means the Rebate Fund created under the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Payments into Rebate Fund; Application of Rebate Fund.*"

"Record Date" has the meaning set forth herein under "THE SERIES 2002 BONDS—General."

"Redemption Account" means any special trust Account of the Bond Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Payments into Bond Fund*" and "—*Application of Bond Fund.*"

"Redevelopment Work" means the design and construction of the "Passenger Terminal Work" (as described and defined in Section 2B(a) of the Port Authority Lease) and the "Off-Premises Work" (as described and defined in Section 2B(a) of the Port Authority Lease).

"Redevelopment Work Completion Date" means the date appearing on the certificate issued by the Port Authority pursuant to the Port Authority Lease after substantial completion of the Redevelopment Work.

"Release Price" means, 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 annual 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" means the portions of the Leased Facilities which the Company, the Port Authority or, upon the effectiveness of the New/City American Lease, the City, have released from the Leased Facilities as described herein under APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Retention of Interest in the Facility.*"

"Reletting Election Notice" means the written notice required to be given by the Leasehold Mortgagee to the Port Authority pursuant to the Port Authority Lease affirmatively stating the Leasehold Mortgagee's election to (i) exercise its Reletting Rights thereunder and (ii) to exercise its rights under the Leasehold Mortgage to foreclose upon the Leasehold Mortgage or to have the Port Authority Lease with respect to the Premises assigned to a Qualifying Replacement Tenant in accordance with the provisions of the Port Authority Lease.

"Reletting Election Notice Service Date" has the meaning set forth herein under Appendix F—"Summary of Certain Provisions of the Port Authority Lease—Leasehold Mortgage and Reletting Rights—*Foreclosure Obligations.*

"Reletting Election Period" has the meaning set forth herein in Appendix F—"Summary of Certain Provisions of the Port Authority Lease—Leasehold Mortgage and Reletting Rights—*Election to Exercise Reletting Rights.*"

"Reletting Rights" mean the rights of the Trustee as Leasehold Mortgagee with respect to the Premises and the Leasehold Mortgage to obtain a Qualifying Replacement Tenant during the Foreclosure Period as provided in Section 92, *provided, however,* no Reletting Rights will commence or be deemed to have commenced until on or after the Reletting Rights Effective Date, if any, and further will 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 Section 92 and the Port Authority Consent, and will terminate as provided in Section 92, including without limitation, upon the termination or expiration of the Leasehold Mortgage in accordance with Section 92.

"Reletting Rights Effective Date" means the date on which all of the Reletting Rights Effective Date Conditions have been fulfilled.

"Reletting Rights Effective Date Conditions" has the meaning set forth herein under "INTRODUCTORY STATEMENT" and in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions.*"

"Required Conditions" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions to Execution, Delivery and Recording of the Leasehold Mortgage.*"

"Reserve Fund Facility" means 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 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 the Indenture.

"S&P" means 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 is dissolved or liquidated or no longer performs the functions of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the Agency by notice to the Trustee and the Company.

"Sales and Use Taxes" means 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" means that certain Sales Tax Letter of the Agency dated July 31, 2002.

"Sales Tax Savings" means all exemptions of Sales and Use Taxes actually realized by the Company 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 Company 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.

"Scheduled Aircraft Operator" means a Civil Aircraft Operator engaged in transportation by aircraft operated wholly or in part on regular flights to and from the Airport in accordance with published schedules; but so long as the Federal Aviation Act of 1958, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or substantially similar permits or certificates, is in effect, no Person will be deemed to be a Scheduled Aircraft Operator unless it also holds such a permit or certificate.

"Section 92" means Section 92 of the Port Authority Lease, entitled "Reletting Rights-Leasehold Mortgagee," which section authorizes the Leasehold Mortgage and provides for the Reletting Rights of the Trustee, as Leasehold Mortgagee, thereunder.

"Section 92(d) Provisions" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Execution, Delivery and Recording of the Leasehold Mortgage After Reletting Rights Effective Date.*"

"Security Documents" means, with respect to all Bonds, the Equipment Security Agreement, the Company Sublease, the IDA Lease Agreement, the Guaranties, the Indenture, the Agreement Towards Entering Into a Lease, the City Attornment Agreement and the Leasehold Mortgage and, with respect to a particular series of Bonds, the applicable Tax Certificate, and any and all other documents or instruments delivered to the Trustee in connection with the provision of the security for such series of Bonds; *provided* that in no event will the Port Authority Lease, the New City/American Lease or the Port Authority Consent be or be deemed to be Security Documents.

"Series 2002 Bonds" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Series Supplemental Indenture" means 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 the Indenture.

"Sinking Fund Installment" means 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" means any special trust Account of the Bond Fund so designated and established pursuant to the Indenture and as described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Custody and Investment of Funds—*Lease Payments Fund*" and "—*Payments into Bond Fund.*"

"State" means the State of New York.

"Tax Certificate" means, 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 Bonds, executed by Authorized Representatives of the Agency and the Company and delivered to the Agency, the Company and the Trustee, and will include any and all amendments thereof and supplements thereto thereafter made in conformity therewith and the Indenture.

"Tax-Exempt Bond (or series of Tax-Exempt Bonds)" means any Bond (or series of Bonds) issued with the intent of the Agency, expressed in the applicable Series 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.

"Tenant Improvements" means all improvements, renovations and upgrades to the Leased Facilities including the installation of Facility Improvement Materials relating thereto for use by the Company, 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" means, with respect to a series of Bonds, the initial and any successor tender agent appointed in accordance with the Series Supplemental Indenture authorizing the issuance of such series of Bonds and executed and delivered by the Agency and the Trustee in accordance with the Indenture.

"Triggering Events" has the meaning set forth herein under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Termination by Port Authority."

"Trust Estate" means all property, interests, revenues, funds, contracts, rights and other security granted to the Trustee under the Security Documents.

"Trustee" has the meaning set forth herein under "INTRODUCTORY STATEMENT."

"Weekly Interest Rate" means, with respect to each series of Bonds, a variable interest rate on such series of Bonds established in accordance with the Indenture.

"Wrongful Recording of the Leasehold Mortgage" has the meaning set forth herein under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions*."

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT

The following is a brief summary of certain provisions of the IDA Lease Agreement and does not purport to be comprehensive or complete. Reference is made to the IDA Lease Agreement for the complete provisions.

The Project

General. The Company warrants it is conveying to the Agency a valid leasehold interest in the Leased Facilities on or prior to delivery and payment for the Series 2002 Bonds and that it will convey to the Agency good legal title to items of the Facility Equipment (subject to any interests 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, all against payment therefor by the Agency from the proceeds of the Series 2002 Bonds deposited in the applicable Construction Account of the Project Fund to the extent permitted by the IDA Lease Agreement and the Indenture. The Agency and the Company agree that the leasehold interest conveyed to the Agency under the Company Sublease is subject to the Company Sublease, the Port Authority Consent, the Basic Lease and the Port Authority Lease.

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 Company 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.

The Company 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 Company 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 therefor, 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 Port Authority Consent and the Port Authority Lease and all policies of insurance required to be maintained hereunder and under the Port Authority Lease with respect to the Leased Facilities. Upon completion of the Project, the Company 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.

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 Port Authority Lease, the Port Authority Consent, 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 Company as agent for the Agency of a contract, lease, bill of sale, invoice or purchase order therefor and upon delivery to or installation at the Leased Facilities or payment therefor, whichever shall occur first. The Company 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.

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 Port Authority Lease, the Port Authority Consent and the Company Sublease, the Company shall, within a reasonable time after the acquisition of such Facility Improvement Materials and Facility Equipment by or on behalf of the Company, 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, free and clear of all liens, claims, charges, security interests and encumbrances other than Permitted Encumbrances. The Company 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.

The Company 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, except as provided in the IDA Lease Agreement.

In the event moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Company 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 issued for that purpose), nor shall the Company be entitled to any diminution of the rents payable or other payments to be made under the IDA Lease Agreement.

Sales and Use Tax Benefits. Any exemption from Sales and Use Taxes resulting from or occasioned by Agency's 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 Company as agent for the Agency, it being the intent of the parties to the IDA Lease Agreement that no operating expenses of the Company 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 Company 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, (iii) the termination of the IDA Lease Agreement, (iv) receipt by the Company of notice from the Agency of the termination of the Sales Tax Letter, or (v) the termination of the Sales Tax Letter pursuant to the terms of the IDA Lease Agreement.

Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions

Issuance of Additional Bonds. The Agency and the Company 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 under the IDA Lease Agreement, 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 Company shall enter into an IDA Lease Amendment amending the IDA Lease Agreement providing, among other things, for the payment by the Company of such rentals as are necessary in order to pay the principal, redemption price, if applicable, purchase price 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 under the IDA Lease Agreement.

Lease of the Facility. Subject to the Basic Lease, the Port Authority has subleased the Leased Facilities to the Company pursuant to the Port Authority Lease, and the Company has, subject to the Basic Lease, the Port Authority Lease, the Port Authority Consent, the Agreement Towards Entering Into a Lease and the City Attornment Agreement, 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 Company and the Company will sub-sub-sublease such Leased Facilities from the Agency, in each case subject to the Basic Lease, the Port Authority Lease, the Company Sublease, the Port Authority Consent, the Agreement Towards Entering Into a Lease and the City Attornment Agreement and the New City/American Lease (if then effective), and the Agency shall lease the Facility Equipment to the Company and the Company shall lease the Facility Equipment from the Agency, for the term of and subject to the terms of the IDA Lease Agreement. The Company 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 Port Authority Lease, the Port Authority Consent, the Agreement Towards Entering Into a Lease, the City Attornment Agreement and the New City/American Lease (if then effective), and for the general purposes specified in the IDA Lease Agreement.

Duration of Term. The term of the IDA Lease Agreement shall commence on the date of execution and delivery of the IDA Lease Agreement and shall terminate on the termination of the Company Sublease unless terminated earlier pursuant to the terms of the IDA Lease Agreement.

Rental Provisions. The Company covenants to make rental payments which the Agency agrees shall be paid by the Company 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 (to the extent amounts then on deposit in such Lease Payments Fund shall not be available and sufficient therefor) in an amount equal to the sum of (i) with respect to interest due and payable on the Bonds, 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 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 on such Interest Payment Date, and (iv) the redemption price of the Bonds to be redeemed which will become due on such redemption date together with accrued interest to the date of redemption.

If the amount on deposit and available in the Lease Payments Fund 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 Company shall 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 under the IDA Lease Agreement.

The Company further covenants to make rental payments which the Agency agrees shall be paid by the Company in immediately available funds directly to the applicable Tender Agent for deposit into the applicable Bond Purchase Fund on or prior to each Purchase Date for the Bonds in an amount equal to the purchase price for such Bonds tendered or deemed tendered for purchase.

As security for the payment of amounts due under the Guaranties, the Company shall grant a leasehold mortgage lien on and security interest in its leasehold interest under the Port Authority Lease. The lien of the Leasehold Mortgage will be superior to the lien on lease payments made under the IDA Lease Agreement and 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 Company consents to the pledge and assignment of the IDA Lease Agreement.

The Company covenants and agrees (i) in accordance with clauses (ii) and (iii) described below in this paragraph, 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 assets 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 12 monthly installments to the Trustee in an amount equal to one-twelfth of such withdrawal, in immediately available funds, the payment of such installments to commence on the first Business Day in the 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 by paying 12 monthly installments to the Trustee in an amount equal to one-twelfth of such valuation deficiency, in immediately available funds, the payment of such installments to commence on the first Business Day in the calendar month immediately succeeding such valuation.

Allocation of Rent. The Agency and the Company acknowledge the intent of the Company, and the Company 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 Company pursuant to the terms of the IDA Lease Agreement, the Port Authority Lease and the New 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 Company thereby.

Ownership of the Facility Equipment. It is the intent of the parties to the IDA Lease Agreement 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 Port Authority Lease, the Basic Lease or the New City/American Lease (if then effective) (the *"IDA Equipment"*). The parties to the IDA Lease Agreement thereby agree that neither the Agency, nor any person controlled by, in control of, or under common control with the Agency or the Company, directly or indirectly, will at any time take any action or file any return or other document that is inconsistent with the foregoing assumption.

Notwithstanding any other provision of the IDA Lease Agreement to the contrary, except for the Company's right to purchase equipment as provided in the IDA Lease Agreement and described in this APPENDIX C under "—Options," or for the Port Authority's right to purchase the Facility Equipment in connection with a proposed foreclosure of the Leasehold Mortgage as described herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions Precedent to Foreclosure—Right of Port Authority to Terminate the Leasehold Mortgage Prior to Foreclosure,*" 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.

Obligation of Company Unconditional. The obligation of the Company to pay the rent and all other payments provided for in the IDA Lease Agreement as amended by any IDA Lease Amendments and to maintain the Facility in accordance with the IDA Lease Agreement shall be absolute and unconditional, irrespective of any defense or any rights of setoff, 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 Company shall arise whether or not the Project has been completed as provided in the IDA Lease Agreement, whether or not the Company's rental payments are or become subject to any lien, and whether or not the Basic Lease, the Port Authority Lease or the New City/American Lease shall have been terminated or shall have expired. The Company will not suspend or discontinue any such payment or terminate the IDA Lease Agreement (other than such termination as is provided for thereunder) for any cause whatsoever, and the Company waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender the IDA Lease Agreement or any obligation of the Company under the IDA Lease Agreement except as permitted by the IDA Lease Agreement or to any abatement, suspension, deferment, diminution or reduction in the rentals or other payments thereunder.

Payment of Purchase Price of Tendered Bonds. Any payment by the Company to a Tender Agent of amounts necessary to pay the applicable purchase price of Bonds pursuant to the Indenture shall be in immediately available funds and paid to such Tender Agent at its principal corporate trust office on the date set forth in the Indenture.

The Company 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 Company shall have all of the rights and obligations provided in the Indenture with respect to the Company in connection with such transactions and the appointment of the Tender Agent and the Remarketing Agent for such series of Bonds 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 Company, shall cooperate in the making of any such arrangements.

Maintenance, Taxes and Insurance

Maintenance, Alterations and Improvements. During the term of the IDA Lease Agreement, the Company 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 Port Authority Lease, the Port Authority Consent, the New City/American Lease (if then effective) and the IDA Lease Agreement and will, except as provided in the IDA Lease Agreement, make 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 the governmental bodies having 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 Company agrees to assume full responsibility therefor.

The Company 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 Port Authority Consent, the Port Authority Lease and the New 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 Port Authority Lease, the Port Authority Consent, the Company Sublease, the Basic Lease and the New City/American Lease (if then effective), and the Company 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.

The Company 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 Port Authority Lease or the New City/American Lease, if any, the Company 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.

The Company 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 Company in the Company Sublease or the IDA Lease Agreement or the amounts payable thereunder with respect to any series of Bonds, other than Permitted Encumbrances.

Payment of Impositions. The Company 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 thereof), 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 Company in the Facility, or the rentals or other payments under the IDA Lease Agreement 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 called "*Impositions*." The Agency shall promptly forward to the Company any notice, bill or other statement received by the Agency concerning any Imposition. The Company may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

The Company 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 Company 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 thereunder, the Company shall pay the same as required by the IDA Lease Agreement, and the Company shall be subrogated to the Agency's right, if any, to contest the validity of such Imposition.

Insurance. 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 Company 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 Company, the Agency and the Trustee, 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 Company and which are operators of similar facilities at the Airport at commercially reasonable rates.

In addition to the other obligations relating to insurance required under the IDA Lease Agreement, the Company, during the construction of the Facility up to the date of completion, 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 Company pursuant to the applicable sections of the Port Authority 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 Company pursuant to the environmental indemnification requirements set forth in the IDA Lease Agreement. 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 occurrences. 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 Company 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 the Company 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 Company 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 Company 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 Company 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 Company 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 Company thereunder with respect to any claim or action against the Company by a third person shall pertain and apply with like effect with respect to any claim or action against the Company 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 Company shall be the same as the protection afforded the Company thereunder with respect

to any claim or action against the Company 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. It is specifically understood and agreed that the Agency shall have the right upon notice to the Company given from time to time and at any time to require the Company to increase any or all of the foregoing limits to reasonably commercial amounts and the Company shall promptly comply therewith and shall promptly submit a certificate or certificates evidencing the same to the Agency and the Trustee.

In addition to all other insurance required under the IDA Lease Agreement, the Company, 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 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 Company 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 Company thereunder with respect to any claim or action against the Company by a third person shall pertain and apply with like effect with respect to any claim or action against the Company 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 Company shall be the same as the protections afforded the Company thereunder with respect to any claim or action against the Company 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 Company under the Port Authority Lease and any analogous provision of the New City/American Lease (if then effective).

All insurance required under the IDA Lease Agreement shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State.

The Company 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 under the IDA Lease Agreement. The Company shall not do any act, or suffer or permit any act to be done, whereby any insurance required by the IDA Lease Agreement would or might be suspended or impaired.

In addition to notifying its insurer(s) in accordance with the policies, the Company 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 set forth in the IDA Lease Agreement shall in no way be construed to limit the Company's, its contractors' or its subcontractors' liability under the IDA Lease Agreement. All insurance provided by the Company, 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 Company's, its contractors' or its subcontractors' insurance.

Compliance with Law. The Company 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 IDA Lease Agreement, promptly observe and comply or cause to be observed and complied with, 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 Company, 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 Company 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 Company shall indemnify and hold harmless the Indemnified Parties (as defined in this Appendix C under "—Particular Covenants—*Indemnification*") 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 Company 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 Company shall upon notice from any of the Indemnified Parties defend such action or proceeding.

The Company may contest in good faith the validity, existence or applicability of any of the Legal Requirements 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 Company or the Agency under the IDA Lease Agreement, the interest of the Trustee under the Indenture or 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 Company) 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 Company'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.

Damage, Destruction and Condemnation

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 Company 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 Company under the IDA Lease Agreement, and

(iii) the Company will promptly give written notice of any material Loss Event to the Agency and the Trustee, generally describing the nature and extent thereof.

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 Port Authority Lease or the New City/American Lease (if then effective).

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 Company as contemplated under the IDA Lease Agreement, and such taking or condemnation shall not be subject to appeal or further appeal, the Company shall exercise its option to terminate the IDA Lease Agreement pursuant to the terms of the IDA Lease Agreement and cause all Bonds Outstanding to be redeemed pursuant to the Indenture, and the Company 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.

The Agency and the Company 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 Company.

The Company waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect.

Particular Covenants

Dissolution or Merger of Company; Restrictions on Company. The Company 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 Company 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 Company may elect) if (y) such consolidation, merger, sale or transfer shall not cause the Company to be in default under the terms of the Port Authority Lease, the City Attornment Agreement, the Agreement Towards Entering Into a Lease, the Port Authority Consent, the Leasehold Mortgage, upon the effectiveness thereof, the Equipment Security Agreement, any other Security Agreement or the New City/American Lease (if then effective) and (z) (i) the Company is the surviving, resulting or transferee corporation, as the case may be, or (ii) in the event that the Company 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 Company contained in the Port Authority Lease, the City Attornment Agreement, the Agreement Towards Entering Into a Lease, the Port Authority Consent, the New 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 Company shall be a party, and in the Opinion of Counsel, such corporation shall be bound by all of the terms applicable to the Company of the IDA Lease Agreement, the Port Authority Lease, the Company Sublease, the Agreement Towards Entering Into a Lease, the Port Authority Consent, the City Attornment Agreement, the New 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 Company corporation 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.

Indemnification. The Company 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 Port Authority Lease, the Agreement Towards Entering Into a Lease, the City Attornment Agreement, the New 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 with the IDA Lease Agreement or the enforcement of any of the terms or provisions thereof or the transactions contemplated thereby. Such indemnification described above shall be binding upon the Company for any and all claims, demands, expenses, liabilities and taxes set forth in the IDA Lease Agreement 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 Company or its directors, officers, employees, agents or servants or persons under the control or supervision of the Company 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.

The Company 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 described in clauses (i) through (vi) of the preceding paragraph or at the direction of the Company with respect to any of such matters described above. An Indemnified Party shall promptly notify the Company in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Company pursuant to the indemnification provisions of the IDA Lease Agreement described herein; such notice shall be given in sufficient time to allow the Company 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 Company under the indemnification provisions of the IDA Lease Agreement, if (i) any officer or management-employee of the Company 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* that if any such officer or professional staff referred to in clause (ii) of this sentence shall have had actual knowledge thereof in reasonably sufficient time to give notice thereof to the Company and shall have failed to do so, and an officer or management-employee of the Company referred to in clause (i) of this sentence shall not have actual knowledge of such claim or action, such failure will reduce the liability of the Company under the indemnification provisions of the IDA Lease Agreement by the amount of actual damages resulting from such failure, but such failure will not otherwise relieve the Company from its obligations under the indemnification provisions of the IDA Lease Agreement. In the event the Company shall have suffered actual damages by reason of a circumstance referred to in the preceding sentence for which the Company's liability to an Indemnified Party is not to be reduced, such Indemnified Party shall (at the sole cost and expense of the Company) take such action to mitigate damages (including seeking to open any default judgment as might exist) as may be reasonably requested by the Company.

In addition to and without limitation of all other representations, warranties and covenants made by the Company under the IDA Lease Agreement, the Company further represents, warrants and covenants therein that the Company has not used Hazardous Materials (as defined below) in acquiring, constructing, renovating, expanding or equipping the Facility in any manner that violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and other than as disclosed to the Indemnified Parties, the Company has no actual knowledge of the presence or use of any Hazardous Materials on the Leased Facilities in a manner that would violate any such laws, ordinances, rules, regulations or policies. The Company shall comply with and require compliance by all tenants and subtenants of the Leased Facilities, in the generation, manufacture, refining, transport, treatment, storage, handling, disposal, transfer, production or processing of Hazardous Materials, with all applicable federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and require that all tenants and

subtenants of the Leased Facilities obtain and comply with, any and all approvals, registrations or permits required thereunder. The Company shall defend, indemnify, and hold harmless each Indemnified Party from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (w) the presence, disposal, release, or threatened release of any Hazardous Materials with respect to the Leased Facilities that are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (x) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such presence, disposal, release, or threatened release of Hazardous Materials; (y) any lawsuit brought or threatened, settlement reached, or government order relating to such presence, disposal, release, or threatened release of Hazardous Materials, and/or (z) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to such presence, disposal, release or threatened release of Hazardous Materials including, without limitation, reasonable attorney and consultant fees and expenses, investigation and laboratory fees, court costs, and litigation expenses. For purposes of this paragraph, *"Hazardous Materials"* includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 *et seq.*), the Resources Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, *et seq.*), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation. The provisions of the IDA Lease Agreement described in this paragraph shall be in addition to any and all other obligations and liabilities the Company may have to any Indemnified Party at common law, and shall survive the termination of the IDA Lease Agreement.

In the event any claim, action, suit or proceeding shall be brought against an Indemnified Party within the protections provided by the Company under the indemnification provisions of the IDA Lease Agreement described herein, the Company shall, promptly after being so requested by such Indemnified Party, at the sole cost and expense of the Company, assume and direct the defense thereof, with counsel reasonably satisfactory to such Indemnified Party (counsel selected by the Company's insurance carrier being deemed to be so acceptable), and in such event the Company shall not be liable to such Indemnified Party for any legal or other expenses incurred by such Indemnified Party in connection with the defense thereof; *provided, however,* that unless and until the Company assumes the defense of any such action at the request of such Indemnified Party, the Indemnified Party shall have the right to conduct the defense of such action at the Company's expense; and *provided, further,* that if an Indemnified Party reasonably concludes that there may be defenses available to it or them that are different from or in addition to the defenses available to the Company (in which case the Company will not have the right to direct the defense of such claim, action, suit or proceeding on behalf of such Indemnified Party), reasonable legal and other expenses incurred by such Indemnified Party will be paid by the Company. If the Company shall not promptly employ counsel to have charge of the defense of any such claim, action, suit or proceeding, reasonable legal and other expenses incurred by such Indemnified Party shall be borne by the Company.

The indemnifications and protections set forth in the indemnification provisions of the IDA Lease Agreement and described herein shall be extended, with respect to each Indemnified Party, to its members, directors, officers, employees, agents and servants and persons under its control or supervision.

The covenants of the Company contained in the indemnification provisions of the IDA Lease Agreement and described herein shall remain in full force and effect after the termination of the IDA Lease Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions thereof herein described.

Retention of Interest in the Facility. The Agency shall not sell, assign, encumber (other than pursuant to the Equipment Security Agreement, or the granting clauses of the Indenture), convey or otherwise dispose of its interest in the Facility or any part thereof or interest therein (including its interest in the IDA Lease Agreement, and in the rentals payable under the IDA Lease Agreement and in the Company Sublease) during the term of the IDA Lease Agreement, except as set forth therein, without the prior written consent of the Company, the Trustee and the Leasehold Mortgagee and any purported disposition without such consent shall be void.

The Agency and the Trustee, will, however, at the written direction of the Company and/or the Port Authority and at the written direction of the Company and/or the City during any period, if any, that the New City/American Lease shall be in effect, so long as there exists no Event of Default under the IDA Lease Agreement, grant such rights of way or easements over, across or under the Leased Facilities, or grant such permits or licenses in respect to the use thereof, free from the leasehold estate of the IDA Lease Agreement and the Company Sublease as shall be necessary or convenient for the operation or use of the Facility (or as shall be desirable for the use of another parcel of property at the Airport or for use by the City, the Port Authority or a public utility), *provided* that such leases, rights-of-way, easements, permits or licenses shall not materially adversely affect the use or operation of the Facility and shall not violate the provisions of the Leasehold Mortgage. The Agency and the Trustee agree, at the sole cost and expense of the Company, the Port Authority or the City, as the case may be, to execute and deliver any and all instruments necessary or appropriate to confirm and grant any such right of way or easement or any such permit or license and to release the same from the leasehold estate of the IDA Lease Agreement.

So long as there exists no Event of Default under the IDA Lease Agreement, the Company and/or the Port Authority may, and the Company and/or the City may during any period, if any, that the New City/American Lease shall be in effect, from time to time by written direction to the Agency and the Trustee direct the Agency and the Trustee to release and remove from the IDA Lease Agreement and the leasehold estate created thereby any unimproved part of the Leased Facilities (on which none of the improvements, including the buildings, structures, improvements, related facilities, fixtures or other property comprising the Facility are situated; *provided* the foregoing "improvements" shall not include roadways, runways, parking areas, curbs, gutters, landscaping and utility facilities) on the condition that such release and removal

shall constitute only a Minor Release. Upon any such request by the Company and/or the Port Authority or the Company and/or the City, as the case may be, the Agency and the Trustee shall, at the sole cost and expense of the Company, the Port Authority or the City, as the case may be, execute and deliver any and all instruments necessary or appropriate to so release and remove such portion of the Leased Facilities; *provided*, that no such release shall be effected unless there shall be delivered to the Trustee and the Agency a certificate of an Authorized Representative of the Company stating that (i) the proposed Minor Release 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 immediately prior to such release (such determination to be based upon a report or appraisal of a nationally recognized airport engineering, traffic or consulting firm selected by the Company and acceptable to the Trustee to be appended to such certification of the Company), (ii) there exists no Event of Default under the Security Documents, and (iii) simultaneously with such release, the part of the Leased Facilities which is the subject of such Minor Release shall be eliminated from the Port Authority Lease or the New City/American Lease, as the case may be.

In the event that, pursuant to the Port Authority Lease or the New City/American Lease, any portion of the Leased Facilities is released from the Port Authority Lease or the New City/American Lease, if any, and such release constitutes a Major Release, the Company shall pay as additional rent to the Trustee on behalf of the Agency an amount equal to the Release Price and such Release Price shall be applied by the Trustee to the redemption of Bonds in accordance with the Indenture. See "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Mandatory Redemption Without Premium Upon the Release of a Portion of the Leased Facilities*."

No conveyance or release effected shall entitle the Company to any abatement or diminution of the rents payable under the IDA Lease Agreement.

Redemption Under Certain Circumstances; Special Covenants. Upon the determination by resolution of the board members of the Agency that the Company is operating all or substantially all of the Facility, or is allowing all or substantially all of the Facility to be operated, other than as a qualified "project" in accordance with the Act (as in effect on the date of original issuance and delivery of the Series 2002 Bonds) and the failure of the Company within 60 days (or such longer period as may be established under the IDA Lease Agreement as described in the proviso to this sentence) of the receipt by the Company of a copy of said resolution, together with written notice of such noncompliance from the Agency to cure such noncompliance (a copy of which notice shall be sent to the Trustee), the Company covenants and agrees that it shall, on the immediately succeeding Interest Payment Date following the termination of such 60 day (or longer) period for which sufficient notice of redemption can be given in accordance with the requirements of the Indenture, pay to the Trustee advance rentals in immediately available funds in an amount sufficient to redeem all Outstanding Bonds in whole at a redemption price equal to 100% of the unpaid principal amount of the Outstanding Bonds, together with interest accrued to the date of redemption and without premium, *provided, however*, that if such noncompliance cannot be cured within such period of 60 days with diligence (and is capable of being cured) and the Company promptly commences the curing of such noncompliance and thereafter prosecutes the curing thereof with diligence and to the

Agency's reasonable satisfaction, such period of time within which the Company may cure such failure shall be extended for such additional period of time as may be necessary to cure the same with diligence and the Agency shall notify the Trustee and the Bondholders of any such extension. The Agency shall give to the Company and the Trustee prior written notice of the meeting at which the members of the Agency are to consider such resolution, which notice shall be no less than 60 days prior to such meeting. See "THE SERIES 2002 BONDS—Redemption Prior to Maturity—*Extraordinary Optional Redemption Without Premium at the Option of the Agency Upon Failure to Operate the Facility as a Qualified Project.*"

The Company shall be conclusively deemed to be operating all or substantially all of the Facility (or causing all or substantially all of the Facility to be operated) as a qualified "project" in accordance with the Act if all or substantially all of the Facility shall be operated for general airport purposes substantially similar in nature to that conducted by the Company or other air carriers at the City's airports and other equivalent airports.

Upon the occurrence of the circumstances requiring a mandatory redemption of any series of Bonds pursuant to the applicable Series Supplemental Indenture, the Company shall pay, or cause the prepayment of, its lease rental obligations upon the circumstances and in the manner set forth in the Indenture or any such Series Supplemental Indenture.

Company's Covenants as to Tax Exemption. To the extent compliance is within the control of the Company, the Company covenants to comply with each requirement of the Code necessary to maintain the exclusion of interest on the Tax-Exempt Bonds (other than interest on Bonds accruing while owned by a "substantial user" or a related person (within the meaning of Section 147 of the Code)) from gross income for federal income tax purposes pursuant to Section 103 of the Code. In furtherance of the foregoing, the Company covenants that it shall not fail to take any action or consent to the failure to take any action which such failure to act or consent would cause the interest on the Tax-Exempt Bonds to be includable in gross income for federal income tax purposes under Section 103 of the Code. In furtherance of the covenant described in the preceding sentence, the Company agrees to comply with the terms, provisions and conditions in the each of the applicable Tax Certificates, including, without limitation, the making of any payments and filings required thereunder.

The Company covenants that it will not take any action or fail to take any action that may be taken by the Company with respect to the Tax-Exempt Bonds that would cause such Tax-Exempt Bonds to be "arbitrage bonds," within the meaning of such term as used in Section 148 of the Code and the regulations promulgated thereunder, as amended from time to time.

The obligation of the Company to make any payments required under the applicable Tax Certificates shall be absolute and unconditional, and the failure of the Agency, the Trustee or any other Person to execute or deliver or cause to be executed or delivered any documents or to take any action required under the IDA Lease Agreement or otherwise shall not relieve the Company of such obligations.

So long as it is necessary in order to maintain the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, the covenants contained in the IDA

Lease Agreement described in the three preceding paragraphs shall survive the discharge and satisfaction of the Tax-Exempt Bonds (in accordance with the Indenture) and the term of the IDA Lease Agreement.

The Company agrees that the covenants, representations, warranties, and statements of expectation contained or incorporated by reference in the IDA Lease Agreement and described in this subheading shall be accurate and true and complied with as of the date on which each series of Tax-Exempt Bonds is issued and at all times thereafter until such series of Tax-Exempt Bonds are fully discharged and no longer accruing interest. The Company further agrees that if such discharge date is earlier than the final stated maturity date of such series of Tax-Exempt Bonds, the Company must continue to comply with the representations, certifications and covenants contained in or incorporated by reference in the IDA Lease Agreement and described in this subheading until such final maturity date unless the Company receives a Favorable Opinion of Bond Counsel.

The Company agrees that except to the extent that such use would not adversely affect the exclusion pursuant to Section 103 of the Code of interest on any Tax-Exempt Bonds from gross income of the owners thereof, no part of the proceeds of any Bonds or any funds held under the Indenture shall at any time be used directly or indirectly for any purpose that would cause any component of the Project to be financed with the proceeds of the Tax-Exempt Bonds (other than components the cost of which was a Nonqualified Cost) to become a facility not within those facilities referred to in Section 142(a)(1) of the Code.

The Company agrees and covenants that no requisition shall be paid from Net Proceeds of the Tax-Exempt Bonds for any Project Cost which is not a Qualified Cost (other than costs of issuance) until the date on which the aggregate Qualified Costs theretofore and thereupon paid equals or exceeds 95% of the total costs of the Project theretofore and thereupon paid from the Net Proceeds of the Tax-Exempt Bonds. After such date, the Company, as agent for the Agency, may pay any requisition that, after payment thereof, results in 95% or more of the remaining Net Proceeds of the Tax-Exempt Bonds theretofore and thereupon requisitioned or transferred being used to pay Qualified Costs, unless the Company receives an opinion of Bond Counsel to the effect that the Company may disregard such covenant without adversely affecting the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes, in which case the Company may pay any such requisition without regard to such covenant. The representations, warranties, covenants and statements of expectation of the Company set forth in each applicable Tax Certificate are incorporated in the IDA Lease Agreement.

Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease. At least five Business Days prior to the execution of any material amendment, supplement or modification to the New City/American Lease, if any, the City Attornment Agreement or the Agreement Towards Entering Into a Lease, the Company shall deliver a copy of same in substantially final form to each of the Agency and the Trustee. The Company further covenants that it shall not (i) terminate, (ii) surrender, or (iii) materially amend the City Attornment Agreement, or the Agreement Towards Entering Into a Lease without the Trustee's prior written consent.

The Company shall not modify, amend, supplement or extend Section 92 or any analogous provision of the New City/American Lease, nor shall the Company enter into any amendment of the Port Authority Lease or the New City/American Lease which shall only affect a Qualifying Replacement Tenant under the Port Authority Lease or successor lessee under the New City/American Lease and shall not affect the originally named Company, without the prior consent of the Trustee in each case.

The Company shall not enter into any termination agreement with respect to the Port Authority Lease or the New City/American Lease (if then effective), nor surrender or abandon its interest in the Leased Facilities under the Port Authority Lease or the New City/American Lease other than as contemplated by the IDA Lease Agreement and described herein. The foregoing provision shall not in any way limit or modify the Company's obligations under the Port Authority Lease.

The Company shall use commercially reasonable good faith efforts to obtain the certificate of the Port Authority certifying that there has been substantial completion of the Redevelopment Work.

Upon the execution, delivery and recording of any mortgage of the Company's leasehold interest in the New City/American Lease, the Company shall pay any Mortgage Recording Tax due with respect to the recording thereof.

The Company covenants that (i) on or before the date it delivers to the Trustee the executed Leasehold Mortgage in accordance with the provisions of the IDA Lease Agreement described in the third succeeding paragraph, it shall pay to the Trustee for deposit into the Foreclosure Payment Account of the Mortgage Reserve Fund an amount equal to the Foreclosure Payment Account Requirement and (ii) it will replenish any deficiencies in the Foreclosure Payment Account based upon the valuation of the assets thereof in accordance with the Indenture.

In the event the Basic Lease has not been extended for a term at least equal to the final maturity date of the Bonds, the Company shall, beginning at such time as it reasonably deems appropriate, use commercially reasonable good faith efforts to obtain and execute, not later than 30 days prior to the expiration date of the Basic Lease, the New City/American Lease and the mortgage described in the third immediately succeeding paragraph. Simultaneously with the execution of the New City/American Lease, the Company and the Agency shall, to the extent necessary to preserve the Agency's leasehold interest in the Leased Facilities, execute and deliver an amended and restated Company Sublease to provide for the sublease of the Leased Facilities under the New City/American Lease from the Company to the Agency and, if necessary, an amended and restated IDA Lease Agreement to provide for the sublease of the Lease Facilities from the Agency to the Company.

The Company and the Agency each covenants and agrees that it shall comply with the Section 92(d) Provisions in connection with the recordation of the Leasehold Mortgage. In the event that any recordation of the Leasehold Mortgage shall constitute a Wrongful Recording of the Leasehold Mortgage, the Company expressly covenants, represents and agrees that it shall

cooperate with the Port Authority and the Trustee, and shall promptly take or cause to be taken any and all actions requested by the Port Authority or the Trustee 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 related thereto. Notwithstanding the foregoing, any failure of the Company to comply with the Section 92(d) Provisions or any Wrongful Recording of the Leasehold Mortgage shall not constitute a breach of the IDA Lease Agreement in the event such failure or Wrongful Recording of the Leasehold Mortgage is cured as provided in the IDA Lease Agreement and described in this paragraph or, in the case of a Wrongful Recording of the Leasehold Mortgage, such Wrongful Recording of the Leasehold Mortgage is waived in writing by the Port Authority. After the Redevelopment Work has been completed, the Company shall take such actions as are necessary to satisfy the conditions set forth in subsections (i) and (v) of Section(d)(1) of Section 92 as described herein in clauses (a) and (e) of the first paragraph under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting—*Reletting Rights Effective Date Conditions*," and the Company shall take the action contemplated to be taken by it under subsections (i), (ii) and (v) of Section (d)(3) of Section 92 as described herein in the fifth paragraph under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Reletting Rights Effective Date Conditions*."

The Company covenants and agrees that it shall, in accordance with the Section 92(d) Provisions, execute the Leasehold Mortgage and deliver two execution copies of the same to the Trustee no later than 21 Business Days after the Reletting Rights Effective Date. Simultaneously with such delivery, the Company shall deliver to the Trustee an Opinion of Counsel reasonably satisfactory to the Trustee and the Agency as to the validity and enforceability of the Leasehold Mortgage and the Company shall direct the Trustee to record the Leasehold Mortgage in the appropriate recording office of the City. Prior to the delivery of the Leasehold Mortgage to the Trustee for recording, the Company shall present the Leasehold Mortgage to the Agency for execution by the Agency and upon the request of the Company, the Agency shall execute the same. Simultaneously with such execution, the Agency shall deliver an opinion of the Vice President for Legal Affairs of the Agency in form reasonably satisfactory to the Trustee and the Company as to the validity and enforceability of the obligations of the Agency under the Leasehold Mortgage.

In the event the Basic Lease shall have expired and the Company occupies the Leased Facilities under the New City/American Lease, the Company shall use commercially reasonable good faith efforts to negotiate, execute and deliver to the Leasehold Mortgagee, not later than 30 days prior to the expiration date of the Basic Lease, a leasehold mortgage of the Company's leasehold interest under the New City/American Lease having substantially similar terms and provisions as the Leasehold Mortgage; *provided, however*, that if the Company, using such efforts, can obtain from the City only the right to grant to the Leasehold Mortgagee a leasehold mortgage that is substantially similar to comparable leasehold mortgages then permitted by the City to be granted by one or more similarly situated air carriers on leasehold interests in property at the Airport, the Company shall be deemed to have satisfied such obligation if it shall execute and deliver such a leasehold mortgage to the Leasehold Mortgagee.

The Company covenants that it will construct at the Premises not less than 55 aircraft loading and unloading gate positions of which at least 35 are to accommodate widebody aircraft and of which at least two 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 of item (i) in the definition of "Required Conditions" set forth herein in the first paragraph under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Conditions to Execution, Delivery and Recording of the Leasehold Mortgage.*"

Events of Default; Remedies

Events of Default. Any one or more of the following events shall constitute an "Event of Default" under the IDA Lease Agreement:

(a) Failure of the Company to make any rental payment that has become due and payable by the terms of the IDA Lease Agreement which results in an Event of Default under the Indenture;

(b) Failure of the Company to observe and perform any covenant, condition or agreement on its part to be performed (except as described in the preceding paragraph) as described in this Appendix C under "—Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions—*Lease of the Facility*" (the last sentence thereof) and the fifth paragraph under "—*Rental Provisions*," the last paragraph of "—Maintenance, Taxes and Insurance—*Maintenance, Alterations and Improvements,*" "—*Payment of Impositions,*" "—*Compliance with Law,*" the third paragraph under "—Damage, Destruction and Condemnation," "—Particular Covenants—*Dissolution or Merger of Company; Restrictions on Company,*" and "—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*" (except as described in clause (i) of the fifth paragraph thereof) and in the provisions of the IDA Lease Agreement with respect to the discharge of liens and assignment or sublease (with respect to an assignment or transfer of the IDA Lease Agreement) of the IDA Lease Agreement and (1) continuance of such failure for a period of 60 days after receipt by the Company of written notice specifying the nature of such default from the Agency, the Trustee or the Holders of more than 25% in aggregate principal amount of the Bonds Outstanding, or (2) if by reason of the nature of such default the same can be remedied, but not within the said 60 days, the Company fails to proceed with reasonable diligence after receipt of said notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same and the same shall not be cured within 360 days;

(c) Certain representations or warranties made by the Company in the IDA Lease Agreement shall prove to be false, misleading or incorrect in any material respect as of the date made, and, if the damage caused by such false, misleading or incorrect representation or warranty is capable of being remedied, the failure of the Company for 360 days after receipt by the Company of written notice specifying such false, misleading or incorrect representation or warranty from the Agency, the Trustee or the Holders of

more than 25% in aggregate principal amount of the Bonds Outstanding, to remedy such damage;

(d) An Event of Default under the Indenture shall occur and be continuing that shall result in the acceleration of the principal of any Outstanding Bonds; or

(e) Failure of the Company to fully fund the Foreclosure Payment Account in an amount equal to the Foreclosure Payment Account Requirement as required in the IDA Lease Agreement and described in this Appendix C in the fifth paragraph under "—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease.*"

Remedies on Default. Whenever any Event of Default shall have occurred and be continuing under the IDA Lease Agreement, the Agency, or the Trustee where so provided, may take any one or more of the following remedial steps:

(a) The Trustee, as and to the extent provided in the Indenture, may cause all principal installments of rent payable under the IDA Lease Agreement for the remainder of the term of the IDA Lease Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon to the date of such acceleration, shall become immediately due and payable; *provided, however,* that upon the occurrence of an Event of Default under the Indenture due to the occurrence of an Act of Bankruptcy, all principal installments of rent payable under the IDA Lease Agreement for the remainder of the term of the IDA Lease Agreement, together with the accrued interest thereon to the date of such acceleration, shall immediately become due and payable without any declaration, notice or other action of the Agency, the Trustee, the Holders of the Bonds or any other Person being a condition to such acceleration;

(b) Solely in conjunction with the exercise by the Trustee as mortgagee of its rights and remedies under the Leasehold Mortgage, the Trustee, or the Agency, with the prior written consent of the Trustee, may, subject to compliance with the provisions of the IDA Lease Agreement pertaining to assignment or sublease and without terminating the IDA Lease Agreement, re-let or sublease the Facility to a Qualifying Replacement Tenant Lessee for the account of the Company, holding the Company liable for the difference in the rent and other amounts payable by the sublessee in such subletting, and the rents and other amounts payable by the Company under the IDA Lease Agreement;

(c) The Agency, with the prior written consent of the Trustee, or the Trustee, may terminate the IDA Lease Agreement, and all of the estate, right, title and interest therein granted or vested in the Company shall cease and terminate. No such termination of the IDA Lease Agreement shall relieve the Company of its liability and obligations under the IDA Lease Agreement and such liability and obligations shall survive any such termination; and

(d) The Trustee may take whatever action at law or in equity (subject to the limitations set forth in the Indenture and described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default; Remedies of Bondholders—*Limitation of Remedies*") as may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Company under the IDA Lease Agreement the enforcement of which shall not have been expressly reserved only to the Agency.

The Agency, without the consent of the Trustee or any Bondholder, may proceed to enforce the Agency's Reserved Rights by an action for damages, injunction or specific performance, by requiring the surrender by the Company to the Agency of the Sales Tax Letter for suspension or cancellation and/or termination.

In the event that the Company fails to make any rental payment required by the IDA Lease Agreement, the installment so in default shall continue as an obligation of the Company with interest thereon at the rate or rates borne by the Bonds until the amount in default shall have been fully paid.

No action taken pursuant to any remedy described under this subheading shall, except as expressly provided in the IDA Lease Agreement, relieve the Company from its obligations under the IDA Lease Agreement, all of which shall survive any such action.

Remedies Cumulative. IDA Lease Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency or the Trustee allowed by law with respect to any default under the IDA Lease Agreement. Failure by the Agency or the Trustee to insist upon the strict performance of any of the covenants and agreements therein set forth or to exercise any rights or remedies upon default by the Company thereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Company with all of the covenants and conditions thereof, or of the rights to exercise any such rights or remedies.

Limitation on Remedies Upon an Event of Default. The exercise of remedies under the IDA Lease Agreement by the Agency, the Trustee or the Holders of Bonds with respect to an Event of Default thereunder shall be subject to the provisions of the Indenture described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default; Remedies of Bondholders—*Limitation of Remedies.*"

Non-Default Remedies. Notwithstanding any provision of the IDA Lease Agreement to the contrary, the Agency, or the Trustee on behalf of the Agency, shall have the right to enforce any covenant or obligation of the IDA Lease Agreement the breach of which would not constitute an Event of Default thereunder by any action for damages, injunction or specific performance and any such action shall be limited by and subject to the provisions of the Indenture described herein under APPENDIX D—"SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Events of Default; Remedies of Bondholders—*Limitation of Remedies.*"

Options

Removal, Sale and Substitution of Facility Equipment Constituting Financed Property. The Company may, *provided* that there shall not exist and be continuing an Event of Default under the IDA Lease Agreement, remove any unit of Facility Equipment constituting Financed Property, not subject to the Port Authority Lease, the Basic Lease or the New City/American Lease, as the case may be, whether obsolete or not; *provided, however,* that the Company shall promptly replace any such Facility Equipment so removed with equipment of the same or a different kind but that is of at least equal value and capable of performing the same function as efficiently as the Facility Equipment so removed, *provided further* that such replacement equipment is free of all mortgages, liens, charges, encumbrances, claims and security interests other than Permitted Encumbrances and the replacement equipment shall be deemed Facility Equipment covered by the IDA Lease Agreement and the Equipment Security Agreement. Prior to any such replacement by the Company, (i) the Company shall deliver to the Agency a certificate by an Authorized Representative of the Company setting forth a complete description, including make, model and serial numbers, if any, of such Facility Equipment to be replaced and such Facility Equipment to be substituted, and the cost of each; (ii) the Company shall deliver or cause to be delivered to the Agency and the Trustee appropriate documents conveying to the Agency title to any such replacement equipment and subjecting such replacement equipment to the IDA Lease Agreement; and (iii) the Company and the Agency shall deliver or cause to be delivered to the Trustee appropriate documents subjecting such replacement equipment to the lien and security interest of the Leasehold Mortgage and the Equipment Security Agreement. Any Facility Equipment constituting Financed Property removed by the Company pursuant to the IDA Lease Agreement as described in this paragraph shall become the absolute property of the Company and may be sold or otherwise disposed of by the Company without accounting to the Agency with respect thereto. The Company agrees to pay all costs and expenses (including reasonable counsel fees and disbursements) incurred in subjecting to the IDA Lease Agreement and the lien and security interest of the Leasehold Mortgage or Equipment Security Agreement of any property installed or placed on the Premises as part of the Facility pursuant to the IDA Lease Agreement.

The Company shall have the right, (i) *provided* that there shall not exist and be continuing an Event of Default under the IDA Lease Agreement, and (ii) *provided* that any such sale shall not adversely affect operations at the Leased Facility, to compel the sale of any unit of Facility Equipment constituting Financed Property for any reason (whether during the term of the IDA Lease Agreement or at the expiration thereof). The Company shall give notice of its election to have such Facility Equipment sold by delivering to the Agency a certificate signed by a representative of the Company (i) stating the Company's desire to have such Facility Equipment sold and that removal of such Facility Equipment will not adversely affect operations at the Leased Facility, (ii) containing a complete description, including the make, model and serial number, if any, of any Facility Equipment to be sold and (iii) setting forth the original cost of such unit of Facility Equipment.

Provided that there shall not exist and be continuing an Event of Default under the IDA Lease Agreement, the Company shall have the right (the *"Right of First Refusal"*) to purchase any unit of Facility Equipment constituting Financed Property to be sold, subject to the

procedures set forth in the IDA Lease Agreement. The Right of First Refusal must be exercised by written notice to the Agency. If the Right of First Refusal is exercised, then, subject to the provisions set forth in the IDA Lease Agreement, the Agency shall convey to the Company, and the Company shall purchase from the Agency, the Agency's interest in the unit of Facility Equipment.

Upon the sale of any unit of Facility Equipment constituting Financed Property described in the third preceding paragraph: (i) the Agency shall convey the unit of Facility Equipment without representation or warranty, other than that such unit of Facility Equipment is free and clear of all liens created solely by the Agency, by a duly executed and acknowledged bill of sale of such Facility Equipment, (ii) upon the date fixed for any purchase of the Agency's interest in such unit of Facility Equipment, the purchaser shall pay to the Trustee the fair market value of such equipment as determined by the Company pursuant to a certificate of the Company, by wire transfer of immediately available funds, (iii) in the event any such purchase occurs within three years of the acquisition of such Facility Equipment by the Agency and such acquisition was exempt from the payment of Sales and Use Taxes by virtue of the Sales Tax Letter, the Company shall pay to the Agency an amount equal to the Sales Tax Savings granted with respect to the acquisition of such Facility Equipment, (iv) the Agency shall execute and deliver to the purchaser, at the purchaser's expense, such other documents as the purchaser may request in order to effect such conveyances as are customary in similar transfers, and (v) the Trustee shall deposit the proceeds of the sale in any Redemption Account(s) of the Bond Fund (as specified by the Company) to be applied to the prepayment of Bonds then Outstanding. In the event that the application of such proceeds of the sale to the payment of the Bonds as described in clause (v) above would adversely affect the exclusion pursuant to Section 103 of the Code of interest on any Tax-Exempt Bonds from the gross income of the owners thereof for federal income tax purposes, the Company shall have the option to cause the sale of such unit of Facility Equipment (regardless of its exercise of the Right of First Refusal) and to exercise its Right of First Refusal without having the proceeds of the sale applied to the payment of the Bonds. Upon the sale of such Facility Equipment, the Company shall no longer have any obligation to the Agency with regard to such Facility Equipment under the IDA Lease Agreement.

No such removal or replacement shall be effected if (w) such removal or replacement would change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act, or change the nature of the Financed Property so that it would cease to be an exempt "airport facility" within the meaning of Section 142(a)(1) of the Code, (x) such removal or replacement would cause the Company to be in breach or default of the Port Authority Lease, the Agreement Towards Entering Into a Lease or the New City/American Lease (if then effective), (y) such removal or replacement would impair the usefulness, structural integrity or operating efficiency of the Facility or (z) there shall exist and be continuing an Event of Default.

The Company shall not, without the prior written consent of the Agency, and except as permitted under the IDA Lease Agreement, remove any Financed Property from the Facility.

The removal from the Facility of any Facility Equipment pursuant to the IDA Lease Agreement shall not entitle the Company to any abatement or reduction in the rentals or other amounts payable by the Company under the IDA Lease Agreement.

Option to Purchase or Invite Tenders of Bonds. The Company shall have the option, at any time during the term of the IDA Lease Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. In the event the Company or any Affiliate shall hold a majority in aggregate principal amount of the Bonds Outstanding for a period in excess of 180 days and the Company shall have not delivered to the Agency and the Trustee either (i) a certificate of an Authorized Representative of the Company that the reason for such holding is an inability to effect the remarketing of such Bonds at a reasonable price and that upon a return of favorable market conditions the Company intends to remarket such Bonds, or (ii) an opinion of Bond Counsel to the effect that such holding of Bonds by the Company (y) will not permanently cause the interest on the Bonds to become includable in gross income for federal income tax purposes, nor (z) adversely affect the validity of the Bonds, then the Company shall cause all such Bonds so held to be delivered to the Trustee for cancellation. The Agency shall at all times make available or cause to be made available to the Company its registration books (maintained at the principal corporate trust office of the Trustee) containing the names and addresses of the Bondholders if known.

Right to Prepay Rentals. With respect to each series of Bonds, the Company shall have the option to make prepayments of rent under the IDA Lease Agreement. Any such prepayment shall be deposited in the applicable Redemption Account of the Bond Fund (as specified by the Company) to effect the defeasance of the lien of the Indenture with respect to such series in whole or the redemption in whole or in part of such series of Bonds, all in accordance with the terms of the Indenture; *provided, however,* that no optional partial redemption of Bonds may be effected through advance rental payments under the IDA Lease Agreement if there shall exist and be continuing an Event of Default with respect to the Bonds. The Company shall exercise its option to make such advance rental payments by delivering a written notice of an Authorized Representative of the Company to the Trustee in accordance with the Indenture, with a copy to the Agency, setting forth (i) the amount of the advance rental payment, (ii) the principal amount and series of Bonds Outstanding requested to be redeemed with such advance rental payment (which principal amount shall be in such minimum amount or integral multiple of such amount as shall be permitted in the Indenture), (iii) in the case of any partial redemption, the maturities of principal amounts of Bonds of such series and maturities to be redeemed, and (iv) the date on which such principal amount of Bonds are to be redeemed, which date shall not be sooner than 40 days from the date of such Company notice. Such advance rental payment shall be paid to the Trustee in immediately available funds on or before the redemption date and shall be in an amount that, when added to the amount on deposit in the Bond Fund and available therefor, will be sufficient to pay the redemption price of the Bonds to be redeemed, together with interest to accrue to the date of redemption and all expenses of the Agency (in the event of a redemption in whole or defeasance of the lien of the Indenture), the Bond Registrar, the Trustee and the Paying Agents in connection with such redemption. In the event all the Bonds are to be redeemed in whole or otherwise retired, the Company shall further pay on or before such redemption date, in legal tender, to the Agency, the Trustee, the Bond Registrar and the Paying Agents, as the case may be, all fees and expenses owed such party or any other party entitled thereto under the IDA Lease Agreement or the Indenture together with all other amounts due and payable under the IDA Lease Agreement and the other Security Documents.

Force Majeure. In case by reason of force majeure either party to the IDA Lease Agreement shall be rendered unable wholly or in part to carry out its obligations under the IDA Lease Agreement, then except as otherwise expressly provided in the IDA Lease Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than the obligations of the Company to make the rental payments or other payments required under the IDA Lease Agreement, or to comply with the sections described under "—Maintenance, Taxes and Insurance—*Insurance*," "—Particular Covenants—*Indemnification*," "—Particular Covenants—*Company's Covenants as to Tax Exemption*" and "—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*," and the sections of the IDA Lease Agreement regarding compensation and expenses, filings, discharge of liens and non-recourse to the officers and directors of the Agency), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure", as employed herein, shall mean acts of God, terrorism, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of existing or impending strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be fulfilled even though such existing or impending strikes, lockouts and other industrial disturbances may not be settled but could have been settled by acceding to the demands of the opposing person or persons.

Termination of the Agreement. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with the Master Indenture, the Company shall terminate the IDA Lease Agreement by paying the fees and expenses of the Agency, the Trustee, the Bond Registrar and the Paying Agents and all other amounts due and payable under the IDA Lease Agreement and the other Security Documents, together with any amounts required to be rebated to the federal government pursuant to the Indenture or each of the applicable Tax Certificates and by giving the Agency notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to the survival of certain obligations of the Company under the IDA Lease Agreement.

Assignment or Sublease. (a) The Company shall not sublet nor permit to be sublet all or substantially all of the Facility, without the prior written consent of the Agency (which consent shall not be unreasonably withheld or delayed). No consent of the Agency shall be required for any subletting by the Company of less than all or substantially all of the Facility.

(b) No consent of the Agency shall be required for any assignment or transfer of the IDA Lease Agreement pursuant to the provisions of the IDA Lease Agreement described in this Appendix C under "—Particular Covenants—*Dissolution or Merger of Company; Restrictions on Company*."

(c) Any assignment or transfer of the IDA Lease Agreement (other than as described in clause (b) above) shall require the prior written consent of the Agency, which consent shall not be unreasonably withheld or delayed.

(d) With respect to any subletting in whole or in part of the Facility, the Company shall nevertheless remain liable to the Agency for the payment of all rent and for the full performance of all of the terms, covenants and conditions of the IDA Lease Agreement and of the Leasehold Mortgage or any other Security Document to which it shall be a party.

(e) With respect to any assignment or transfer of the IDA Lease Agreement for which no consent of the Agency shall be required as above described, or for which consent of the Agency shall be both required and have been given, such assignee or transferee of the Company shall assume in writing and agree to keep and perform all of the terms of the IDA Lease Agreement on the part of the Company to be kept and performed from the date of original execution and delivery of the IDA Lease Agreement.

(f) In addition to the conditions described above for any assignment or transfer of the IDA Lease Agreement (other than an assignment or transfer pursuant to the provisions of the IDA Lease Agreement described herein under "—Particular Covenants—*Dissolution or Merger of Company; Restrictions on Company*"), or any subletting in whole or in part of the Facility, the following conditions, as applicable, shall also apply:

(i) any sublessee in whole of the Facility and any assignee or transferee of the IDA Lease Agreement shall in each case be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State,

(ii) in the case of any assignment or transfer, there shall be delivered to the Agency and the Trustee (y) a Favorable Opinion of Bond Counsel and (z) an Opinion of Counsel to the assignee or transferee of the IDA Lease Agreement to the effect that such Person has duly and validly assumed all obligations of the Company under the IDA Lease Agreement and that such assumption constitutes the valid and binding obligation of such Person enforceable against such Person in accordance with its terms,

(iii) in the case of any Sublease in whole of the Facility, there shall be delivered to the Agency and the Trustee (y) an Opinion of Counsel to the Company to the effect that the IDA Lease Agreement continues in full force and effect as the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, and (z) a Favorable Opinion of Bond Counsel,

(iv) any assignee, transferee or sublessee shall agree to use the Facility as a qualified "project" within the meaning of the Act,

(v) any assignment, transfer or sublease shall not violate any provision of the Basic Lease, the Port Authority Lease, the Company Sublease, the Port Authority Consent, the Agreement Towards Entering Into a Lease, the City Attornment Agreement, the New City/American Lease (if then effective), the IDA Lease Agreement, the Leasehold Mortgage or any other Security Document,

(vi) in the case of any sublease, such sublease shall in no way diminish or impair the Company's obligation to carry the insurance required under the IDA Lease Agreement and described in this Appendix C under "—Maintenance, Taxes and Insurance—*Insurance*,"

(vii) in the case of any assignment, transfer or sublease in whole or substantially in whole, there shall have been delivered to the Trustee written evidence from each Rating Agency by which the Bonds are then rated to the effect that such action will not result in the reduction or withdrawal of the then applicable rating(s) on the Bonds, and

(viii) at least ten Business Days prior to the execution of any proposed assignment, transfer or sublease, the Company shall furnish to the Agency a substantially final draft of same, and, after execution thereof, shall then furnish a copy of such executed document.

Any consent by the Agency to any act of assignment, transfer or sublease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Company, or the successors or assigns of the Company, to obtain from the Agency, to the extent required under the IDA Lease Agreement, consent to any other or subsequent assignment, transfer or sublease, or as modifying or limiting the rights of the Agency under such covenant by the Company set forth in the IDA Lease Agreement.

Notwithstanding any assignment or transfer of the IDA Lease Agreement (other than an assignment or transfer of the IDA Lease Agreement by operation of, and effected in accordance with the requirements of, the provisions of the IDA Lease Agreement described in this Appendix C under "—Particular Covenants—*Dissolution or Merger of Company; Restrictions on Company*"), the Company shall not be released from its obligations to make rental payments pursuant to the IDA Lease Agreement described in this Appendix C under "—Issuance of Bonds and Additional Bonds, Lease of Facility and Rental Provisions—*Rental Provisions*" unless 100% of the Holders of Outstanding Bonds shall have consented to such release.

Benefit of and Enforcement by Trustee. The Agency and the Company agree that the IDA Lease Agreement is executed in part to induce the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Agency and the Company (except to the extent of any of the Agency's Reserved Rights that are stated in the Indenture to be enforceable only by the Agency) as set forth in the IDA Lease Agreement are declared to be for the benefit of the Holders from time to time of the Bonds and may be enforced as provided in the Indenture on behalf of the Bondholders by the Trustee.

No Recourse under the IDA Lease Agreement or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the IDA Lease Agreement 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 or her individual capacity, and no recourse shall be had for the payment of the principal or purchase price of, or Sinking Fund Installments, redemption premium, if any, or interest on, the Bonds or for any claim based thereon against any member, director, officer, employee or agent of the Agency or any natural person executing the Bonds.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture and does not purport to be comprehensive or complete. Reference is made to the Indenture for full and complete provisions.

Authorization and Issuance of Bonds

Authorized Amount of Bonds; Pledge Effected by the Master Indenture. The Bonds will be issued in multiple series as provided in the Indenture. No Bond of any series may be authenticated and delivered under the Indenture except in accordance with the terms of the Indenture. Except as provided in the Indenture, the total aggregate principal amount of Bonds of any series that may be authenticated and delivered under the Indenture is limited to $2.3 billion.

The proceeds of the Bonds deposited in the Project Fund and certain of the lease rentals, receipts and revenues payable by the Company under the IDA Lease Agreement, including moneys which are required to be set apart, transferred and pledged to the Bond Fund, to the Lease Payments Fund or to certain special funds (including the investments, if any, thereof) (subject to disbursements from such Funds in accordance with the provisions of the Indenture, and when so disbursed, such amounts shall be released automatically from the lien and security interest of the Indenture) are pledged by the Indenture for the payment of the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and interest on the Bonds. Amounts on deposit in any Account held in the Debt Service Reserve Fund with respect to a series of Bonds are pledged solely to secure the payment of the principal of and interest on the Bonds of such series. Amounts in the Rebate Fund (including amounts on deposit therein) shall not be subject to any assignment, pledge, lien or security interest in favor of the Trustee or any Bondholder or any other Person.

Except as may otherwise be expressly provided in the Indenture, each series of Bonds shall be entitled to the benefit of the continuing pledge and lien created by the Indenture to secure the full and final payment of the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and the interest thereon. Each series of Bonds issued under the Indenture shall be secured by the Guaranties and the obligations of the Company and AMR under their respective Guaranties will be secured by the Leasehold Mortgage; but, as provided in Section 92, the Port Authority Consent and the Leasehold Mortgage shall not attach, the Leasehold Mortgagee shall have no 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. Each series of Bonds issued under the Indenture shall be special obligations of the Agency, secured and payable (except to the extent payable out of proceeds from the sale of such series of Bonds or the income from the temporary investments thereof) by the Agency solely out of the revenues or other receipts, funds or moneys pledged therefor pursuant to the Indenture and from any amounts otherwise available under the Indenture for the payment of such Bonds, from amounts payable under the Guaranties, from amounts payable under the Equipment Security Agreement and from

amounts payable to the Trustee as Leasehold Mortgagee under the Leasehold Mortgage. The Bonds shall be additionally secured by a pledge and assignment of the Agency's right, title and interest in and to the IDA Lease Agreement (excluding the Agency's Reserved Rights) and, except for the Equipment Security Agreement, shall not be secured by any other lien on or security interest or other possessory interest in the Facility or by any leasehold interest of the Port Authority, the Company or the Agency or any fee or leasehold interest of the City in the Facility. In the event the Company shall fail to make any payment under the IDA Lease Agreement or shall otherwise default under the IDA Lease Agreement, and, as a result thereof, the principal of the Bonds is declared or becomes due and payable, none of the Agency, the Trustee (except as mortgagee under the Leasehold Mortgage and except as secured party under the Equipment Security Agreement), or any Holder of any of the Bonds shall have any rights or remedies with respect to the Facility or the leasehold interest of the Port Authority, the Agency or the Company or any fee or leasehold interest of the City but shall only have the rights under the IDA Lease Agreement (exclusive of Possessory Rights and Remedies and subject to the provisions of the Indenture described below under "—Events of Default; Remedies of Bondholders—*Limitation of Remedies*"), including the right to enforce against the Company the obligation of the Company to pay lease rental payments sufficient to enable the Agency to pay the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and interest on the Bonds and the right under the Indenture to realize upon any of the Funds. Except as set forth in Section 92 and any corresponding provision of the New City/American Lease, neither the Port Authority nor the City shall have any obligation whatsoever with respect to the Bonds. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, director, employee or agent thereof in his individual capacity, and no resort shall be had for the payment of the principal of, purchase price, redemption price and Sinking Fund Installments, if any, of and interest on the Bonds or for any claim based thereon or under the Indenture against any such member, officer, director, employee or agent or against any natural person executing the Bonds.

The Bonds shall never constitute a debt of the State nor the City, and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds of the Agency other than those pledged therefor.

Any payments paid to the Trustee by the Company are deemed paid by the Agency and any payments made to the Company by the Trustee are deemed paid by the Trustee to the Agency and by the Agency to the Company.

Supplemental Indentures. Each series of Bonds issued under the Indenture shall be issued pursuant to an applicable Series Supplemental Indenture authorizing the issuance of such series of Bonds. Each Series Supplemental Indenture shall specify the following:

(1) The authorized principal amount of such series of Bonds.

(2) The purpose or purposes for which such series of Bonds is being issued, which shall be limited to the purpose of payment or reimbursement of Project Costs.

(3) The dated date or dates, the maturity date or dates and principal amounts of each maturity of the Bonds of such series, the amount and date of each Sinking Fund Installment, if any, and the Record Date or Record Dates of the Bonds of such series.

(4) The interest rate or rates, if any, of the Bonds of such series or the manner of determining such rate or rates, the date from which interest on the Bonds of such series shall accrue, the first date on which interest on the Bonds of such series are payable and the date or dates on which the interest rate on Bonds bearing a variable rate of interest are adjusted and the date or dates on which interest on such Bonds are paid, or the manner of determining the same and the manner in which interest is to be paid on such Bonds.

(5) The provisions regarding tender for purchase or redemption thereof and payment of the purchase price or redemption price thereof, if any, *provided* that each Series Supplemental Indenture shall contain the following redemption provisions:

(i) in the event that the Company Sublease shall have terminated, the Bonds shall be subject to mandatory redemption in whole prior to maturity at a redemption price equal to 100% of the unpaid principal amount of the Bonds, together with accrued interest to the date of redemption, and without premium;

(ii) in the event that any portion of the Leased Facilities is released from the Port Authority Lease or the New City/American Lease, as the case may be, the Company Sublease and the IDA Lease Agreement, and such release constitutes a Major Release, the Bonds shall be subject to mandatory redemption at par in a principal amount (rounded down to the nearest authorized denomination) equal to the Release Price; and

(iii) the Bonds shall be subject to extraordinary mandatory redemption prior to maturity at any time at a redemption price of 100% of the unpaid principal amount thereof plus accrued interest thereon, if any, to the redemption date to the extent and as soon as practical following the Trustee's receipt of any moneys received by the Trustee as a result of the exercise by the Port Authority of its purchase rights under Section 92(v) of the Port Authority Lease or the exercise by the City of any comparable purchase rights contained in the New City/American Lease.

(6) The denomination or denominations of and the manner of numbering and lettering the Bonds of such series.

(7) The redemption price or redemption prices, if any, and, subject to the article of the Master Indenture entitled "Redemption of Bonds," the redemption terms, if any, for the Bonds of such series.

(8) Provisions for the sale of the Bonds of such series and for the delivery thereof.

(9) The form of the Bonds of such series and the form of the Trustee's certificate of authentication thereon, and whether any Bonds of such series are to be available only through the Book-Entry-Only System and the depository therefor; *provided* that each Bond shall contain the following provision:

> "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 Port Authority Lease and the Port Authority Consent and, upon the effectiveness thereof, the New City/American Lease and, except with respect to the City Attornment Agreement or except upon the effectiveness of the New City/American Lease, the termination or expiration of the Basic Lease or the Port Authority 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 Company 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 Company or AMR from its guaranty obligations under the Guaranties. Each Holder of this Bond (by 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 Company and impose upon the Company the obligations set forth in the IDA Lease Agreement. Each Holder of this Bond (by 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 Port Authority Lease (including, but not limited to, any rights to perform the rights or obligations of the Company under the Port Authority 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 Port Authority Lease or any part thereof or any rights created thereby or the letting thereunder) under (i) the Financing 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 Port Authority Lease at law or in equity arising out of or in connection with the Act, the Financing 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 Port Authority Lease, Section 92 of the Port Authority Lease shall govern. Copies of the Indenture, the Basic Lease, the Port Authority Lease, the Company Sublease, the IDA Lease Agreement, the Leasehold Mortgage and the Port Authority Consent 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 Company, the City of New York, the Port Authority and the Trustee. Except as set forth in Section 92 of the Port Authority Lease, the Port Authority shall have no obligation whatsoever with respect to the Bonds, the Bondholders or the Trustee."

(10) Directions for the application of the proceeds of the Bonds of such series.

(11) The maximum maturity date for the Bonds, which shall not exceed December 1, 2036.

(12) Whether the Bonds issued under such Series Supplemental Indenture will be Tax-Exempt Bonds.

(13) Any other provisions deemed advisable by an Authorized Representative of the Agency, not in conflict with the provisions of the Indenture or of any Series Supplemental Indenture.

All Bonds of a series of like maturity shall be identical in all respects, except as to denominations, numbers and letters, and except that Bonds of a series of like maturity may be Bonds which bear a variable rate of interest and Bonds which bear interest at a fixed rate.

Custody and Investment of Funds

Creation of Funds and Accounts. The Agency hereby establishes and creates the following special trust Funds (and authorizes the creation of the following Accounts comprising such Funds):

(1) Project Fund

(a) Construction Account
(b) Capitalized Interest Account

(2) Bond Fund

(a) Principal Account
(b) Interest Account
(c) Redemption Account
(d) Sinking Fund Installment Account

(3) Rebate Fund

(4) Lease Payments Fund

(5) Debt Service Reserve Fund

(a) Series 2002A Debt Service Reserve Account
(b) Series 2002B Debt Service Reserve Account

(6) Mortgage Reserve Fund

(a) Foreclosure Payment Account

All of the Funds and Accounts created under the Indenture shall be held by the Trustee, or in one or more depositories in trust for the Trustee. All moneys and investments deposited with or in trust for the Trustee shall be held in trust and applied only in accordance with the Indenture and shall be trust funds for the purposes of the Indenture.

Project Fund. As soon as practicable after the delivery of a series of Bonds, the Trustee shall deposit in the appropriate Account in the Project Fund the amount required to be deposited therein pursuant to the applicable Series Supplemental Indenture. The amounts in the Project Fund shall be subject to a security interest, lien and charge in favor of the Trustee for the benefit of the Holders of the Bonds until disbursed as provided in the Indenture. The Trustee shall apply the amounts in each Construction Account of the Project Fund to the payment of Project Costs, or reimbursement of Project Costs to the extent the same have been paid by or on behalf of the Company (as agent of the Agency) or the Agency. The Trustee shall apply any amounts held in each applicable Capitalized Interest Account in accordance with the Indenture.

The Trustee is authorized by the Indenture to disburse from each Construction Account (as designated by the Company pursuant to a requisition submitted under the Indenture) of the Project Fund the amount required for the payment of Project Costs and is directed to issue its checks, or, at the request of the Company (as agent of the Agency) or the Agency, to wire funds, for each disbursement from each Construction Account of the Project Fund, upon a requisition submitted to the Trustee and signed by an Authorized Representative of the Company (as agent

of the Agency). The Trustee will not be required to issue such disbursement sooner than five Business Days after the submission of such requisition. Such requisition shall be substantially as set forth in the Form of Requisition attached to the Indenture as Appendix B. Each such requisition shall be accompanied by bills or invoices (stamped "paid" if reimbursement is to be made to the Company) supporting Project Costs to which such requisition pertains. The Trustee shall be entitled to conclusively rely on such requisition. The Trustee shall keep and maintain adequate records pertaining to each Construction Account of the Project Fund and all disbursements therefrom.

The Trustee shall on written request furnish to the Agency and the Company a written statement of disbursements from the Project Fund, enumerating, among other things, item, cost, amount disbursed, date of disbursement and the person to whom payment was made, together with copies of all bills or invoices submitted to the Trustee for such disbursement.

The completion of the Project shall be evidenced as set forth in the IDA Lease Agreement. Upon such completion, the balance in each Construction Account of the Project Fund in excess of the amount, if any, stated in the completion certificate referred to in the IDA Lease Agreement for the payment of any remaining part of the Project Costs shall, at the written direction of the Company, (i) be ratably and equally deposited into each Redemption Account held under the Bond Fund and applied ratably and equally to the retirement of the Bonds by purchase or redemption at the earliest date permissible under the Indenture, *provided* that, prior to such application, a Favorable Opinion of Bond Counsel shall be received and (ii) be invested at a yield not in excess of the applicable Bond Yield (as defined in the applicable Tax Certificate); *provided, however,* the Company, on behalf of the Agency, may apply such balance to any other lawful purpose under the Act in connection with the Facility, *provided* that a Favorable Opinion of Bond Counsel is received by the Trustee and the Agency.

In the event the Company shall be required to or shall elect to cause the Bonds to be redeemed in whole pursuant to the IDA Lease Agreement or the Indenture, the balance in each of the Construction Accounts of the Project Fund (in excess of any amount that the Trustee is directed to transfer to the Rebate Fund pursuant to each applicable Tax Certificate and the Indenture) shall be ratably and equally deposited into each Redemption Account held under the Bond Fund and applied ratably and equally to the retirement of the Bonds by purchase or redemption. In the event the unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default under the Indenture, the balance in the Project Fund shall be deposited ratably and equally into each of the Interest Accounts and Principal Accounts held under the Bond Fund and shall be applied as provided in the Indenture.

Proceeds of Bonds deposited in any Capitalized Interest Account shall be applied as follows:

(1) prior to the completion of the Project, on each Interest Payment Date amounts in each applicable Capitalized Interest Account shall first be deposited in the Lease Payments Fund to the extent moneys in such fund are insufficient to meet principal and/or interest payments then due and owing under the Indenture with respect to an

applicable series of Bonds and second, be drawn by the Trustee at the direction of the Company (as agent for the Agency) for the payment of Project Costs, if any;

(2) on or after the Interest Payment Date next succeeding the date of completion of the Project, the moneys remaining in any Capitalized Interest Account shall at the direction of the Company be applied pursuant to the relevant provisions of the Indenture; and

(3) At any time prior to the completion of the Project, upon the written request of the Company and designation in writing of a certain amount by the Company, the Trustee will transfer such amounts from any Capitalized Interest Account to one or more Construction Accounts as specified by the Company and apply such amounts as provided in the relevant sections of the Indenture.

Lease Payments Fund. The Trustee shall deposit in the Lease Payments Fund the amounts so stated to be deposited therein pursuant to the IDA Lease Agreement, the Indenture or the applicable Series Supplemental Indenture.

Except as provided in the Indenture, on or before any Interest Payment Date relating to a series of Bonds the Trustee shall transfer to the applicable Principal Account, Interest Account, Redemption Account, and/or Sinking Fund Installment Account from the Lease Payments Fund an amount sufficient so that the payments required to be made from the Bond Fund pursuant to the Indenture on such Interest Payment Date may be made.

After making the payment described in the immediately preceding paragraph, amounts, if any, remaining in the Lease Payments Fund shall be deposited equally and ratably to the credit of each Account held in the Debt Service Reserve Fund in an amount, if any, equal to the amount necessary to make the amount on deposit in such Accounts equal to the applicable Debt Service Reserve Account Requirement and thereafter any remaining excess in the Lease Payments Fund shall be returned to the Company.

If, on any Interest Payment Date relating to a series of Bonds, any principal payment date or redemption date, as the case may be, the amount on deposit in the Lease Payments Fund or the Bond Fund is insufficient to make all payments with respect to the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, and interest on such series of Bonds which are required to be made on such date, the Trustee shall promptly give telephonic notice (to be promptly confirmed in writing) stating the amount of such deficiency to the Company and the Agency. Promptly upon receipt of such notice, the Company shall, as provided in the IDA Lease Agreement, pay the amount of such deficiency in immediately available funds. Upon receipt of such funds, the Trustee shall deposit them in the Lease Payments Fund.

If, on any Purchase Date, the amount on deposit in the applicable Bond Purchase Fund relating to a series of Bonds is insufficient to make all payments with respect to purchase price, if any, on such series of Bonds which are required to be made on such date, the Trustee shall promptly give telephonic notice (to be promptly confirmed in writing) stating the amount of such deficiency to the Company and the Agency. Promptly upon receipt of such notice, the Company

shall, as provided in the IDA Lease Agreement, pay the amount of such deficiency in immediately available funds. Upon receipt of such funds, the Trustee shall deposit them in the applicable Lease Payments Account established in the applicable Bond Purchase Fund.

Payments into Bond Fund. The Trustee shall promptly deposit the following receipts into the Bond Fund:

(a) Excess amounts in any Construction Account held in the Project Fund required to be deposited (subject to any transfer required to be made to the Rebate Fund in accordance with directions received pursuant to the applicable Tax Certificate and the Indenture) in the applicable Redemption Account of the Bond Fund as described in this Appendix D under the fourth paragraph and the first sentence of the fifth paragraph of "*—Project Fund,*" which shall be kept segregated from any other moneys within such Account.

(b) Amounts transferred from the Lease Payments Fund to the Bond Fund as described in this Appendix D under "*—Lease Payments Fund*" above, which shall be deposited *first* to the applicable Interest Account, in the amount required to make the payments described in paragraph (a) in this Appendix D under "*—Application of Bond Fund*" below, *second* to the applicable Sinking Fund Installment Account, in the amount required to make the payments described in paragraph (c) in this Appendix D under "*—Application of Bond Fund*" below, *third* to the applicable Principal Account, in the amount required to make the payments described in paragraph (b) in this Appendix D under "*—Application of Bond Fund*" below, and *fourth* to the applicable Redemption Account, in the amount required to make the payments described in paragraph (d) in this Appendix D under "*—Application of Bond Fund*" below. Advance rental payments received by the Trustee for deposit into the Lease Payments Fund pursuant to the IDA Lease Agreement shall be deposited in the applicable Redemption Account.

(c) The excess amounts referred to in the third sentence of paragraph (d) in this Appendix D under "*—Application of Bond Fund*" below, which shall be credited to the applicable Interest Account of the Bond Fund.

(d) Any amounts transferred from an applicable Redemption Account as described in paragraph (h) in this Appendix D under "*—Application of Bond Fund*" below, which shall be deposited to the applicable Interest Account, the applicable Principal Account and the applicable Sinking Fund Installment Account of the Bond Fund, as the case may be and in such order of priority, and applied solely to the payment of the principal of and interest on the applicable series of Bonds.

(e) All other receipts when and if required by the IDA Lease Agreement, by the Indenture, or by the Leasehold Mortgage (excluding any payment required to be made to the Port Authority under the Port Authority Lease) pursuant to the Leasehold Mortgagee's exercise of remedies thereunder, or by the Equipment Security Agreement, the Guaranties or any other Security Document to be paid into the Bond Fund, which

shall be credited (except as otherwise provided in the Indenture) to the applicable Redemption Account of the Bond Fund.

Application of Bond Fund. (a) The Trustee shall, on an Interest Payment Date with respect to a series of Bonds, pay or cause to be paid to the respective Paying Agents therefor out of the applicable Interest Account in the Bond Fund the interest due on such series of Bonds and further pay out of the applicable Interest Account of the Bond Fund any amounts required for the payment of accrued interest upon any redemption (including any mandatory sinking fund redemption) of such series of Bonds.

(b) The Trustee shall, on each principal payment date with respect to a series of Bonds, pay or cause to be paid to the respective Paying Agents therefor out of the applicable Principal Account of the Bond Fund the principal amount, if any, due on such series of Bonds (other than such as shall be due by mandatory sinking fund redemption), upon the presentation and surrender (if applicable) of the requisite Bonds of such series.

(c) There shall be paid from the applicable Sinking Fund Installment Account of the Bond Fund to the respective Paying Agents on each sinking fund payment date for a series of Bonds in immediately available funds the amounts required for such Sinking Fund Installment due and payable with respect to such series of Bonds which are to be redeemed from Sinking Fund Installments on such date (accrued interest on such Bonds being payable from the applicable Interest Account of the Bond Fund), all as may be set forth in the applicable Series Supplemental Indenture. Such amounts shall be applied by the Paying Agents to the payment of such Sinking Fund Installment when due. The Trustee shall call for redemption, in the manner provided in the Indenture, Bonds of such series for which Sinking Fund Installments are applicable in a principal amount equal to the Sinking Fund Installment then due with respect to such Bonds. Such call for redemption shall be made even though at the time of mailing of the notice of such redemption sufficient moneys therefor shall not have been deposited in the applicable Sinking Fund Installment Account of the Bond Fund.

(d) Amounts in the applicable Redemption Account of the Bond Fund established with respect to a series of Bonds shall be applied, at the written direction of the Company, as promptly as practicable, to the redemption of such series of Bonds at prices not exceeding the redemption price thereof applicable on the earliest date upon which such Bonds are next subject to redemption plus in each case accrued interest to the date of redemption. Any amount in the applicable Redemption Account not so applied to the redemption of such series of Bonds by 30 days prior to the next date on which the Bonds are so redeemable shall be applied, subject to the provisions described in paragraph (a) above of this subheading, to the redemption of such series of Bonds on such redemption date; *provided* that if such amount aggregates less than $100,000, such amount need not be then applied to such redemption. Any amounts deposited in such applicable Redemption Account and not applied within 12 months of their date of deposit to the redemption of, or as described in paragraph (e) below of this subheading, the purchase of such series of Bonds (except if held in accordance with the Indenture) shall be transferred to the applicable Interest Account. Upon the redemption of Bonds of a maturity of any series, an amount equal to the principal of such Bonds so redeemed or an amount of Bonds purchased by the Company and surrendered for cancellation as provided in the Indenture shall, in the order

designated by the Company, be credited against the next ensuing and future Sinking Fund Installments, if any, for that maturity of that series of Bonds until the full principal amount of such Bonds so redeemed or purchased shall have been so credited. The portion of any such Sinking Fund Installment remaining after the deduction of such amounts so credited shall constitute and be deemed to be the amount of such Sinking Fund Installment for the purposes of any calculation thereof under the Indenture. The Bonds of any maturity of a series to be redeemed shall be selected by the Trustee (at the written direction of the Company) in the manner provided in the Indenture. Amounts in any applicable Redemption Account to be applied to the redemption of Bonds of a series shall be paid to the respective Paying Agents on or before the redemption date and applied by them on such redemption date to the payment of the redemption price of such series of Bonds being redeemed plus interest on such Bonds accrued to the redemption date.

(e) In lieu of Bonds of any maturity of a series being redeemed through a mandatory sinking fund redemption, the Company, on behalf of the Agency, may negotiate or arrange for the purchase of Bonds of that maturity of such series by the Trustee on behalf of the Agency in such manner (through brokers or otherwise, and with or without receiving tenders) as it shall in its discretion determine. The Company, on behalf of the Agency, shall cause such Bonds to be delivered to the Trustee for cancellation. The Trustee, upon presentation by the Company to the Trustee of Bonds of such series to be purchased accompanied by a written request of an Authorized Representative of the Agency (given at the written direction of the Company) to the Trustee requesting payment therefor, shall provide monies for payment of the purchase price for any such Bonds from the moneys deposited in the applicable Redemption Account of the Bond Fund and the payment of accrued interest shall be made out of moneys deposited in the applicable Interest Account of the Bond Fund. Bonds so purchased and delivered shall be canceled by the Trustee.

(f) The Agency shall receive a credit in respect of Sinking Fund Installments for any Bonds of a series which are subject to mandatory sinking fund redemption and which are delivered by the Agency or the Company to the Trustee on or before the thirtieth day next preceding any Sinking Fund Installment payment date and for any Bonds which prior to said date have been purchased or redeemed (otherwise than through the operation of the applicable Sinking Fund Installment Account) and canceled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment. Each Bond of a series so delivered, canceled or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Agency on such Sinking Fund Installment payment date with respect to such series of Bonds, and the principal amount of such series of Bonds to be redeemed by operation of the applicable Sinking Fund Installment Account on the due date of such Sinking Fund Installment shall be reduced accordingly, and any excess over such principal amount shall be credited to future Sinking Fund Installments in the manner directed by the Company, and the principal amount of such series of Bonds to be redeemed by application of Sinking Fund Installment payments shall be accordingly reduced.

(g) The Company shall, on or before the thirtieth day next preceding each Sinking Fund Installment payment date, furnish the Trustee with the certificate of an Authorized Representative of the Company indicating whether or not and to what extent the provisions

described in this Appendix D under "—*Application of Bond Fund*" are to be availed of with respect to such Sinking Fund Installment payment relating to a series of Bonds, stating, in the case of the credit provided for, that such credit has not theretofore been applied against any Sinking Fund Installment relating to such series of Bonds and confirming that immediately available cash funds for the balance of the next succeeding prescribed Sinking Fund Installment payment relating to such series of Bonds will be paid on or prior to the next succeeding Sinking Fund Installment payment date.

(h) Moneys in the applicable Redemption Account of the Bond Fund established with respect to a series of Bonds which are not set aside or deposited for the redemption or purchase of such series of Bonds shall be transferred by the Trustee to the applicable Interest Account, to the applicable Principal Account or to the applicable Sinking Fund Installment Account of the Bond Fund.

Debt Service Reserve Fund. Within the Debt Service Reserve Fund there shall be created and held under the Indenture a separate Account for each series of Bonds issued thereunder for which the applicable Series Supplemental Indenture establishes a Debt Service Reserve Account Requirement greater than $0. The Trustee shall deposit to the credit of the applicable Account within the Debt Service Reserve Fund for a series of Bonds such proceeds of the sale of such series of Bonds, if any, as shall be prescribed in the applicable Series Supplemental Indenture, and any moneys that are delivered to the Trustee by the Company for the purposes of such applicable Account of the Debt Service Reserve Fund.

In lieu of or in substitution for moneys required to be deposited into an Account within the Debt Service Reserve Fund, the Company may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the holders of Bonds of a series for all or any part of the Debt Service Reserve Account Requirement for such series of Bonds; *provided* (i) that any such surety bond or insurance policy shall be issued by an insurance company or association reasonably consented to by the Agency and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category at the time such surety bond or insurance policy is issued by Moody's and S&P or, if the Bonds of such series are not rated by both Moody's and S&P, by whichever of said rating services that then rates such Bonds and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, 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 provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or 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, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in at least the second highest rating

category by Moody's and S&P or, if the Bonds of such series are not rated by Moody's and S&P, by whichever of said rating services that then rates such Bonds.

Moneys held for the credit of an applicable Account of the Debt Service Reserve Fund for a series of Bonds shall be withdrawn by the Trustee and deposited to the credit of the applicable Interest Account, Principal Account, Redemption Account or Sinking Fund Installment Account of the Bond Fund at the times and in the amounts required to comply with the provisions of the Indenture described in paragraphs (a), (b), (c) and (d) of this Appendix D under "*—Application of Bond Fund*" above with respect to such series of Bonds; provided that no payment under a Reserve Fund Facility shall be sought unless and until moneys are not available in the applicable Account of the Debt Service Reserve Fund and the amount required to be withdrawn from such Account of the Debt Service Reserve Fund pursuant to the provisions of the Indenture described in this subheading cannot be withdrawn therefrom without obtaining payment under such Reserve Fund Facility; provided further, that, if more than one Reserve Fund Facility is held for the credit of such Account of the Debt Service Reserve Fund at the time moneys are to be withdrawn therefrom, the Trustee shall obtain payment under each such Reserve Fund Facility, pro rata, based upon the respective amounts then available to be paid thereunder.

With respect to any demand for payment under any Reserve Fund Facility, the Trustee shall make such demand for payment in accordance with the terms of such Reserve Fund Facility at the earliest time provided therein to assure the availability of moneys on the Interest Payment Date for which such moneys are required.

If upon any valuation it is determined that the moneys and investments held for the credit of an applicable Account of the Debt Service Reserve Fund are in excess of those necessary to maintain the Debt Service Reserve Account Requirement for the related series of Bonds, an amount equal to such excess shall be withdrawn by the Trustee and deposited, *first*, ratably and equally to satisfy any deficiency then existing in any other Account held in Debt Service Reserve Fund and, *second*, in the Bond Fund or, prior to completion of the Project, in the applicable Construction Account in accordance with the direction of the Company; *provided, however,* that if such amount results from the substitution of a Reserve Fund Facility for any securities in such applicable Account of the Debt Service Reserve Fund, such amount shall not be deposited in the Bond Fund or the applicable Construction Account unless in the opinion of Bond Counsel such application will not adversely affect the exclusion of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes.

Notwithstanding the provisions described in this subheading, if, upon any Bond of a series having been deemed to have been paid in accordance with the provisions of the Indenture described in this Appendix D under "—Discharge of Indenture" below or redeemed prior to maturity from the proceeds of Bonds, bonds, notes or other obligations issued for such purpose, the moneys and investments held for the credit of the applicable Account of the Debt Service Reserve Fund will exceed the Debt Service Reserve Account Requirement for the related series of Bonds, then the Trustee shall, simultaneously with such redemption or a deposit made in accordance with such provisions of the Indenture, withdraw all or any portion of such excess from the applicable Account of the Debt Service Reserve Fund upon the direction of an

Authorized Representative of the Company and either (i) apply such amount to the payment of the principal or redemption price of and interest on Bonds of such series secured by said Account of the Debt Service Reserve Fund or to fund any reserve for the payment of the principal and Sinking Fund Installments of or interest on the bonds, notes or other obligations, if any, issued to provide for payment of such Bonds of such series secured by said Account of the Debt Service Reserve Fund or (ii) pay such amount to the applicable Construction Account if, in the opinion of Bond Counsel, application of such moneys to the payment of Project Costs will not adversely affect the exclusion of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes; *provided that* after such withdrawal the amount remaining in the applicable Account of the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Account Requirement for such series of Bonds.

Except as otherwise provided in any Series Supplemental Indenture, the Trustee shall value each Account held in the Debt Service Reserve Fund at least ten days prior to each Interest Payment Date, upon the written request of the Company and upon a withdrawal from any Account of the Debt Service Reserve Fund as described in the immediately preceding paragraph. If upon a valuation, the aggregate of the moneys and investments held for the credit of any Account held in the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Account Requirement for the related series of Bonds, the Trustee shall promptly notify the Agency and the Company of such deficiency and, except as otherwise provided in the applicable Series Supplemental Indenture authorizing the Bonds secured by such Account of the Debt Service Reserve Fund, the Agency shall cause the Company to deliver to the Trustee moneys or investments the value of which is sufficient to increase the amount on deposit in such Account of the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Account Requirement for such series of Bonds as described in the last paragraph under APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT —Issuance of Bonds and Additional Bonds; Lease of Facility and Rental Provisions —*Rental Provisions*."

Payments into Rebate Fund; Application of Rebate Fund. The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee, the Company or any Bondholder or any other Person.

Deposits into the Rebate Fund shall be made pursuant to the applicable Tax Certificate, the terms of which are incorporated by reference in the Indenture, and amounts on deposit in the Rebate Fund that are required to be paid to the United States Department of the Treasury pursuant to the Code shall be paid at the times and in the amounts set forth in or determined in accordance with the applicable Tax Certificate.

Investment of Funds and Accounts. Amounts in the Rebate Fund, Lease Payments Fund, Bond Fund, Debt Service Reserve Fund, Project Fund and Mortgage Reserve Fund may, if and only to the extent then permitted by law, be invested but only in Qualified Investments (except that any amounts held in any account established within the Bond Fund pursuant to the provisions of the Indenture described in this Appendix D under "—Discharge of Indenture" below shall be invested solely in Government Obligations). Any investment authorized in the Indenture and described herein is subject to the condition that no portion of the proceeds derived from the sale of any series of Tax-Exempt Bonds shall be used, directly or indirectly, in such

manner as to cause any such Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. Such investments shall be made by the Trustee only at the specific written request of an Authorized Representative of the Company. Except for amounts held in the Mortgage Reserve Fund, any investment under the Indenture shall be made in accordance with the applicable Tax Certificate, and the Company shall so certify to the Trustee with each such investment direction as described below. Such investments shall mature in such amounts and at such times as may be necessary to provide funds when needed to make payments from the applicable Fund or Account in which such investment is held. Net income or gain received and collected from such investments shall be credited and losses charged to the applicable Fund or Account for which such investment shall have been made; *provided, however,* that such net income or gain shall be credited to (i) the applicable Interest Account of the Bond Fund with respect to the investment of amounts held in the applicable Interest Account, Principal Account, Redemption Account or Sinking Fund Installment Account of the Bond Fund, (ii) the applicable Construction Account of the Project Fund with respect to the investment of amounts held in such Construction Account until completion of the Project and the applicable Redemption Account of the Bond Fund with respect to investment of amounts held in such Construction Account of the Project Fund subsequent to completion of the Project and (iii) the applicable Account of the Debt Service Reserve Fund with respect to the investment of amounts held in said Account of the Debt Service Reserve Fund.

At the written request of the Company and at least ten days prior to each Interest Payment Date, the Trustee shall notify the Company of the amount of such net investment income or gain received and collected subsequent to the last such rental payment under the IDA Lease Agreement and the amount then available in the various Accounts of the Bond Fund and any amounts then available in the Lease Payments Fund.

Upon the written direction of an Authorized Representative of the Company, the Trustee shall sell at the best price obtainable by it, or present for redemption or exchange, any obligations in which moneys shall have been invested to the extent necessary to provide cash in the respective Funds or Accounts to make any payments required to be made therefrom, or to facilitate the transfers of moneys or securities between various Funds and Accounts as may be required from time to time pursuant to the provisions of the Indenture. As soon as practicable after any such sale, redemption or exchange, the Trustee shall give notice thereof to the Agency and the Company.

Neither the Trustee nor the Agency shall be liable for any loss, fee, tax or other charge arising from, or any depreciation in the value of, any obligations in which moneys of the Funds and Accounts shall be invested or in connection with any liquidation of an investment under the Indenture. The investments authorized by the Indenture and described herein shall at all times be subject to the provisions of applicable law, as amended from time to time.

Qualified Investments shall be valued at the market value of such investments, inclusive of accrued interest.

Mortgage Reserve Fund. There shall be established under the Indenture a separate Mortgage Reserve Fund within which there shall be created a Foreclosure Payment Account.

The Trustee shall deposit to the credit of the Foreclosure Payment Account any amounts provided by the Company under the IDA Lease Agreement as described in the sixth paragraph under APPENDIX C—"SUMMARY OF CERTAIN PROVISIONS OF THE IDA LEASE AGREEMENT—Particular Covenants—*Certain Covenants with Respect to the Port Authority Lease, the Leasehold Mortgage, the City Attornment Agreement, the New City/American Lease and the Agreement Towards Entering Into a Lease*."

In lieu of or in substitution for Bond proceeds or moneys required to be deposited into the Mortgage Reserve Fund the Company may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for all or any portion of the Foreclosure Payment Account Requirement for the benefit of the Holders of the Bonds; *provided* (i) that any such surety bond or insurance policy shall be issued by an insurance company or association reasonably consented to by the Agency and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in the highest rating category at the time such surety bond or insurance policy is issued by Moody's and S&P or, if the Bonds of such series are not rated by both Moody's and S&P, by whichever of said rating services that then rates such Bonds and (ii) that any letter of credit shall be issued by a bank, a trust company, a national banking association, 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 provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or 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, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, in at least the second highest rating category by Moody's and S&P or, if the Bonds of such series are not rated by Moody's and S&P, by whichever of said rating services that then rates such Bonds.

Moneys, or any Reserve Fund Facility held in the Foreclosure Payment Account, shall be applied or drawn upon by the Trustee either (i) to pay the Port Authority any amounts due under Section 92 (or any similar amounts to the City under the New City/American Lease) or (ii) subsequent to a Notice of Termination, a Bonds Default or a Bankruptcy Rejection Date (as such terms are defined herein under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Leasehold Mortgage and Reletting Rights—*Election to Exercise Reletting Rights*" and "—*Extensions of Foreclosure Period*" or any similar provision of the New City/American Lease), in the event that the Trustee determines that it is not in the best interest of the Bondholders to make the payments described in (i) above, or if the Trustee is so directed by Bondholders in accordance with the Indenture, amounts then held in the Foreclosure Payment Account may be used to pay debt service on the Bonds.

The Trustee shall be obligated to value the Foreclosure Payment Account on the first day of each calendar month. If upon a valuation, the total amount of the moneys and the principal

amount of investments held for the credit of the Foreclosure Payment Account is less than the Foreclosure Payment Account Requirement, the Trustee shall promptly notify the Agency and the Company of such deficiency, and the Agency shall cause the Company to deliver to the Trustee moneys or investments the value of which is sufficient to increase the amount on deposit in such Foreclosure Payment Account to an amount equal to the Foreclosure Payment Account Requirement. If upon any such valuation it is determined that the moneys and investments held for the credit of the Foreclosure Payment Account are in excess of those necessary to maintain the Foreclosure Payment Account Requirement, an amount equal to such excess shall, *first*, be applied ratably and equally to satisfy any deficiency then existing in any Account held in the Debt Service Reserve Fund and, *second*, be withdrawn by the Trustee and paid to the Company.

Particular Covenants

Agency's Obligations Not to Create a Pecuniary Liability. Each and every covenant made in the Indenture, including all such covenants described in this paragraph and the two succeeding paragraphs, is predicated upon the condition that any obligation for the payment of money incurred by the Agency shall not create a debt of the State nor the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds and any other obligation for the payment of money incurred by the Agency under the Indenture shall not be payable out of any funds of the Agency other than those pledged therefor but shall be payable by the Agency solely from the Funds available to the Trustee, the amounts payable by the Company under the IDA Lease Agreement pledged to the payment thereof in the manner and to the extent described in the Indenture, amounts payable to the Trustee as Secured Party under the Equipment Security Agreement and amounts payable to the Leasehold Mortgagee under the Leasehold Mortgage, and nothing in the Bonds, in the IDA Lease Agreement, in the Indenture, in the Equipment Security Agreement or in any other of the Security Documents shall be considered as pledging any other funds or assets of the Agency.

Payment of Principal and Interest. The Agency covenants that it will, from the sources contemplated under the Indenture, promptly pay or cause to be paid the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and interest on the Bonds, together with interest accrued to but not including the date of redemption, at the place, on the dates and in the manner provided in the Indenture and in the Bonds according to the true intent and meaning thereof. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the Indenture shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, director, employee or agent thereof in his individual capacity, and no resort shall be had for the payment of the principal, redemption price, if applicable, Sinking Fund Installment, if applicable, purchase price of, or interest on the Bonds or for any claim based thereon or under the Indenture against any such member, officer, director, employee or agent or against any natural person executing the Bonds. Neither the Bonds, the redemption price, if any, the Sinking Fund Installment, if any, or the purchase price thereof or interest thereon, shall ever constitute a debt of the State or of the City and neither the State nor the City shall be liable on any obligation so incurred, and the Bonds shall not be payable out of any funds of the Agency other than those pledged therefor. The Agency shall not be required under the Indenture or any other of the Security Documents to expend any of its funds other than (i) the proceeds of the Bonds, (ii) the

lease rentals, revenues and receipts, rental income and other moneys held or derived from or in connection with the Facility and payable by the Company under the IDA Lease Agreement as amended by any IDA Lease Amendment and pledged to the payment of the Bonds, and (iii) any income or gains therefrom.

Performance of Covenants; Authority. The Agency covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and thereunder and in all proceedings pertaining to the Indenture or thereto. The Agency covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Bonds authorized by the Indenture and to execute the Indenture, to lease the Facility pursuant to the IDA Lease Agreement, to assign the IDA Lease Agreement, and to pledge the lease rentals, revenues and receipts pledged under the Indenture in the manner and to the extent set forth therein; that all action on its part for the issuance of the Bonds of a series and the execution and delivery of the Master Indenture have been duly and effectively taken; and that each series of Bonds in the hands of the Holders thereof are and will be the valid and enforceable special obligations of the Agency according to the import thereof.

Events of Default; Remedies of Bondholders

Events of Default; Acceleration of Due Date. Each of the following events is defined as and shall constitute an "Event of Default" under the Indenture:

(1) Failure in the payment of the interest on any Bond when the same shall become due and payable and if no Credit Facility is in effect with respect to such Bond, the continuation of such failure for five Business Days;

(2) Failure in the payment of the principal or redemption price, if any, of, or Sinking Fund Installment for, any Bond, when the same shall become due and payable, whether at the stated maturity thereof or upon proceedings for redemption thereof or otherwise, or interest accrued thereon and the continuation of such failure for five Business Days;

(3) Failure to duly and punctually pay the purchase price of any Bond tendered or deemed tendered for purchase pursuant to a Series Supplemental Indenture;

(4) Failure of the Agency to observe or perform any covenant, condition or agreement in any Bond or under the Indenture on its part to be performed (except as described in subparagraphs (1), (2) and (3) immediately above) and (A) continuance of such failure for a period of 60 days after receipt by the Agency and the Company of written notice specifying the nature of such default from the Trustee or the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding, or (B) if by reason of the nature of such default the same can be remedied, but not within the said 60 days, the Agency or the Company fails to proceed with reasonable diligence after receipt of said

notice to cure the same or fails to continue with reasonable diligence its efforts to cure the same and the same shall not be cured within 360 days;

(5) The occurrence of an "Event of Default" under the IDA Lease Agreement or the occurrence of an event of default under the Company Guaranty, the AMR Guaranty or the Leasehold Mortgage;

(6) The occurrence of an Act of Bankruptcy; provided, that with respect to the filing of an involuntary petition in bankruptcy or other commencement of a bankruptcy or similar proceeding against the Company or AMR, such petition or proceeding shall remain undismissed or unstayed for a period of 90 days;

(7) (A) The date of termination of the Port Authority Lease as set forth in the notice from the Port Authority to the Trustee pursuant to the Port Authority Lease to the effect that the Port Authority will terminate the Port Authority Lease pursuant to the provisions thereof or (B) the date of termination of the New City/American Lease as set forth in a notice from the City to the Trustee in accordance with the New City/American Lease to the effect that the City will terminate the New City/American Lease pursuant to the provisions thereof; *provided, however,* such termination of the New City/American Lease shall not result in an Event of Default under the Indenture if the Company is reinstated as or becomes tenant as described in the Port Authority Lease; or

(8) Receipt by the Leasehold Mortgagee of one or more Information Statements under the Port Authority Lease showing that the total unpaid rentals, fees, charges and other amounts under the Port Authority Lease exceeds $9,877,000 and failure of the Company to pay said amounts in accordance with the provisions of the Port Authority Lease within 20 days after notice of the same from the Leasehold Mortgagee.

Upon the happening and continuance of an Event of Default described in subparagraphs (4), (5) or (8) above, the Trustee may, or at the direction of the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding (by notice in writing to the Agency, the Company and AMR) the Trustee shall, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Indenture or in any of such Bonds to the contrary notwithstanding. Upon such declaration, the same shall become and be immediately due and payable, and the principal installments of rent payable under the IDA Lease Agreement (together with interest accrued thereon to the date of such declaration) shall also become and be immediately due and payable, and to the extent any Bonds in default are secured by a Credit Facility the Trustee shall promptly draw on any Credit Facility then in effect with respect to such Bonds to the extent permitted by the terms thereof in an amount equal to the principal of, and accrued interest on, such Bonds.

Upon the happening of any Event of Default described in subparagraphs (1), (2), (3), or (7) above, the Trustee shall immediately declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Indenture

or in any of such Bonds to the contrary notwithstanding. Upon such declaration, the same shall become and be immediately due and payable, and principal installments of rent payable under the IDA Lease Agreement (together with interest accrued thereon to the date of such declaration) shall become immediately due and payable, and to the extent any Bonds in default are secured by a Credit Facility the Trustee shall promptly draw on any Credit Facility then in effect with respect to such Bonds to the extent permitted by the terms thereof in an amount equal to the principal of, and accrued interest on, such Bonds. Upon the occurrence and continuance of an Event of Default described in subparagraph (7) above, the Agency or the Trustee shall terminate the IDA Lease Agreement, and all of the estate, right, title and interest therein granted or vested in the Company shall cease and terminate.

If there shall occur an Event of Default described in subparagraph (6) above, the unpaid principal of all the Bonds Outstanding and the interest accrued thereon (and all installments of rent under the IDA Lease Agreement) shall be due and payable immediately without the necessity of any declaration or other action by the Trustee or any other Person.

The right of the Trustee or of the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding to make any such declaration as aforesaid, however, is subject to the condition that if, at any time before such declaration, all overdue installments of principal of and interest on all of the Bonds which shall have matured by their terms and the unpaid redemption price of the Bonds or principal portions thereof to be redeemed have been paid by or for the account of the Agency, and all other Events of Default with respect to such Bonds have been otherwise remedied, and the reasonable and proper charges, expenses and liabilities of the Trustee shall either be paid by or for the account of the Agency or provision satisfactory to the Trustee shall be made for such payment, and all defaults with respect to the Bonds have been otherwise remedied as described in this heading, then in every such case any such default and its consequences shall *ipso facto* be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon; *provided, however,* that if the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding shall have directed such declaration of acceleration, the Trustee shall not annul such declaration and its consequences without the prior consent of the Holders of greater than 50% in aggregate principal amount of the Bonds Outstanding.

Pursuant to the IDA Lease Agreement the Agency has granted to the Company full authority for the account of the Agency to perform any covenant or obligation the non-performance of which is alleged in any notice received by the Company to constitute a default under the Indenture, in the name and stead of the Agency with full power to do any and all things and acts to the same extent that the Agency could do and perform any such things and acts with power of substitution. The Trustee agrees to accept such performance by the Company as performance by the Agency.

Enforcement of Remedies. Upon the occurrence and continuance of any Event of Default under the Indenture, *provided* that the Trustee has delivered the notice required thereby, then and in every case the Trustee may proceed, and upon the written request of the Holders of at least 25% in aggregate principal amount of the Bonds Outstanding shall proceed, to protect and enforce the rights of the Bondholders and its rights under the Act, the IDA Lease Agreement, the

Indenture, the Leasehold Mortgage, the Guaranties, the Equipment Security Agreement and under any other of the Security Documents forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in any other of the Security Documents or in aid of the execution of any power granted in, but solely as provided in, the Indenture, the Leasehold Mortgage, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement or in any other of the Security Documents or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture or under any other of the Security Documents. In addition to any rights or remedies available to the Trustee under the Indenture or elsewhere, upon the occurrence and continuance of an Event of Default the Trustee may take such action, without notice or demand, as it deems advisable.

In the enforcement of any right or remedy with respect to the Bonds under the Indenture, the Leasehold Mortgage, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement or any other of the Security Documents, the Bonds or under the Act, the Trustee shall be entitled to, and shall sue for, enforce payment on and receive any or all amounts then or during any default becoming, and any time remaining, due from the Agency or from the Company relating to interest, principal, purchase price, Sinking Fund Installments, redemption price, or otherwise, under any of the provisions of the Indenture, or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture, the Leasehold Mortgage, the Equipment Security Agreement, the Company Guaranty, the AMR Guaranty or under any such other of the Security Documents and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce judgment or decree against the Agency, but solely as provided in the Indenture, the Leasehold Mortgage, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement and in the Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from the moneys in the Bond Fund and other moneys available therefor to the extent provided in the Indenture) in any manner provided by law, the moneys adjudged or decreed to be payable. The Trustee shall file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Bondholders allowed in any judicial proceedings relative to the Company, AMR, any of the other obligors under any other of the Security Documents, the Agency or their creditors or property.

Regardless of the occurrence of an Event of Default, the Trustee, if requested in writing by the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding, and in each case furnished with security and indemnity satisfactory to it, shall institute and maintain such suits and proceedings with respect to the Bonds as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Indenture, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement, the Leasehold Mortgage or any other of the Security Documents by any acts which may be unlawful or in violation of the Indenture, the Equipment Security Agreement, the Company Guaranty, the AMR Guaranty, the Leasehold Mortgage or any other of the Security Documents or of any resolution authorizing any Bonds,

and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders; *provided* that such request shall not be otherwise than in accordance with the provisions of law and of the Indenture.

No action taken pursuant to the provisions of the Indenture and described above shall be inconsistent or contrary to the terms and provisions of the Indenture described in this Appendix D under "*—Limitation of Remedies*" below.

Application of Revenues and Other Moneys After Default. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture, the Equipment Security Agreement, the Company Guaranty, the AMR Guaranty or the Leasehold Mortgage or under any other of the Security Documents shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited into the Bond Fund and all moneys so deposited and available for payment of the Bonds shall be applied, subject to the Indenture, as follows:

Unless the principal of all of the Bonds shall have become or have been declared due and payable,

> *First* - To the payment to the persons entitled thereto of all installments of interest then due on such Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and
>
> *Second* - To the payment to the persons entitled thereto of the unpaid principal or redemption price, if any, of any of the Bonds which shall have become due (other than Bonds or principal installments called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the Bonds or principal installments due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

If the principal of all the Bonds shall have become or have been declared due and payable, to the payment to the Bondholders of the principal and interest (at the rate or rates expressed in the Bonds) then due and unpaid upon such Bonds and, if applicable, to the redemption price of the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

If the principal of all the Bonds and interest thereon shall have been declared due and payable, and if such declaration shall thereafter shall have been rescinded and annulled, then, subject to the provisions of the Indenture described in the immediately preceding paragraph,

which shall be applicable in the event that the principal of all the Bonds shall later become due and payable, the moneys shall be applied in accordance with the provisions of the Indenture described in the second preceding paragraph.

Notwithstanding the foregoing provisions, amounts drawn under any Credit Facility held with respect to a particular series of Bonds shall be applied solely to the payments of amounts due on such series of Bonds secured by such Credit Facility.

Whenever moneys are to be applied pursuant to the provisions of the Indenture and described under this heading, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; *provided, however,* that if the principal or redemption price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable as the result of an Event of Default, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Bondholders as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Majority Bondholders Control Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings; *provided,* that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and *provided, further*, if a series of Bonds is secured by a Credit Facility, for so long as such applicable Credit Facility is outstanding and no default specified in the Indenture has occurred and is continuing with respect to such Bonds, the applicable Credit Facility Provider shall have the right to direct all proceedings on behalf of the holders of the Bonds of such series secured thereby and to vote the Bonds of such series secured thereby for all purposes under the Indenture.

Individual Bondholder Action Restricted. No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provisions of the Indenture or any other Security Documents with respect to such Bond or the execution of any trust under the Indenture or for any remedy under the Indenture or any other Security Documents, unless such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default as provided in the Indenture, and the Holders of at least 25% in aggregate principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered the Trustee reasonable opportunity either to exercise the powers granted in the Indenture or such other Security Documents or by the Act or by the laws

of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby (other than costs, expenses and liabilities related to acceleration), and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his, its or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture, except in the manner provided in the Indenture; and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and, subject to the provisions of the Indenture, be for the equal benefit of all Holders of the Outstanding Bonds.

Nothing contained in the Indenture, in any other Security Document or in the Bonds shall affect or impair the right of any Bondholder to payment of the principal, redemption price, if applicable, Sinking Fund Installments, if applicable, purchase price of, and interest on any Bond at and after the maturity thereof, or the obligation of the Agency to pay the principal or redemption price, if applicable, Sinking Fund Installment, if applicable, purchase price of, and interest on each of the Bonds to the respective Holders thereof at the time, place, from the source and in the manner expressed in the Indenture and in said Bonds.

Effect of Discontinuance of Proceedings. In case any proceedings taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Trustee and the Bondholders shall be restored, respectively, to their former positions and rights under the Indenture, and all rights, remedies, powers and duties of the Trustee shall continue as in effect prior to the commencement of such proceedings.

Notice of Default. The Trustee shall promptly mail to the Agency, to the registered Holders of Bonds, to the Company and to AMR, by first class mail, postage prepaid, written notice of the occurrence of any (i) Event of Default with respect to the Bonds and (ii) the receipt by the Trustee as Leasehold Mortgagee of a Notice of Termination pursuant to and as defined in the Port Authority Lease as amended or any similar notice of termination of or default under the New City/American Lease or the Agreement Towards Entering Into a Lease. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice described under this subheading.

Waivers of Default. The Trustee shall waive any default under the Indenture and its consequences and rescind any declaration of acceleration upon the written request of the Holders of greater than 50% in aggregate principal amount of all the Bonds then Outstanding; *provided, however,* that there shall not be waived without the consent of the Holders of all the Bonds Outstanding (a) any default in the payment of the principal, purchase price or redemption price of any Outstanding Bonds at the date specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, and all arrears of payment of principal, purchase price and redemption price with respect to such Bonds when due, as the case

may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Agency, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Limitation of Remedies. The Agency and the Trustee represent to and agree with the Port Authority that (a) the only right and interest that the Agency shall have in the Leased Facilities is to sublease the Leased Facilities to and from the Company and impose upon the Company the obligations set forth in the IDA Lease Agreement and (b) neither the Agency, nor the Bondholders, nor the Trustee (except as Leasehold Mortgagee under or pursuant to the Leasehold Mortgage) shall have any other interest in the Leased Facilities or the Port Authority Lease (including but not limited to, any rights to perform the rights or obligations of the Company under the Port Authority 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 Port Authority 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 Company, the Agency and the Trustee have represented to and agree with the Port Authority that neither they nor the Bondholders shall have any claim, interest, remedy, right or action against the Port Authority or the Leased Facilities or under the Port Authority 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 under or pursuant to the Leasehold Mortgage or Section 92).

Leasehold Mortgage and Section 92. In addition to and without limiting the foregoing, the Trustee and each Bondholder acknowledges and agrees under the Indenture that in the event there shall be a conflict between the provisions of the Leasehold Mortgage and Section 92, Section 92 shall govern.

Trustee and Paying Agents

The Trustee, in its capacity as the Trustee, the Paying Agent or the Bond Registrar, shall be under no obligation to institute any suit, or to take any remedial action under the Indenture (other than accelerating the Bonds when required by the Indenture), or under any other Security Documents or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts created by the Indenture or in the enforcement of any rights and powers under the Indenture, or under any other Security Documents, until it shall be indemnified to its satisfaction against any and all reasonable expenses for services, costs, outlays and counsel fees and other disbursements, and against all liability not due to its willful misconduct or negligence; *provided, however,* that the Trustee shall nevertheless be obligated to make payments (from the sources specified in the Indenture) on the

Bonds when due as provided in the Indenture or in a Series Supplemental Indenture, all at the times and in the manner specified therein.

Discharge of Indenture

Bonds of a series will be deemed paid for all purposes of the Indenture when (x) the interest rate or interest rates in effect with respect to such series of Bonds cannot by their terms and under the applicable Series Supplemental Indenture be adjusted prior to the date on which the Bonds of such series are to be redeemed or their maturity date, if earlier, and the Bonds of such series are not subject to optional tender for purchase prior to the date on which such Bonds are to be redeemed or their maturity date, if earlier, (y) payment of the principal of and the maximum amount of interest that may become due on such series of Bonds to the due date of such principal and interest, including all regularly scheduled interest payments (whether to maturity, upon redemption, acceleration or otherwise) either (i) has been made in accordance with the terms of such series of Bonds or (ii) has been provided for by depositing with the Trustee in an account held in the Bond Fund by the Trustee (1) moneys sufficient to make such payment and/or (2) noncallable Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment without regard to the reinvestment thereof; and (z) all compensation and expenses of the Trustee (as well as the fees and expenses of its counsel) pertaining to the Bonds of such series have been paid or provided to the satisfaction of the Trustee. When a Bond of a series is deemed paid, it will no longer be secured by or entitled to the benefits of the Indenture except for payment from moneys or Government Obligations under clause (y)(ii) above and except that it may be transferred, exchanged, registered, discharged from registration or replaced as provided in the Indenture.

Notwithstanding the foregoing, no deposit under clause (y)(ii) above shall be deemed a payment of a Bond of a series until (A) notice of redemption of such Bond is given in accordance with the Indenture or in accordance with the applicable Series Supplemental Indenture or, if the Bond is not to be redeemed or paid within the next 60 days, until the Company has given the Trustee, in form satisfactory to the Trustee, (i) irrevocable instructions to notify, as soon as practicable, the holder of the Bond of such series that the deposit required by clause (y)(ii) above has been made with the Trustee and that the Bond of such series is deemed to be paid under the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of the Bond of such series, and (ii) in the event the amounts deposited pursuant to (y)(ii) above are to be invested in Government Obligations, a report or opinion addressed to the Trustee of an independent certified public accountant or firm of independent certified public accountants satisfactory to the Trustee to the effect that such deposit is an amount sufficient to effect such payment; or (B) the maturity of the Bond of such series.

When all Outstanding Bonds are deemed paid as provided in the Indenture, and all fees and expenses and other amounts due and payable in respect thereof to the Trustee and the Agency under the Indenture, the IDA Lease Agreement and the Equipment Security Agreement and any other amounts required to be paid to the United States government in accordance with each applicable Tax Certificate or pursuant to the Indenture shall be paid in full, then, subject to the paragraph below, the lien of the Leasehold Mortgage, the lien of the Equipment Security

Agreement, the obligations of the Company under the Company Guaranty and of AMR under the AMR Guaranty, the pledge under the Indenture of any lease rentals, revenues or receipts payable by, or any guaranteed obligation of, the Company under the IDA Lease Agreement, and the estate and rights granted under the Indenture and all covenants, agreements and other obligations of the Agency to the Holders of all of the Bonds under the Indenture in respect of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied and the Bonds shall thereupon cease to be entitled to any lien, benefit or security under the Indenture, except as to moneys or securities held by the Trustee or the Paying Agents as provided in the Indenture and described under this heading. At the time of such cessation, termination, discharge and satisfaction, in respect of all of the Bonds, (1) the Trustee shall cancel and discharge the lien of the Indenture and execute and deliver to the Company all such instruments as may be appropriate to satisfy such liens and to evidence such discharge and satisfaction, (2) the Trustee and the Paying Agents shall pay over or deliver to the Agency for payment to the Company or on its order, as a rebate of rent, all moneys or securities held by them pursuant to the Indenture which are not required (i) for the payment of principal of, purchase price, redemption price, and Sinking Fund Installments, if any, of or interest on Bonds not theretofore surrendered for such payment or redemption, (ii) for the payment of all such other amounts due or to become due under the Security Documents, or (iii) for the payment of any amounts the Trustee has been directed to pay to the United States government in accordance with any Tax Certificate or the Indenture and (3) the Trustee shall return each Guaranty to the respective Guarantor.

Prior to any defeasance of a series of Bonds becoming effective as described above, there shall have been delivered to the Agency and the Trustee an opinion of Bond Counsel, addressed to the Agency and the Trustee, to the effect that (i) interest on any Tax-Exempt Bonds of such series being discharged by such defeasance will not become includable in gross income for federal income tax purposes by reason of such defeasance and (ii) the Bonds of such series have been paid within the meaning and with the effect expressed in the Indenture.

No provision described under this heading, including any defeasance of Bonds, shall limit the rights of the Holder of any Bonds to tender such Bonds for purchase, exchange, register, discharge from registration or replace Bonds, nor limit the rights of the Trustee or the Paying Agents to compensation in accordance with their agreements theretofore existing, until such Bonds shall have been paid in full. Bonds delivered to the Trustee for payment shall be canceled by the Trustee pursuant to the Indenture.

The Trustee shall hold in trust money and/or Government Obligations deposited with it and as described above under this heading and shall apply the deposited money and the money from the Government Obligations in accordance with the Indenture only to the payment of principal of, interest on, or purchase price of, the Bonds of such series defeased in accordance with the Indenture.

When the Bonds have been paid in full, the Trustee shall so notify the Company.

Amendments of Indenture

Supplemental Indentures Without Bondholders' Consent. The Agency and the Trustee may, from time to time and at any time, enter into amendments or supplements to the Indenture, including any Series Supplemental Indenture (a "*Supplemental Indenture*"), without the consent of the Bondholders for any of the following purposes:

(1) To cure any formal defect, omission or ambiguity in the Indenture or in any description of property subject to the lien thereof.

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(3) To add to the covenants and agreements of the Agency in the Indenture other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(4) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Indenture as theretofore in effect.

(5) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of revenues or other income from or in connection with the Facility or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

(6) To modify or amend such provisions of the Indenture as shall, in the opinion of Bond Counsel delivered to the Agency, be necessary to assure the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

(7) To authorize the issuance of a series of Additional Bonds and to prescribe the terms, forms and details thereof consistent with the Indenture.

(8) To effect any other change in the Indenture which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Bondholders.

(9) To make any change not materially adversely affecting any Bondholder's rights to provide for or to implement the provisions of any Credit Facility with respect to a particular series of Bonds.

(10) With respect to any Bonds of a series entitled to the benefits of a Credit Facility, to make any change (other than changes permitted in paragraph (9) above) to provide for or to implement the provisions of such Credit Facility, only if the changes to

the Indenture become effective on a purchase date on which the Bonds of such series are subject to mandatory tender for purchase.

(11) To evidence the succession of a new Trustee or the appointment by the Trustee or the Agency of a co-trustee.

(12) To make any change not materially adversely affecting any Bondholder's rights requested by the Rating Agency in order to secure or maintain a rating on the Bonds.

(13) To modify, amend or supplement the Indenture or any supplement thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute thereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

(14) To modify or amend the provisions of the Indenture as shall, in the Opinion of Counsel, be necessary to conform the provisions of the Indenture to the New City/American Lease and/or the provisions of a leasehold mortgage of the Company's leasehold interest under the New City/American Lease.

Before the Agency and the Trustee shall enter into any Supplemental Indenture described above, there shall have been filed with the Trustee an Opinion of Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Agency in accordance with its terms.

Supplemental Indentures With Bondholders' Consent. Subject to the terms and provisions contained in the Indenture, the Holders of greater than 50% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the entering into by the Agency and the Trustee of any Supplemental Indenture with respect to the Bonds as shall be deemed necessary or desirable by the Agency for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture. Nothing contained in the Indenture shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal, redemption price, Sinking Fund Installments, purchase price of, or interest on any Outstanding Bond, a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, a reduction in the principal amount of or the redemption price of any Outstanding Bond or the rate of interest thereon (except upon conversion), any extension of the time of payment thereof, a change in the mechanics for any interest rate determination method applicable to any Bond, or a change in the terms of the purchase, in any case without the consent of the Holder of such Bond, (ii) the creation of a lien upon or pledge of revenues or rental income from or in connection with the Facility and payable by the Company under the IDA Lease Agreement other than the lien or pledge created by the Indenture, the Equipment

Security Agreement, and the Leasehold Mortgage, except as provided in the Indenture with respect to Additional Bonds, (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture, or (v) a modification, amendment or deletion with respect to any of the terms described in this paragraph, without, in the case of items (i) through and including (v) of this section, the written consent of 100% of the Holders of the Outstanding Bonds (*provided* that a change affecting less than all of Outstanding Bonds shall require the approval only of the Holders of the Outstanding Bonds so affected). For the purposes described in this paragraph, Bonds shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, such Bonds would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Agency and all Holders of such Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether such Bonds would be so affected by any such modification or amendment of the Indenture.

If at any time the Agency shall determine to enter into any Supplemental Indenture for any of the purposes described in the immediately preceding paragraph, it shall cause notice of the proposed Supplemental Indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall be prepared by the Company and shall briefly set forth the nature of the proposed Supplemental Indenture, and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders. Any change affecting less than all Bonds shall require notice to only to the Holders of the Bonds so affected.

Subject to the terms and provisions contained in the Indenture, within one year after the date of such notice, the Agency and the Trustee may enter into such Supplemental Indentures in substantially the form described in such notice only if there shall have first been filed with the Trustee (i) the written consents of Holders of not less than a majority of or 100% of, as the case may be, the aggregate principal amount of the Bonds then Outstanding (*provided* that a change affecting less than all of the Outstanding Bonds shall require approval only of the Holders of Outstanding Bonds so affected) and (ii) an Opinion of Counsel stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms, and that upon execution it will be valid and binding upon the Agency in accordance with its terms. Each valid consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of such Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee prior to the execution of such Supplemental Indenture.

Upon the execution of any Supplemental Indenture as described under this heading, the Indenture shall be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under the Indenture of the Agency, the Trustee and all Holders of the affected Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modifications and amendments.

Rights of Company. Anything in the Indenture to the contrary notwithstanding, any Supplemental Indenture shall not become effective unless and until the Company shall have given its written consent to such Supplemental Indenture signed by an Authorized Representative of the Company.

Amendments of Related Transaction Documents

Amendments of Security Documents Not Requiring Consent of Bondholders. The Agency and the Trustee may consent, without the consent of or notice to the Bondholders, to any amendment, change or modification of any of the Security Documents (i) for the purpose of curing any ambiguity or formal defect or omission therein, (ii) which, in the judgment of the Trustee, based upon an opinion of Bond Counsel, is not materially to the prejudice of the Trustee, the Agency or the Holders of the Bonds, (iii) which, in the opinion of Bond Counsel delivered to the Agency, shall be necessary to assure the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes, or (iv) which, in the Opinion of Counsel, shall be necessary to conform the provisions of such Security Documents to the New City/American Lease and/or the provisions of a leasehold mortgage of the Company's leasehold interest under the New City/American Lease. The Trustee shall have no liability to any Bondholder or any other person for any action taken by it in good faith as described in this paragraph.

Amendments of Security Documents Requiring Consent of Bondholders. Except as described in the immediately preceding paragraph, the Agency and the Trustee shall not consent to any amendment, change or modification of any of the Security Documents affecting any Bonds, without mailing of notice and the written approval or consent of the Holders of greater than 50% in aggregate principal amount of the Bonds at the time Outstanding given and procured as set forth in the Indenture; *provided, however,* there shall be no amendment, change or modification to (i) the obligation of the Company to make lease rental payments with respect to any Bonds under the IDA Lease Agreement, or (ii) the Company's or AMR's obligations under the Guaranties, without the prior written approval of the Holders of 100% in aggregate principal amount of all Bonds at the time Outstanding given and procured as provided in the Indenture. If at any time an obligor under a Security Document shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be mailed in the same manner as is provided in the Indenture with respect to Supplemental Indentures. Such notice shall be prepared by the Agency or the Company and shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. For the purposes described in this paragraph, Bonds shall be deemed to be affected by a modification or amendment to a Security Document if the same adversely affects or diminishes the rights of

the Holders of such Bonds. The Trustee may in its discretion determine whether or not, in accordance with the foregoing described provisions, the Bonds would be affected by any modification or amendment to a Security Document and any such determination shall be binding and conclusive on the Agency and all Holders of the Bonds. The Trustee may receive an opinion of counsel, including an opinion of Bond Counsel, as conclusive evidence as to whether the Bonds would be so affected by any such modification or amendment to a Security Document.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE GUARANTIES

The Company and AMR will execute separate Guaranties. Except as noted below, the Guaranties contain substantially the same terms and provisions. The following is a brief summary of certain provisions of the Guaranties and does not purport to be comprehensive or complete. Reference is made to the Guaranties for the complete provisions. As used in this Appendix E, the term "Guarantor" means American Airlines, Inc. or AMR Corporation, as applicable, as guarantor under its respective Guaranty.

Guaranty of the Bonds

Each Guarantor will execute and deliver to the Trustee its respective Guaranty, pursuant to which it will unconditionally guarantee to the Trustee for the benefit of the owners of the Bonds outstanding under the Indenture, including the Series 2002 Bonds: (a) the full and prompt payment of the principal, purchase price and premium, if any, on the Bonds when and as the same shall become due and payable, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise and (b) the full and prompt payment of interest on the Bonds and, to the extent permitted by law, interest on overdue interest and premium, when and as the same shall become due and payable. The obligations of each Guarantor under its Guaranty will be absolute, unconditional and immediately enforceable when each payment is due thereunder and will remain in full force and effect until such date as the Indenture is discharged and satisfied in accordance with the terms of the Indenture.

Assignment; Dissolution or Merger; Ability to Incur Debt

Under the AMR Guaranty, AMR may assign the AMR Guaranty to any Person. Except as provided in the immediately succeeding paragraph, no such assignment pursuant to the immediately preceding sentence will release AMR from any of its obligations under the AMR Guaranty unless 100% of the Holders of the Outstanding Bonds have consented to such release. The Company may not assign its obligations under the Company Guaranty; *provided* that the Company may assign the Company Guaranty to any Person to whom it assigns the Port Authority Lease in its entirety (by operation of law or otherwise) as provided in the Port Authority Lease (and described in APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Assignment and Sublease") or to whom it assigns the New City/American Lease in its entirety pursuant to the New City/American Lease. Consistent with the provisions of the AMR Guaranty, except as provided in the immediately succeeding paragraph, no assignment of the Company Guaranty pursuant to the immediately preceding sentence will release the Company from any of its obligations under the Company Guaranty unless 100% of the Holders of the Outstanding Bonds have consented to such release.

Each Guarantor agrees that during the term of its respective Guaranty it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another entity unless the surviving entity or transferee, as applicable, is a solvent corporation or other solvent entity and, concurrently with such transaction, irrevocably and unconditionally

assumes in writing, by means of an instrument which is delivered to the Agency and the Trustee, all of the obligations of such Guarantor under such Guaranty (unless such Guarantor is the survivor, in which case no such written assumption will be required). Upon any dissolution, disposition, merger or consolidation in accordance with the preceding sentence, the successor entity formed by such consolidation or into which such Guarantor is merged or to which such disposition is made will succeed to, and be substituted for, and will exercise every right and power of, such Guarantor under its respective Guaranty with the same effect as if such successor entity had been named as the Guarantor therein. Upon any dissolution or disposition in accordance with the next preceding sentence where the applicable Guarantor is not the surviving entity, such Guarantor shall automatically be released from all of its obligations under its respective Guaranty. Under the Company Guaranty, the provisions described in this paragraph are also subject to the requirement that the guarantor under the Company Guaranty must at all times be the Person that is the "Lessee" under the Port Authority Lease and the New City/American Lease.

The Guaranties do not contain any restriction on the ability of AMR or the Company to incur debt or, except as described in the preceding paragraph, to sell or otherwise transfer any portion of its assets.

Events of Default

The following constitute "Events of Default" under each Guaranty:

(a) the applicable Guarantor fails under such Guaranty to make any payment with respect to the principal or purchase price or premium, if any, on the Bonds;

(b) the applicable Guarantor fails under such Guaranty to make any payment with respect to interest on the Bonds and such default continues for five Business Days from the date such payment was due;

(c) the applicable Guarantor fails to observe and perform any other covenant in such Guaranty and such failure continues for more than 60 days after written notice of such failure (which shall be deemed given when delivered or when mailed by registered or certified mail) has been given to such Guarantor by the Trustee;

(d) Any warranty, representation or other statement by the applicable Guarantor contained in such Guaranty is false or misleading in any material respect as of the date made; or

(e) the dissolution or liquidation of the applicable Guarantor or the commencement by the applicable Guarantor of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; the entry of a decree or order for relief in respect of the applicable Guarantor by a court of competent jurisdiction in an involuntary case under any applicable bankruptcy, insolvency or similar law now or hereafter in effect or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the applicable Guarantor or for any substantial

part of its property and the failure of such decree, order or appointment to be discharged within 90 days after such decree, order or appointment; the assignment by the applicable Guarantor of all or substantially all its assets for the benefit of creditors or the entry by the applicable Guarantor into an agreement of composition with creditors; or the taking of any action by the applicable Guarantor in furtherance of the foregoing. The term "dissolution or liquidation of the applicable Guarantor" may not be construed to include cessation of the corporate existence of the applicable Guarantor resulting from either a merger or consolidation of the applicable Guarantor into or with another entity or dissolution or liquidation of the applicable Guarantor following a transfer of all or substantially all of its assets as an entirety under the conditions permitting such actions with respect to the applicable Guarantor contained in such Guaranty and described above under "—Assignment; Dissolution or Merger; Ability to Incur Debt."

Upon an Event of Default under a Guaranty, the Trustee will have the right to proceed first and directly against the applicable Guarantor under such Guaranty without resorting to any security held by the Agency or the Trustee under the Indenture.

Governing Law

Each Guaranty is governed by the laws of the State of Texas.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE

The following is a summary of certain provisions of the Port Authority Lease and does not purport to be comprehensive or complete. Reference is made to the Port Authority Lease for the complete provisions.

General

The Company has leased from the Port Authority, pursuant to the Port Authority Lease, the Premises on which the Facility is to be located at the Airport. The Port Authority Lease is subject to the Basic Agreement between the City and the Port Authority under which the City, the fee owner of the real property comprising the majority of the Airport and existing improvements thereon, has leased such real estate to the Port Authority. The current expiration date of the Basic Lease is December 31, 2015, subject to earlier termination in certain circumstances.

Redevelopment Work

The Company has agreed to submit to the Port Authority for its approval the Company's comprehensive plan for the redevelopment of the Premises. The Company has agreed that its comprehensive plan for the Redevelopment Work (which will include construction work both on and off the Premises) will include, among other things:

(a) A three level main passenger terminal building and a two level remote passenger terminal building consisting of approximately 1.9 million total square feet of floor space for both buildings.

(b) Not less than fifty-five aircraft loading and unloading gate positions, of which at least thirty-five are to accommodate wide-body aircraft and of which at least two are to accommodate narrowbody aircraft, together with all associated and related areas and facilities, including, without limitation, passenger boarding gate lounges; and

(c) Related mechanical areas, concession areas, utility conduits, fuel systems, roadways, aircraft ramp and apron areas, grading and landscaping and ground transportation systems.

All such Redevelopment Work, whether on or off the Premises, is at the Company's sole cost and expense and must be in conformance with the design criteria contained in the Port Authority Tenant Construction Review Manual, as the same may be amended from time to time.

All Redevelopment Work must be done in accordance with the terms and conditions set forth in the Port Authority Lease which include, among other things, the following:

(a) The Company must assume the risk of loss or damage to all of the Redevelopment Work prior to its completion and the risk of loss or damage to all property of the Port Authority and others and the risk of personal injury and death to all people arising out of or in connection with the performance of the Redevelopment Work. In the event of such loss or damage, the Company is required to forthwith repair, replace and make good the Redevelopment Work and the property of the Port Authority without cost or expense to the Port Authority.

(b) The Company has advised the Port Authority that it intends to expend not less than $850 million with respect to the Redevelopment Work and shall complete the Redevelopment Work by December 22, 2007.

(c) Prior to entering into a contract for any part of the Redevelopment Work, the Company must submit to the Port Authority for its approval the names of the contractors to whom the Company proposes to award said contracts. The Port Authority has the right to disapprove any contractor who is unacceptable to it. The Company must include in all such contracts such provisions and conditions as the Port Authority reasonably requires.

(d) The Company must furnish or require its architect to furnish a full-time resident engineer during the construction period of the Redevelopment Work.

(e) The Company has agreed to be solely responsible for any plans and specifications used by it and for any loss or damages resulting from the use thereof, notwithstanding their approval by the Port Authority and notwithstanding the incorporation therein of Port Authority recommendations or requirements.

(f) The Port Authority has the right, through its duly designated representatives, to inspect the Redevelopment Work and the plans and specifications relating to it, at any and all reasonable times during its progress and from time to time, in its discretion, to take samples and perform testing in any part of the Redevelopment Work.

(g) The Company must pay or cause to be paid all claims lawfully made against it by its contractors, subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the Redevelopment Work, and must cause its contractors and subcontractors to pay all such claims lawfully made against them.

(h) The Company has agreed to procure and maintain insurance, including commercial general liability insurance, premises, operations, products liability, and builder's risk insurance.

(i) The Company has agreed that it will put into effect prior to the commencement of any of the Redevelopment Work an affirmative action program and

minority business enterprise program and women-owned business enterprise program in accordance with the provisions of the Port Authority Lease.

In general, title to the Redevelopment Work passes to the City as the same or any part thereof is erected, constructed or installed and as the same becomes a part of the Premises. When the Redevelopment Work is substantially completed and ready for use, the Company must advise the Port Authority to such effect and shall deliver to the Port Authority a certificate signed by an authorized officer of the Company and also signed by the Company's licensed architect or engineer certifying that the Redevelopment Work has been constructed in accordance with the approved plans and specifications and the provisions of the Port Authority Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders. Thereafter, the Redevelopment Work will be inspected by the Port Authority and if it has been completed as certified by the Company and the Company's licensed architect or engineer, as aforesaid, a certificate to such effect shall be delivered to the Company, subject to the condition that all risks thereafter with respect to the construction and installation of the Redevelopment Work and any liability for negligence or other reason shall be borne by the Company. The Company must not use or permit the use of the Redevelopment Work for the purposes set forth in the Port Authority Lease until such certificate is received from the Port Authority, and the Company shall not use or permit the use of the Redevelopment Work or any portion thereof even if such certificate is received if the Port Authority states in any such certificate that the same cannot be used until other specified portions are completed.

Term

The expiration date of the Port Authority Lease is December 30, 2015, *provided, however,* that if there is any extension or replacement of the Basic Lease (*"Applicable 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, (B) December 21, 2036 and (C) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date; *provided, however,* in the event there shall be a transfer of title to and ownership of the fee in the Airport to the Port Authority, the expiration date shall be the first to occur of (B) and (C). Notwithstanding the foregoing, in the event that the Required Conditions have not occurred prior to December 30, 2015, then the Port Authority Lease will automatically terminate without notice to the Company on December 30, 2015, notwithstanding any Applicable Airport Lease Extension Agreement.

Following execution of any Applicable Airport Lease Extension Agreement, the Port Authority may, at its option, tender to the Company a proposed supplement to the Port Authority Lease with such terms and provisions as the Port Authority deems appropriate. However, no such proposed supplement may change the location or size of the Premises or the rentals under the Port Authority Lease, except that the Port Authority may require the Company 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. If the Company does not execute such proposed supplement within 25 days, the Port Authority may terminate the Port Authority Lease as of the 46th day after the original tender of such proposed supplement.

Rent

As of December 22, 2000, the effective date of the amended and restated Port Authority Lease, the Company agreed to pay the Port Authority ground rent and building rent equaling approximately $20,190,000 per year, such amount being subject to annual increases based upon a percentage of the percentage increase of the consumer price index.

In addition to general abatement provisions covering casualty and condemnation, the Company benefits from partial rent abatement of the existing buildings as it reaches the following investment targets in connection with the construction of the Project:

(i) For the period commencing on the date which is the later of (i) December 22, 2002 and (ii) the first of the month following the month that the Company's investment totals $283,333,050, through the date which is the later of (i) December 21, 2004 and (ii) the last day of the month during which the Company investment totals $566,666,100, the building rentals abate by 33.33%; and

(ii) For the period commencing on the date which is the later of (i) December 22, 2004 and (ii) the first of the month following the month that the Company's investment totals $566,666,100, through the date which is the earlier of the day preceding the (i) the first day of the month after all of the Required Conditions have been met (*"Building Rental End Date"*) and (ii) December 22, 2010, the building rentals abate by 66.66%;

provided however, if the Company does not complete construction of the new terminal and satisfy the Required Conditions by December 22, 2010, then the abatements described above will no longer be effective and the Company will be required to pay the full amount of building rent until the Building Rental End Date, whenever that occurs.

The Company is obligated to pay "Terminal Rental" (as defined below) on the new terminal contemplated by the Project from and after the date which is the earlier of (1) December 22, 2031 and (2) the 25th anniversary of the Redevelopment Work Completion Date (*"Terminal Rental Commencement Date"*). On the Terminal Rental Commencement Date, the Port Authority will take a certain terminal rental rate (calculated as set forth in the Port Authority Lease) and multiply it by the number of square feet of interior space in the new terminal building (such calculated figure being referred to herein as the *"Terminal Rental"*). As of the Terminal Rental Commencement Date, the Company has agreed to pay 33.33% of the Terminal Rental, as adjusted annually by a percentage of the percentage increase of the consumer price index. The percentage of Terminal Rental payable by the Company gradually increases to 66.67% of the Terminal Rental over set adjustment periods until the Company is obligated to pay 100% of the Terminal Rental.

Termination by Port Authority

The Port Authority Lease is subject to earlier termination by the Port Authority in the event that:

(a) The Company becomes insolvent or takes the benefit of any present or future insolvency statute, or makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy or a petition or answer seeking an arrangement or its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its property; or

(b) By order or decree of a court, the Company is adjudged bankrupt or an order is made approving a petition filed by any of its creditors or by any of the stockholders of the Company, seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or any state thereof, *provided* that if any such judgment or order is stayed or vacated within 60 days after the entry thereof, any notice of cancellation shall be and become null, void and of no effect; or

(c) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Company, and such possession or control shall continue in effect for a period of 60 days; or

(d) The Company voluntarily abandons, deserts or vacates the Premises or discontinues its operations at the Airport, or after exhausting or abandoning any right of further appeal, the Company, because of an act or omission of the Company, is prevented for a period of 30 days by action of any governmental agency (other than the Port Authority) having jurisdiction thereof, from conducting its operations at the Airport; or

(e) Any lien is filed against the Premises because of any act or omission of the Company and is not discharged within 30 days after the Company receives notice thereof; or

(f) Except as otherwise provided in the Port Authority Lease, the letting under the Port Authority Lease of the interest or estate of the Company under the Port Authority Lease is transferred directly by the Company or passes to or devolves upon, by operation of law or otherwise, any other person, firm or corporation; or

(g) A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute is filed against the Company and is not dismissed within 90 days after the filing thereof; or

(h) Except as otherwise provided in the Port Authority Lease, the Company, without the prior written approval of the Port Authority, becomes a possessor or merged corporation in a merger, a constituent corporation in a consolidation, or a corporation in dissolution (except that a merger or consolidation shall not be grounds for termination if the resulting corporation has a financial standing as of the date of the merger or consolidation at least as good as that of the Company, by which is meant that its working capital, its ratio of current assets to current liabilities, its ratio of fixed assets to fixed liabilities and its net worth shall be at least as favorable as that of the Company); or

(i) The Company fails to pay the rentals or to make any other payment required under the Port Authority Lease when due to the Port Authority and continues in its failure to pay rentals or to make any other payments required under the Port Authority Lease for a period of 20 days after receipt of notice by it from the Port Authority to make such payments; or

(j) The Company fails to keep, perform and observe each and every other promise, covenant and agreement set forth in the Port Authority Lease on its part to be kept, performed, or observed, within 30 days after receipt of notice of default from the Port Authority (except where fulfillment of its obligation requires activity over a period of time, and the Company has commenced to perform whatever may be required for fulfillment within 30 days after receipt of notice and continues such performance without interruption except for causes beyond its control); or

(k) The occurrence of a "change of control" (as defined in the Port Authority Lease) which either (i) results in a detectable decrease in the amount of, and a change in the nature of, the Company's scheduled passenger aircraft operations at the Airport or (ii) has the effect of causing the Port Authority Lease to become the only asset or a greater portion of the assets of the Company than prior to such "change in control."

The Port Authority Lease is subject to termination upon the expiration or termination of the Basic Lease.

The term of the Port Authority Lease is also subject to termination, resulting in the Company being deemed a hold-over tenant, on a month-to-month periodical basis, due to the occurrence of any of the following (referred to as *"Triggering Events"*):

(a) Failure by the Company to make payment as provided in two or more of the categories listed below:

(i) payment of monthly installments of rent to the Port Authority on the first day of each calendar month;

(ii) payment of all sums, including, without limitation, flight fees and fuel gallonage fees under the General Airport Agreement, or otherwise, on or before the 20th day of the following calendar month;

(iii) payment of all sums due to the Port Authority under the Port Authority Lease or otherwise, and outstanding for more than 30 days, appearing on a statement of account rendered by the Port Authority to the Company.

(b) As a result of a default by the Company, other than a default arising due to compliance by the Company with any applicable law or directive or (*provided* that the Company has satisfied the Port Authority that it is reasonable to comply therewith) with any requirement, whether having the force of law or not, of any governmental or regulatory authority to which the Company is subject, unless such default results in the Company becoming bound to repay prematurely any of its indebtedness for borrowed moneys as described in (i) below (not being that in respect of which the default has occurred) and steps are taken to obtain repayment thereof:

(i) the Company becomes bound to repay prematurely any of its indebtedness for borrowed moneys having an outstanding aggregate principal amount of at least $25 million or its equivalent in any other currency or currencies (the *"Specified Amount"*) and steps are taken to obtain repayment thereof; or

(ii) any such indebtedness having an outstanding aggregate principal amount of at least the Specified Amount or any guarantee or indemnity by the Company of any indebtedness of any Person for borrowed moneys having an outstanding aggregate principal amount of at least the Specified Amount is not, when due, paid by the latest of (A) its due date, (B) the expiry of any applicable grace period and (C) if payment is prevented by any applicable law 15 days after the first date on which payment is permitted,

unless the Company satisfies the Port Authority that such acceleration, default or failure to pay is being contested in good faith by the Company or unless the Company demonstrates to the Port Authority that such acceleration, default or failure to pay has arisen from events other than those which would signify a deterioration in the Company's financial position or an inability to meet its financial obligations under such indebtedness; or

(c) a creditor takes possession of, or an administrative or other receiver is appointed for, the whole or a substantial part of the assets of the Company and such taking of possession or appointment is not released, discharged or canceled within 60 days; or

(d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a substantial part of the assets of the Company and is not discharged, dismissed or stayed within 60 days thereof; or

(e) the Company stops payment generally or is unable to pay its indebtedness generally as and when it falls due (otherwise than for the purposes of a solvent reconstruction, amalgamation or merger the terms of which have previously been

approved in writing by the Port Authority) or ceases or threatens to cease to carry on all or substantially all of its business; or

(f) the Company makes an assignment for the benefit of creditors generally or admits in writing its inability to pay its indebtedness generally as it becomes due or takes corporate action in furtherance of any such action.

Any such month-to month periodical tenancy is terminable by either the Port Authority or the Company in accordance with law. If four consecutive calendar quarters have elapsed after a Triggering Event has occurred during which time the Company is in occupancy of the Premises as a month-to-month tenant, and during such period none of the Triggering Events have occurred or continue to occur, the Company is not in default in the payment of rental or any other provision of its month-to-month tenancy and neither the Port Authority nor the Company has terminated the month-to-month tenancy by notice to the other, then upon request by either party to the other, the Company and the Port Authority will enter into a supplementary agreement to be prepared by the Port Authority and to be promptly executed by the Port Authority or the Company which provides for the re-establishment of a tenancy between the Port Authority and the Company on a fixed term basis in accordance with all of the terms and provisions of the Port Authority Lease, and upon said execution the Port Authority Lease, as the same may theretofore have been supplemented, amended or extended, shall have the fixed term stated in the Port Authority Lease.

Reallocation of Gate Positions

The Port Authority is permitted to reallocate gate positions, as well as aircraft ramp and terminal facilities, leased to the Company under the Port Authority Lease to other airlines on six months' notice to the Company if the Company does not satisfy usage requirements set forth in the Port Authority Lease. The Company would be compensated by such other airlines for such a reallocation.

Termination by the Company

Except as otherwise described in the immediately succeeding paragraph, the Company may terminate the Port Authority Lease prior to its expiration if:

(a) the Company is prevented from operating its air transportation system to and from the Airport by reason of its inability to use a substantial part of all of the runways and taxiways (as defined in the Port Authority Lease):

(i) for a period of longer than 30 consecutive days as a result of any condition of the Airport not due to the fault of the Company;

(ii) for a period of longer than 90 consecutive days as a result of a permanent injunction issued by any court of competent jurisdiction;

(iii) for a period of longer than 90 consecutive days as a result of any order, rule or regulation of the FAA or other governmental agency having jurisdiction over the operations of the Company with which the Company is unable to comply at reasonable cost or expense; or

(b) the Port Authority fails to perform any of its obligations under the Port Authority Lease within 20 days after receipt of a notice of default thereunder from the Company (except where fulfillment of its obligation requires activity over a period of time, and the Port Authority has commenced to perform whatever may be required for fulfillment within 20 days after receipt of notice and continues such performance without interruption, except for causes beyond the control of the Port Authority).

Notwithstanding the provisions of the Port Authority Lease described in subparagraphs (a) and (b) above, the Company shall not have the right to terminate the Port Authority Lease without the consent of the Leasehold Mortgagee prior to the date that the Leasehold Mortgage and the Reletting Rights of the Leasehold Mortgagee automatically terminate pursuant to Section 92 as described in this Appendix F under "—Leasehold Mortgage and Reletting Rights—*Automatic Termination.*"

Assignment and Sublease

The Company has agreed that it will not sell, convey, transfer, mortgage, pledge or assign the Port Authority Lease or any part of the Premises, 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 the Port Authority Lease may be assigned in its entirety (by operation of law or otherwise) without such consent to any successor in interest of the Company which is or is to be a Scheduled Aircraft Operator satisfying the conditions set forth in the Port Authority Lease, and into which the Company merges or with which the Company consolidates, or which succeeds to the assets of the Company 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 Company has a Tangible Net Worth equal to at least 95% of that of the Company immediately preceding the merger, consolidation or assignment or (ii) the entity which then is the Company 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 Company'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 Company's Debt shall be used (together, the *"Financial Tests"*); or, in the event neither of the Financial Tests is satisfied, if the Company prior to the effectuation of such assignment submits to the Port Authority the Consent Security Deposit (as defined below). As used in the preceding sentence, the term *"Tangible Net Worth"* shall mean the difference between the Company's total assets and the sum of (i) the Company's intangible assets and (ii) the Company's total liabilities; the term "Debt" shall mean all obligations of the entity which then is the Company 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 Ratings Services, a division of The McGraw-Hill Companies, Inc. and/or 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 the Port Authority Lease by the Port Authority; the term *"Investment Grade"* shall mean a Grade of "BBB-" or higher by Standard & Poor's Ratings 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.

In the event that the Company 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 Company shall submit to the Port Authority within 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 Company of the same and the Company shall submit the Consent Security Deposit (as defined below) to the Port Authority not later than 15 business days following said notice from the Port Authority (the *"Consent Security Deposit Delivery Date"*).

The *"Consent Security Deposit"* shall mean an aggregate amount equal to (i) 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 Company arising out of or in connection with or due from its activities, operations, leases, permits or other agreements at the Airport, during the 12 calendar month period immediately preceding the calendar month of the date of the merger, consolidation or assignment, such sum under this clause (i) being limited, however, to the aggregate of the three highest monthly totals of said monetary obligations for any three calendar months during said 12 calendar month period with said sum to be determined by the Port Authority; plus (ii) 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 Company 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 12 calendar month period immediately preceding the calendar month of the date of the merger, consolidation or assignment, such sum under this clause (ii) being limited, however, to the aggregate of the three highest monthly totals of said monetary obligations for any three calendar months during said 12 calendar month period, with said sum to be determined by the Port Authority. In the event the Consent Security Deposit is delivered, the terms, provisions and conditions governing the use of said Consent Security Deposit shall be set forth in the assumption instrument referred to therein.

Leasehold Mortgage and Reletting Rights

Notwithstanding the provisions of the Port Authority Lease limiting assignments and transfers of the Premises, the Company has the right (exercisable one time only) to execute the Leasehold Mortgage and to date, execute and deliver the same in accordance with the Port

Authority Lease. The Leasehold Mortgage may mortgage only the leasehold interest of the Company or of a permitted assignee in the permitted Premises under the Port Authority Lease; *provided, however*, that if an assignee is granting a Leasehold Mortgage, it also must have assumed all of the obligations of the Company under the Port Authority Consent and all of the obligations of the Company under the Company Guaranty to pay principal, interest, purchase price and premium on the Bonds. The Leasehold Mortgage may secure only the obligations of (i) the Company (including permitted successors) under the Company Guaranty to pay principal, interest, purchase price and premium on the Bonds and (ii) AMR (including permitted successors) under the AMR Guaranty to pay principal, interest, purchase price and premium on the Bonds.

Reletting Rights Effective Date Conditions. The Leasehold Mortgage will not be effective, (i) the lien created by the Leasehold Mortgage will not attach, (ii) the Leasehold Mortgagee will have no rights under the Leasehold Mortgage, (iii) the Leasehold Mortgage will not be executed, dated, delivered or recorded and (iv) the Reletting Rights will not be exercisable, unless all of the following conditions (the *"Reletting Rights Effective Date Conditions"*) are satisfied:

(a) the Port Authority shall have received from the Company certain certificates certifying that there has been substantial completion of the Redevelopment Work;

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

(c) the Company shall have received from the Port Authority its certificate certifying that there has been substantial completion of the Redevelopment Work;

(d) the Company shall have spent not less than $850 million of qualified costs for the Redevelopment Work and the Company shall have received from the Port Authority either (i) an Audit Confirmation Notice (as defined below) confirming such expenditure or (ii) a Reliance Notice (as defined below) stating that it will rely on the Company's statement that it has spent such amount; and

(e) the Port Authority shall have received from the Company a certificate signed by a responsible officer of the Company certifying that the Premises contain not less than fifty-five aircraft loading and unloading gate positions of which at least thirty-five are to accommodate wide-body aircraft and of which at least two 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.

The Leasehold Mortgagee shall, at such time it deems appropriate following receipt of the Company's notice to the Leasehold Mortgagee that the Reletting Rights Effective Date Conditions have been satisfied, with the Leasehold Mortgage attached thereto, record or present for recording the Leasehold Mortgage in the appropriate filing office as required by and in compliance with all applicable law.

Any dating, execution, delivery or recording of the Leasehold Mortgage prior to the satisfaction of all of the Reletting Rights Effective Date Conditions or in violation or contravention of any of the terms, provisions, covenants and conditions of the Port Authority Lease or the Port Authority Consent, including any recording of a form of the Leasehold Mortgage which is not the same as the form attached to the Port Authority Consent or any dating, executing, delivery or recording of the Leasehold Mortgage which is in violation of any term, covenant, condition, provision or representation in the Port Authority Lease or the Port Authority Consent (each a *"Wrongful Recording of the Leasehold Mortgage"*) will constitute a material breach of the Port Authority Lease by the Company and an event of default under the Port Authority Lease permitting the Port Authority to terminate the Port Authority Lease, in addition to any other rights or remedies the Port Authority may have, legal, equitable or otherwise, under the Port Authority Lease or otherwise; and any Wrongful Recording of the Leasehold Mortgage will not constitute the Leasehold Mortgagee as the leasehold mortgagee nor entitle the Leasehold Mortgagee to any of the Reletting Rights or rights thereunder or any other rights against the Port Authority Lease or the Premises or the Port Authority. The Company has agreed to cooperate with the Port Authority and promptly take any action requested or required by the Port Authority or required by applicable law to remove and discharge the Leasehold Mortgage and any lien created by such Wrongful Recording of the Leasehold Mortgage, including the execution and filing of all appropriate instruments; and the Company will ensure that its agreements with the Leasehold Mortgagee, including the Indenture and the Leasehold Mortgage, incorporate such provisions, including similar obligations of the Leasehold Mortgagee.

The right of the Port Authority to terminate the Port Authority Lease based on the Wrongful Recording of the Leasehold Mortgage will not be subject to the Reletting Rights of the Leasehold Mortgagee, and the Leasehold Mortgagee will not have any rights to cure such default by the Company.

For purposes of determining whether the Company has made an investment in the Redevelopment Work of not less than $850 million to meet the Reletting Rights Effective Date Conditions, the Port Authority will, within one year after it receives a certificate from the Company, not later than December 1, 2014, stating that it has spent at least $850 million of qualified costs for the Redevelopment Work, send to the Company, with a copy to the Leasehold Mortgagee, a written notice that either (i) a Port Authority audit confirms an investment in the Redevelopment Work by the Company of not less than $850 million (an *"Audit Confirmation Notice"*), or (ii) a Port Authority audit does not confirm an investment in the Redevelopment Work by the Company of not less than $$850 million or (iii) the Port Authority elects to rely on the Company's certificates as submitted by the Company to the Port Authority without completion of an audit (a *"Reliance Notice"*). If the Port Authority audit does not confirm an investment in the Redevelopment Work by the Company of not less than $850 million, the Company can submit additional certificates and the Port Authority will have a year from submission of any such certificates to confirm or disaffirm (or choose to rely on) such certificates.

Automatic Termination. The Leasehold Mortgage and the Reletting Rights will automatically terminate upon the earliest to occur of:

(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 or Reletting Rights have not terminated pursuant to the provisions of the Port Authority Lease described in the immediately succeeding paragraphs (b) through (j) of this subheading, or for any other reason) will not terminate solely by reason of the termination of the Basic Lease if the City Attornment Agreement is effective upon termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the City Attornment Agreement, recognizes the Leasehold Mortgage and the Reletting Rights;

(b) the expiration, surrender or termination of the Port Authority Lease, except that the Leasehold Mortgage and the Reletting Rights (but only if the Leasehold Mortgage has not terminated pursuant to any of the provisions of the Port Authority Lease described in the immediately preceding paragraph (a) of this subheading or in the immediately succeeding paragraphs (c) through (j) of this subheading) (i) will not terminate solely by reason of the termination of the Basic Lease if the City Attornment Agreement is effective upon termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the City Attornment Agreement, recognizes the Leasehold Mortgage and the Reletting Rights and (ii) will not terminate solely due to a deemed termination of the Port Authority Lease solely due to the occurrence of a Triggering Event;

(c) the termination of the consent granted under the Port Authority Consent as to the Leasehold Mortgage;

(d) the termination, expiration or surrender (including, without limitation, discharge or release) of both of (i) the Company Guaranty (except that if payment obligations of the Company (including its permitted successors under the Company Guaranty) thereunder with respect to the payment of principal, interest, purchase price and 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 under the AMR Guaranty) thereunder with respect to the payment of principal, interest, purchase price and premium on the Bonds remain outstanding and unpaid, then upon the date when there are no such obligations remaining outstanding and unpaid);

(e) the date on which no Bonds are Outstanding;

(f) 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 set forth in Section 92;

(g) the date of any written notice given by the Leasehold Mortgagee stating that it will not exercise its Reletting Rights;

(h) the effective date of the letting, pursuant to Section 92, of the Premises (whether for the full term of the Port Authority Lease or otherwise) to a Qualifying Replacement Tenant, 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;

(i) the effective date of a Lease Assignment/Assumption and Consent Agreement; and

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

The Leasehold Mortgagee may not assign or transfer the Leasehold Mortgage to any person other than a successor trustee. Each successor trustee will be obligated to hold the Leasehold Mortgage subject to all the terms and provisions of the relevant section of the Port Authority Lease as if it were the original Leasehold Mortgagee. The rights of the Leasehold Mortgagee, as leasehold mortgagee, are as specified in the Leasehold Mortgage and the Port Authority Lease and are subject to, controlled by and dependent upon the terms, covenants, conditions and provisions set forth in the Port Authority Lease and the Port Authority Consent.

Until the Leasehold Mortgage has terminated, without the prior written consent of the Leasehold Mortgagee, (a) no amendment may be made to the provisions of the Port Authority Lease concerning Reletting Rights; and (b) no amendment may be made to the Port Authority Lease that affects only a Qualifying Replacement Tenant, without affecting the Company.

Neither a Qualifying Replacement Tenant nor any other person purchasing or succeeding to the leasehold under the Port Authority Lease has any right to pledge or mortgage the leasehold under the Port Authority Lease or any portion of the Premises.

Election to Exercise Reletting Rights. On and after the Reletting Rights Effective Date, the Port Authority will send to the Leasehold Mortgagee a copy of each notice of default given under the Port Authority Lease at the same time as such notice is sent to the Company. The Leasehold Mortgagee may cure any default with respect to the Premises as if, and with the same force and effect, as though cured by the Company. However, the Port Authority is not required to deliver to the Leasehold Mortgagee any notice of termination based on a Wrongful Recording of the Leasehold Mortgage and the Leasehold Mortgagee has no rights to cure a Wrongful Recording of the Leasehold Mortgage.

If on or after the Reletting Rights Effective Date the Port Authority elects to terminate the letting of the Premises under the Port Authority Lease, then, except as otherwise provided in the Port Authority Lease with respect to a Wrongful Recording of the Leasehold Mortgage, the Port Authority shall at the same time send a copy of the written notice of such termination (the *"Notice of Termination"*) to the Leasehold Mortgagee (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 date must not be before the 30th day

following the Notice of Termination Service Date, subject to extension as provided in the Port Authority Lease. The serving of the Notice of Termination on the Leasehold Mortgagee shall trigger the Reletting Rights and the period during which the Leasehold Mortgagee must elect whether to exercise the Reletting Rights (the *"Reletting Election Period"*) unless the Leasehold Mortgagee has previously exercised its Reletting Rights based on a Bonds Default or a Bankruptcy Rejection Date (as defined below).

The Leasehold Mortgagee has the right to extend the Reletting Election Period for two additional 30-day periods beyond the original Notice of Termination Effective Date, but only if the Leasehold Mortgage pays to the Port Authority the extension fees provided in the Port Authority Lease and described below. Under certain circumstances the Reletting Election Period will be deemed to commence on a date other than the Notice of Termination Service Date. Upon the occurrence of a Bonds Default (as defined below), the Reletting Election Period shall be deemed to commence on the date of such Bonds Default and, upon the occurrence of a Company Bankruptcy (as defined below), the Reletting Election Period shall be deemed to commence on the Bankruptcy Rejection Date. Prior to the end of the Reletting Election Period, the Leasehold Mortgagee must affirmatively elect whether it will exercise its Reletting Rights or its right to foreclose on the Leasehold Mortgage or have the Port Authority Lease assigned to a Qualifying Replacement Tenant.

A *"Bonds Default"* is defined as 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 Leasehold Mortgagee, despite the payment of any such amounts to the Leasehold Mortgagee, then such event of default shall not be a Bonds Default.

A *"Bankruptcy Rejection Date"* is defined as the later of (x) the date set forth in the order of the relevant bankruptcy court as the effective date of the rejection by the Company (or deemed rejection) of the Port Authority Lease and (y) the actual date of such order by the relevant bankruptcy court.

Foreclosure Obligations. The Foreclosure Period will commence upon the delivery by the Leasehold Mortgagee to the Port Authority of the Reletting Election Notice and the payment of the amounts described below, and will continue for up to 270 days thereafter, but is extendable to up to an aggregate total maximum period of 720 days (subject to certain provisions which toll the running of the Foreclosure Period) under certain circumstances and upon meeting certain conditions and paying certain amounts as described below. The Leasehold Mortgage sets out the Reletting Rights of the Leasehold Mortgagee under the Leasehold Mortgage to obtain a Qualifying Replacement Tenant during the Foreclosure Period.

The Leasehold Mortgagee must pay, as a condition to the commencement of the Foreclosure Period, the following: (the *"Leasehold Mortgagee's Foreclosure Period Obligations"*) during the Foreclosure Period:

(a) All amounts due and owing to the Port Authority under the Port Authority Lease which have accrued for any and all periods up to the actual date of 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 the Port Authority Lease (the *"Reletting Election Notice Service Date"*).

(b) All amounts due and owing by the Company 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 Company or the Leasehold Mortgagee prior to the commencement of the Foreclosure Period.

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 other payments due to the Port Authority), the Leasehold Mortgagee must 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 the Port Authority 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 the Company:

(a) All amounts due and owing to the Port Authority under the Port Authority Lease on a current basis as the same become due and payable to the Port Authority under the Port Authority Lease commencing as of the first day of the Foreclosure Period.

(b) All amounts due and owing to the Port Authority by the Company 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 Company or the Leasehold Mortgagee.

At all times during the Foreclosure Period, the Leasehold Mortgagee will use all reasonable efforts to preserve the value of the Premises until the Leasehold Mortgagee has possession of the Premises under the Port Authority Lease, and thereafter shall fulfill all obligations under the Port Authority Lease with respect to the preservation of the Premises. Immediately upon the commencement of the Foreclosure Period, the Leasehold Mortgagee will use commercially reasonable efforts to obtain a Qualifying Replacement Tenant for the Premises for the balance of the term under the Port Authority Lease or such lesser term as it proposes to lease, subject to the consent of the Port Authority.

Upon any commencement of the Foreclosure Period, the Leasehold Mortgagee will (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 Company fails to vacate the Premises, seek eviction of the Company therefrom; *provided* that in the event the Leasehold Mortgagee continues diligently to continue and complete the foreclosure proceedings (including the eviction of the Company) and, through no fault of its own, is unable to complete foreclosure proceedings by the 90th day from the initial commencement of the Foreclosure Period, then, *provided* that not less than five days prior to the expiration of such initial 90-day period the Leasehold Mortgagee gives written notice to the Port Authority, the initial Foreclosure Period shall be deemed extended for up to an additional 90 days and shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 180th day from the initial commencement of the Foreclosure Period; *subject, however*, to the further condition that during the 91st to 180th days of the Foreclosure Period the Leasehold Mortgagee performs and pays 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.

Extensions of Foreclosure Period. In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose upon the Leasehold Mortgage (including the eviction of the Company), and the Leasehold Mortgagee, through no fault of its own, is unable to complete foreclosure proceedings by the 180th day from the commencement of the Foreclosure Period, then, *provided* that not less than five days prior to the expiration of such 180-day period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for up to an additional 90 days and shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) 270th day from the initial commencement of the Foreclosure Period; *subject, however,* to the following further conditions:

(a) that during the 181st to 270th days of the Foreclosure Period, the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there has been no subsequent Notice of Termination Service Date or Bankruptcy Rejection Date (a *"Subsequent Non-Bonds Default"*), the Leasehold Mortgagee shall pay to the Port Authority for the 181st to 270th day period a Leasehold Mortgage Extension Fee in the amount of $8,090,000, payable in installments and subject to proration.

Unless each of the following conditions is satisfied prior to the 270th day of the Foreclosure Period, there shall be no further extension of the Foreclosure Period beyond the 270th day: (i) the Leasehold Mortgagee has previously identified and proposed to the Port Authority a proposed Qualifying Replacement Tenant pursuant to and in accordance with the terms and provisions of the Port Authority Lease, (ii) such proposed Qualifying Replacement Tenant meets all of the requirements for being approved, as determined by, and to the

satisfaction of, the Port Authority, and (iii) such proposed Qualifying Replacement Tenant, the Leasehold Mortgagee, the Company and the Port Authority have executed the Lease Assignment/Assumption and Consent Agreement subject to, and under which, such proposed Qualifying Replacement Tenant will become the Qualifying Replacement Tenant, commencing 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). 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.

In the event the Leasehold Mortgagee, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Company from the Premises and the Leasehold Mortgagee, through no fault of its own, was unable to complete foreclosure proceedings by 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 days prior to the expiration of such 270-day period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for up to an additional 90 days and shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 360th day from the commencement of the Foreclosure Period; *subject, however*, to the following further conditions:

(a) that during the 271st to 360th day extension of the Foreclosure Period, the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there has been no Subsequent Non-Bonds Default, the Leasehold Mortgagee pays to the Port Authority for the 271st to 360th day extension a Leasehold Mortgage Extension Fee in the amount of $8,090,000, payable in installments and subject to proration.

In the event the Leasehold Mortgage, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Company from the Premises and the Leasehold Mortgagee, through no fault of its own, was unable to complete foreclosure proceedings by 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 days prior to the expiration of such 360-day period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for an additional period which shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 540th day from the initial commencement of the Foreclosure Period; *subject, however*, to the following further conditions:

(a) that during the 361st to 540th day extension of the Foreclosure Period, the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there has been no Subsequent Non-Bonds Default, the Leasehold Mortgagee pays to the Port Authority for the 361st to 540th day extension a Leasehold Mortgage Extension Fee in the amount of $32,361,000, payable in installments and subject to proration.

In the event the Leasehold Mortgage, during the initial 90 days of the Foreclosure Period, commenced in good faith and thereafter at all times diligently continued proceedings to foreclose the Leasehold Mortgage and to evict the Company from the Premises and the Leasehold Mortgagee, through no fault of its own, is unable to complete foreclosure proceedings by the 540th 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 days prior to the expiration of such 540-day period the Leasehold Mortgagee gives written notice to the Port Authority, the Foreclosure Period shall be deemed extended for a final period which shall expire on the earlier of (i) the Lease Assignment/Assumption Commencement Date or (ii) the 720th day from the initial commencement of the Foreclosure Period; *subject, however*, to the following further conditions:

(a) that during the 541st to 720th day extension of the Foreclosure Period the Leasehold Mortgagee performs and pays 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

(b) that, unless the Foreclosure Period commenced solely on the basis of a Bonds Default and there is no Subsequent Non-Bonds Default, the Leasehold Mortgagee pays to the Port Authority for the 541st to 720th day extension a Leasehold Mortgage Extension Fee in the amount of $48,541,000, payable in installments and subject to proration.

In the event that the Foreclosure Period initially commences as a result solely of a Bonds Default, the Leasehold Mortgage Extension Fees will not be payable unless and until there occurs a Subsequent Non-Bonds Default. In the event of such Subsequent Non-Bonds Default the obligation of the Leasehold Mortgagee to pay to the Port Authority the Leasehold Mortgage Extension Fees commences as follows: (i) if the Subsequent Non-Bonds Default occurs during the initial 90 days of the Foreclosure Period the actual date of said Subsequent Non-Bonds Default will be treated as the first day of the Foreclosure Period and the Leasehold Mortgage Extension Fees commence on the 181st day following the Subsequent Non-Bonds Default at the rate applicable on the 181st day thereof; and (ii) if such Subsequent Non-Bonds Default occurs after the 90th day of the Foreclosure Period, the 90th day of the Foreclosure Period will be treated as the first day of the Foreclosure Period and the Leasehold Mortgage Extension Fees will, 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 rate applicable on the 181st day thereof; and where the Subsequent Non-Bonds Default occurs between the 271st and the 720th days of the Foreclosure Period the Leasehold Mortgage Extension Fees will commence on the actual date of the Subsequent Non-Bonds Default at the 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 Leasehold Mortgage Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Leasehold Mortgage Extension Fees would commence on the 200th day of the Foreclosure Period at the installment rate set forth above for (the 181st to 270th day period); 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 would be treated as day 1 and said 150th day would be treated as day 60 for purposes of the determination of the applicable Leasehold Mortgage Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Leasehold Mortgage Extension Fees would commence 121 days thereafter (i.e. on the 271st day of the Foreclosure Period) at the installment rate applicable on the 181st day as set forth above (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 installment rates applicable to the 271st to 360th day period, the 361st to 540th day period and the 541st to 720th day period.

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 Leasehold Mortgage Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Leasehold Mortgage Extension Fees would commence on the 251st day of the Foreclosure Period at the installment rate set forth above for the 181st to 270th day period 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 installment rates applicable to the 271st to 360th day period, the 361st to 540th day period and the 541st to 720th day period; 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 would be treated as day 1 and the said 600th day would be treated as day 510 for purposes of the determination of the applicable Leasehold Mortgage Extension Fee and the obligation of the Leasehold Mortgagee to pay to the Port Authority the Leasehold Mortgage Extension Fees would commence on the 600th day of the Foreclosure Period at the installment rate which would be in effect on the 510th day at 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 applicable to the 361st to 540th day period and the 541st to 720th day period.

The failure of the Leasehold Mortgage to pay the Leasehold Mortgagee's Foreclosure Period Obligations 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. The failure of the Leasehold Mortgagee to timely pay any of the Leasehold Mortgagee's Foreclosure Period Obligations 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. The failure of the Leasehold Mortgagee to pay any Leasehold Mortgage 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.

If the Foreclosure Period is terminated or expires and the Leasehold Mortgagee has failed to obtain a Qualifying Replacement Tenant for the Premises in accordance with the Port Authority Lease, the Reletting Rights and the Leasehold Mortgage shall terminate automatically and the Leasehold Mortgagee 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 Premises and the Port Authority Lease with respect to the Premises shall be deemed terminated effective immediately on such expiration of the Foreclosure Period in accordance with the Port Authority Lease. The Port Authority, in addition to pursuing any or all of its rights and remedies under the Port Authority Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Premises free of any claim, right or interest of the Company, the Leasehold Mortgagee, the Agency or the Bondholders.

In the event of the occurrence of either the filing by the Company of a voluntary petition under the United States Bankruptcy Code or the filing of an involuntary petition against the Company under the United States Bankruptcy Code, and the pendency of proceedings pursuant thereto (a "*Company Bankruptcy*"), the Port Authority Lease provides for suspension of the Foreclosure Period.

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 the Port Authority Lease, the Port Authority Lease and the letting of the Premises shall be deemed terminated, and the Port Authority, in addition to pursuing any or all of its rights and remedies under the Port Authority Lease, or otherwise, shall be entitled to elect to use, alter or demolish any of the improvements on the Premises free of any claim, right or interest of the Company or the Leasehold Mortgage.

Qualifying Replacement Tenant. No entity, party or person other than a Qualifying Replacement Tenant will be entitled to become the owner of or acquire any interest in the Port Authority 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 a Qualifying

Replacement Tenant (a *"Proposed Replacement Tenant"*) will become a Qualifying Replacement Tenant only if the Leasehold Mortgagee duly exercises its Reletting Rights. In determining whether to approve or disapprove a Proposed Replacement Tenant, the Port Authority will consider all relevant factors, including but not limited to, the following factors, but the Port Authority has agreed to analyze all such factors in a reasonable manner:

(a) whether the Proposed Replacement Tenant will be able to fulfill all of the Company's obligations under the Port Authority Lease with respect to the Premises throughout the balance of the term of the letting or such lesser term as it proposes to lease;

(b) whether the financial standing of the Proposed Replacement Tenant as of the effective date of its acquisition of the leasehold under the Port Authority Lease is sufficient, in the opinion of the Port Authority, to assure the Port Authority that the Proposed Replacement Tenant will be able to fulfill all of the Company's obligations with respect to the Premises under the Port Authority Lease throughout the balance of the term of the letting of the Premises or such lesser term as it proposes to lease (which determination may require the submission to the Port Authority of such security or guaranty in such form and amount as the Port Authority may find satisfactory and submission of such financial statements and other financial information as the Port Authority may require);

(c) whether the Proposed Replacement Tenant and any officer, director or partner thereof and any person, firm or corporation having an outright or beneficial interest in 20% or more of the monies invested in the Proposed Replacement Tenant, if said Proposed Replacement Tenant is a corporation or partnership, by loans thereto, stock ownership therein or any other form of financial interest (a *"Related Person"*) 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 is not under current indictment for any crime and is not currently involved in material civil anti-trust or fraud litigation (other than as a plaintiff);

(d) whether the Port Authority has had any Unfavorable Experience (as defined below) with the Proposed Replacement Tenant, or any Related Person. *"Unfavorable Experience"* means any one or more of the following: (A) a material default by such Proposed Replacement Tenant or any such Related Person of any obligation (monetary or non-monetary) to the Port Authority; (B) any assertion made by such Proposed Replacement Tenant or any such Related Person 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 such Proposed Replacement Tenant or any such Related Person 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 such Proposed Replacement Tenant or any such Related Person 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 such Proposed Replacement Tenant or any such Related Person; or (F) any breach by such Proposed Replacement Tenant or any such Related Person of any fiduciary obligation, trust, confidence or other duty to the Port Authority or of any confidentiality agreement with the Port Authority;

(e) whether the Proposed Replacement Tenant or any Related Person 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 assignment; and

(f) whether the Proposed Replacement Tenant or any Related Person has filed a voluntary petition in bankruptcy or has been adjudicated a bankrupt within five (5) years prior to the date of the proposed assignment.

The Proposed Replacement Tenant also must 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 Port Authority Lease. The Proposed Replacement Tenant must use and occupy the Premises for the purposes set forth in the Port Authority Lease and agree in the Lease Assignment/Assumption and Consent Agreement to use and occupy the Premises in accordance with all of the terms and conditions of the Port Authority Lease.

No Proposed Replacement Tenant shall become a Qualifying Replacement Tenant, or have any right to possess, use or occupy the 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 Replacement Tenant, effective on a date prior to or simultaneously with the expiration of the Foreclosure Period, assumes the obligations of the Company as if it were the original tenant under the Port Authority Lease, has been executed by the Port Authority, the Company (except in the case of an assumption agreement, in the event of a foreclosure, in which case the signature of the Company shall not be required), the Proposed Replacement Tenant and the Leasehold Mortgagee (said fully executed agreement in either case, the *"Lease Assignment/Assumption and Consent Agreement"*).

In addition, no Port Authority consent will be granted to any Qualifying Replacement Tenant and no Proposed Replacement Tenant or any other entity, person or party shall become a Qualifying Replacement Tenant until either (i) the Leasehold Mortgagee or the Proposed Replacement Tenant has paid to the Port Authority in a single lump sum payment the full amount of the Deferred Reletting Fee (as defined below), or (ii) at the election of the Qualifying Replacement Tenant, in lieu of such single lump sum payment, the Qualifying Replacement Tenant has agreed to pay the Deferred Reletting Fee over time as additional rental, commencing as of the commencement date of the Lease Assignment/Assumption and Consent Agreement (the *"Lease Assignment/ Assumption Commencement Date"*).

The *"Deferred Reletting Fee"* is the amount derived by the following formula:

$$DRF = MA \times Y \times C$$

Where *"DRF"* is the Deferred Reletting Fee.

"MA" is an amount equal to the lesser of (i) the principal amount of Bonds issued (without taking into account any prepayments, redemptions or refundings) and (ii) $2,300,000,000.

"Y" is a fraction the numerator of which is the greater of (a) the number of full years remaining during the term of the Port Authority Lease as of the Reletting Election Notice Service Date and (b) five, and the denominator of which is the number of years between the closing date of the sale of the Series 2002 Bonds and the earlier of (x) the day preceding the 30th anniversary of the Redevelopment Work Completion Date and (y) December 21, 2036.

"C" is (i) 2% if the Foreclosure Period commenced because of a Bonds Default and no subsequent lease termination or Bankruptcy Rejection Date occurred during the Foreclosure Period, (ii) 3% if the Foreclosure Period commenced because of a termination of the Port Authority Lease or a Bankruptcy Rejection Date, and no Bonds Default subsequently occurred, or (iii) 4% if the Foreclosure Period commenced because of a Bonds Default and a termination of the Port Authority Lease or Bankruptcy Rejection Date subsequently occurred, or if the Foreclosure Period commenced because of a termination of the Port Authority Lease or Bankruptcy Rejection Date and a Bonds Default subsequently occurred.

Port Authority Right to Terminate Leasehold Mortgage. The Leasehold Mortgagee may not foreclose the Leasehold Mortgage or have the Company's interest assigned in lieu of such foreclosure unless at least 30 days prior to commencing such foreclosure or requesting such assignment in lieu of foreclosure the Leasehold Mortgagee has given the Port Authority written notice of its intention to foreclose or to have the Port Authority Lease assigned with respect to the Premises. Such notice is to state the principal amount of the Bonds then outstanding, the amount of accrued and unpaid interest thereon, and the per diem interest that will accrue on the principal amount of the Bonds then outstanding from and after the giving of such notice. The Port Authority has the right, following the giving of such notice by the Leasehold Mortgagee, to terminate the Leasehold Mortgage and thus prevent foreclosure of the Leasehold Mortgage by paying to the Trustee an amount equal to the principal amount of the Bonds outstanding, including per diem interest to the date of purchase.

Insurance

The Company has agreed to keep insured, to the replacement value thereof, all buildings, structures, improvements, installments, facilities and fixtures now or in the future located on the Premises against all risks of physical loss or damage (including flood and earthquake risks), to the extent set forth in the Port Authority Lease.

Damage to or Destruction of the Premises

If all, or any part of, the Premises is damaged by fire, the elements, the public enemy or other casualty, the Company has agreed to promptly remove all debris resulting from such damage from the Premises, and to the extent, if any, that the removal of debris under such circumstances is covered by insurance, such insurance proceeds will be made available to the Company and the Company will use such proceeds for such purpose.

If all, or any part of, the Premises is damaged by fire, the elements, the public enemy or other casualty, but not rendered untenantable or unusable for a period of 90 days, the Company has agreed to repair the Premises with due diligence in accordance with the plans and specifications for the Premises as they existed prior to such damage by and at the expense of the Company and if such damage is covered by insurance the proceeds of such insurance will be made available to and be used by the Company for such repair.

If all, or any part of, the Premises is destroyed or so damaged by fire, the elements, the public enemy or other casualty as to be untenantable or unusable for a period of 90 days, or if within 90 days after such damage or destruction the Company notifies the Port Authority in writing that in its opinion said Premises will be untenantable or unusable for a period of 90 days, then the Company shall proceed with due diligence to make the necessary repairs or replacements to restore such Premises in accordance with the plans and specifications for the Premises as the same existed prior to such damage or destruction; or, with the approval of the Port Authority, make such other repairs, replacements or changes as may be desired by the Company. If such destruction or damage was covered by insurance, the proceeds of such insurance shall be made available to and used by the Company for such restoration.

The obligation of the Company to repair or replace shall be limited to the amount of the insurance proceeds, *provided* the Company has carried insurance to the extent and in accordance with the Port Authority Lease. Any excess of the proceeds of insurance over the costs of the restoration shall be retained by the Port Authority.

Indemnity and Liability Insurance

The Company has agreed to indemnify and hold harmless the Port Authority, its commissioners, officers, employees and representatives from and against all claims and demands of third persons (including reimbursement of the Port Authority's costs and expenses, including legal expenses) including, but not limited to, claims and demands for death or personal injuries, or for property damages, arising out of a breach or default of any term or provision of the Port Authority Lease, or out of the use or occupancy of the Premises by the Company or by others with its consent, or out of any other acts or omissions of the Company, its officers, employees, guests, representatives, customers, contractors, invitees or business visitors on the Premises, or arising out of the acts or omissions of the Company, its officers and employees elsewhere at the Airport (excepting only claims and demands arising from the sole negligence of the Port Authority), including claims and demands of the City from which the Port Authority derives its rights in the Airport, for indemnification, arising by operation of law or through agreement of the Port Authority with the City.

The Company has agreed to maintain commercial general liability insurance, including premises-operations, products, completed operations, liquor liability and covering bodily injury, including death, and property damage liability, broadened to include, or equivalent separate policies covering, aircraft liability; commercial automobile liability insurance covering owned, non-owned and hired vehicles; environmental impairment liability insurance covering both gradual and sudden and accidental occurrences; and other liability insurance coverage, all with minimum limits, endorsements, limits on exclusions and other requirements as set forth in the Port Authority Lease.

Condemnation

Upon the acquisition by condemnation or the exercise of the power of eminent domain by any entity having a superior power of eminent domain of a permanent interest in all or any part of the Premises or of a permanent interest in all or any part of the public landing area, the Port Authority has agreed to purchase from the Company, and the Company has agreed to sell to the Port Authority, the Company's leasehold interest (excluding personal property) in the Premises, except that in the event of such an acquisition of less than all of the Premises, the Port Authority has agreed to purchase and the Company will be required to sell only so much of the Company's leasehold interest in the Premises as so acquired. The consideration to be paid by the Port Authority to the Company will be an amount equal to the unamortized redevelopment investment, if any, of the Company in the Premises or, in the event of an acquisition of a portion of the Premises, an amount equal to the unamortized redevelopment investment, if any, of the Company in the acquired Premises.

Remedies

The Company's obligations under the Port Authority Lease will survive a termination, cancellation or re-entry by the Port Authority and will remain in full force and effect for the full term of, or the letting under, the Port Authority Lease and the amount of damages or deficiency owed by the Company to the Port Authority shall be due and payable to the Port Authority to the same extent, at the same time and in the same manner as if no termination, cancellation, or re-entry had occurred. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or, at its option and at any time, may sue to recover the full deficiency less the proper discount, for the entire unexpired term.

The Port Authority, upon termination, cancellation or re-entry, may occupy the Premises or may relet the Premises, and has the right to permit any persons, firm or corporation to enter and use the Premises. Such reletting may be of only a part of the Premises or a part of the Premises together with other space, and for a period of time the same as or different from the balance of the term remaining under the Port Authority Lease and on terms and conditions the same as or different from those set forth in the Port Authority Lease. The Port Authority, upon termination, cancellation or re-entry, has the right to repair or to make structural or other changes in the Premises, including changes which alter the character of the Premises and the suitability of the Premises for the Company's purposes under the Port Authority Lease, without affecting, altering or diminishing the obligations of the Company under the Port Authority Lease.

APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY CONSENT AND THE LEASEHOLD MORTGAGE

The following is a brief summary of certain provisions of each of the Port Authority Consent and the Leasehold Mortgage and does not purport to be comprehensive or complete. Reference is made to the Port Authority Consent and the Leasehold Mortgage for the complete provisions.

Summary of Certain Provisions of the Port Authority Consent

In connection with the issuance of the Bonds by the Agency for the financing of the Redevelopment Work, the Company has requested the consent of the Port Authority to the Company Sublease, the IDA Lease Agreement and the Leasehold Mortgage. The Port Authority has agreed to give such consent under, and in accordance with the terms and provisions of, the Port Authority Consent.

General. The Port Authority Consent provides that:

(a) except as otherwise expressly set forth therein and described in paragraph (b) below, the fact that certain provisions of the Port Authority Consent, the Company Sublease, the IDA Lease Agreement and/or the Leasehold Mortgage refer to and/or incorporate the Port Authority Lease and/or provisions thereof will not limit or be deemed to have limited or in any way affected the rights and ability of the Company and the Port Authority to amend, supplement, delete or otherwise change the terms and provisions of the Port Authority Lease, including without limitation any provisions of the Port Authority Lease referred to or incorporated in the Company Sublease and the IDA Lease Agreement, and the Company and the Port Authority will be as free to amend, supplement, delete or otherwise change the terms and provisions of the Port Authority Lease or any of them as if the Port Authority Consent, the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, the New City/American Lease, the City Attornment Agreement and resolutions of the Agency authorizing the issuance of the Bonds had never been entered into and the Bonds had never been issued;

(b) until the Leasehold Mortgage is terminated as provided in the Port Authority Consent and described below in this Appendix G under "—Summary of Certain Provisions of the Port Authority Consent—*Termination of the Port Authority Consent With Respect to Leasehold Mortgage*":

(i) no amendment may be made to Section 92 without the prior written consent of the Leasehold Mortgagee; and

(ii) no amendment which only affects a Qualifying Replacement Tenant, without affecting the Company, may be made to the Port Authority Lease without the prior written consent of the Leasehold Mortgagee;

(c) except as otherwise expressly set forth in Section 92, neither the Port Authority Consent nor anything contained therein nor the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, the New City/American Lease, the City Attornment Agreement or any resolutions of the Agency authorizing the issuance of the Bonds nor anything contained therein will limit or affect or be deemed to have limited or affected the right of the Port Authority to terminate the Port Authority Lease;

(d) neither the Port Authority Consent nor anything contained therein nor the issuance of the Bonds will be or be deemed to be a waiver by or consent of the Port Authority to any breach or default of the Port Authority Lease; and

(e) neither the Port Authority Consent nor anything contained therein, nor the Company Sublease, the IDA Lease Agreement, the Indenture, the Leasehold Mortgage, the Guaranties, the Agreement Towards Entering Into a Lease, the New City/American Lease, the City Attornment Agreement or any resolutions of the Agency authorizing the issuance of the Bonds, nor the issuance of the Bonds (including the issuance of Bonds with a maturity extending beyond the expiration date of the Port Authority 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, will grant or be deemed to have granted any rights whatsoever in the Company or any of the parties related to the Bond financing to an extension or renewal of the Port Authority Lease beyond the expiration date of the Port Authority Lease or such further expiration date as the Port Authority and the Company may agree upon, or (except as provided in the Agreement Towards Entering Into a Lease, the New City/American Lease or the City Attornment Agreement) to lease, use or occupy the Premises or any part thereof after the expiration or earlier termination or surrender of the Port Authority Lease, or to be reimbursed by the Port Authority for the Company's cost of completing the Redevelopment Work or any portion thereof.

No Extension of Basic Lease. The Port Authority Consent also provides that it does not obligate the Port Authority to extend the Basic Lease.

Covenants With Respect to the Leasehold Mortgage. Each of the Company, the Trustee, each Bondholder, AMR and the Agency agrees that the Leasehold Mortgage will not be enforceable prior to the Reletting Rights Effective Date and that it will not attempt to deliver, file, record or enforce the Leasehold Mortgage prior to the Reletting Rights Effective Date. Such parties also agree that only the Trustee has the right to record the Leasehold Mortgage after the Reletting Rights Effective Date and that any Wrongful Recording of the Leasehold Mortgage will constitute a material breach of the Port Authority Lease by the Company and an event of default under the Port Authority Lease permitting the Port Authority to terminate the Port Authority Lease in accordance with the provisions thereof, in addition to and without limiting

any other rights or remedies the Port Authority may have, legal, equitable or otherwise, under the Port Authority Lease, the Port Authority Consent or otherwise; and any such Wrongful Recording of the Leasehold Mortgage will 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 Port Authority Lease or the Premises.

Termination of the Port Authority Consent With Respect to Subleases. The Port Authority Consent provides that the consent granted thereunder as to the Company Sublease and the IDA Lease Agreement will automatically terminate and end, without notice to the Company or any of the Trustee, the Agency, AMR or any Bondholder, 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 Port Authority Lease;

(c) the expiration or earlier termination of the Company Sublease;

(d) the expiration or earlier termination of the IDA Lease Agreement, as amended;

(e) the date on which no Bonds are Outstanding; or

(f) the date which is the earlier to occur of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date or (ii) December 21, 2036.

Termination of the Port Authority Consent With Respect to Leasehold Mortgage. The Port Authority Consent provides that the consent granted thereunder as to the Leasehold Mortgage and the Reletting Rights associated therewith will become null and void, and the consent granted thereunder as to the Leasehold Mortgage will automatically terminate and end, without notice to the Company or any of the Trustee, the Agency, AMR or any Bondholder, 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 has not terminated pursuant to any of the provisions of the Port Authority Consent described in the immediately succeeding paragraphs (b) through (i) of this subheading, or for any other reason), will not terminate solely by reason of the termination of the Basic Lease if the City Attornment Agreement is effective upon termination of the Basic Lease, to the extent and for the period, if any, that the City, or its successor in interest, including, without limitation, any tenant under a lease for the Airport into which the City enters, but in any event excluding the Port Authority, its affiliates and their respective successors in interest (the *"Fee Owner"*), pursuant to the terms of the City Attornment Agreement, recognizes the Leasehold Mortgage and the Reletting Rights;

(b) the expiration, surrender or termination of the Port Authority Lease, except that the Leasehold Mortgage and the Reletting Rights (but only if the Leasehold Mortgage has not terminated pursuant to any of the provisions of the Port Authority Consent described in the immediately preceding paragraph (a) of this subheading or in the immediately succeeding paragraphs (c) through (i) of this subheading) (i) will not terminate solely by reason of the termination of the Basic Lease if the City Attornment Agreement is effective upon termination of the Basic Lease, to the extent and for the period, if any, that the Fee Owner, pursuant to the terms of the City Attornment Agreement, recognizes the Leasehold Mortgage and Reletting Rights and (ii) will not terminate solely due to a deemed termination of the Port Authority 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 Company Guaranty (except that if payment obligations of the Company (including its permitted successors as the guarantor thereunder provided each such permitted successor is then the lessee under the Port Authority 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 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 are 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 Premises (whether for the full term of the Port Authority Lease or otherwise) to a Qualifying Replacement Tenant, 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;

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

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

Defaults. The Port Authority Consent provides that any breach or default of any of the terms and conditions of the Port Authority Consent by the Company constitutes a material breach of the Port Authority Lease and permits the Port Authority to terminate the Port Authority Lease in accordance with its terms, unless the Company has cured such breach or default within 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 Company has commenced to perform whatever may be required for fulfillment within 30 days after receipt of notice and continues such performance without interruption except for causes beyond its control).

Summary of Certain Provisions of the Leasehold Mortgage

Subject to Port Authority Lease and Consent. The Leasehold Mortgage is given in accordance with, and pursuant to, subject to, controlled by and dependent upon, the Port Authority Lease, including without limitation Section 92 and the Port Authority Consent.

Mortgaged Property. Upon the satisfaction of the Reletting Rights Effective Date Conditions, the Company will execute, deliver and record the Leasehold Mortgage, creating a lien on the Company's interest in the Mortgaged Property. The *"Mortgaged Property"* consists of (a) the leasehold estate held by the Company in real and personal property under, and created by, the Port Authority Lease (including all holdover, month-to-month and statutory tenancies arising out of the Port Authority Lease), (b) all modifications, extensions and renewals of the Port Authority Lease and (c) all casualty and condemnation compensation or insurance payments to which the Company may become entitled and which are not required to be used for the rebuilding of the Premises or to be paid to or retained by the landlord under the Port Authority Lease or the City.

Leasehold Mortgage Default. The term "*Leasehold Mortgage Default*" has the meaning set forth herein under "SECURITY FOR THE BONDS—Leasehold Mortgage and Reletting—*Foreclosure of Leasehold Mortgage.*"

Remedies and Rights. At any time while a Leasehold Mortgage Default remains uncured, at the option of the Leasehold Mortgagee, to be exercised in accordance with the applicable provisions of the Indenture and Section 92, the Leasehold Mortgagee may pursue the following remedies:

(i) *Foreclosure.* The Leasehold Mortgagee may institute any one or more actions of mortgage foreclosure against the Mortgaged Property, or take such other action at law or in equity for the enforcement of the Leasehold Mortgage and realization on the security therein or elsewhere provided for, as the law may allow, and may proceed therein to final judgment and execution for payment of the obligations due under the Company Guaranty and the AMR Guaranty which are secured by the Leasehold Mortgage (the *"Secured Obligations"*), together with interest from the date of default at the rate then in effect under the Indenture, and all costs of suit and attorneys' fees and expenses. The Company, for itself and anyone claiming by, through or under it, agrees that the Leasehold Mortgagee shall in no manner, in law or in equity, be limited, except

as therein provided and as provided in Section 92, in the exercise of its rights in the Mortgaged Property or in any other security thereunder or otherwise appertaining to the Secured Obligations, whether by any statute, rule or precedent which may otherwise require said security to be marshaled in any manner, and the Company, to the extent permitted by law, for itself and others as described above, expressly waives and releases any right to or benefit thereof. The failure to make any tenant or subtenant a defendant to a foreclosure proceeding shall not be asserted by the Company as a defense in any proceeding instituted by the Leasehold Mortgagee to collect the Secured Obligations or any deficiency remaining unpaid after the foreclosure sale of the Mortgaged Property.

(ii) *Excess Monies.* Subject to, controlled by, and dependent upon Section 92, and the Port Authority Consent, the Leasehold Mortgagee may apply on account of the Secured Obligations any unexpended monies still retained by the Leasehold Mortgagee that were paid by the Company to the Leasehold Mortgagee or the Trustee in accordance with the Indenture (A) for the payment of, or as security for the payment of, taxes, assessments or other governmental charges, insurance premiums or any other charges or (B) to secure the performance of some act by the Company.

(iii) *Remedies Under Section 92.* Subject to, controlled by and dependent upon Section 92 and the Port Authority Consent, the Leasehold Mortgagee may pursue any remedies set forth in Section 92, including its right to relet the Premises, in accordance with and subject to Section 92.

(iv) *Other Remedies.* Subject to, controlled by and dependent upon Section 92 and the Port Authority Consent, the Leasehold Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by the Company and/or AMR under the terms of the Company Guaranty and/or the AMR Guaranty, as they become due, without regard to whether or not any other liabilities shall be due, and without prejudice to the right of the Leasehold Mortgagee thereafter to bring an action of mortgage foreclosure, or any other action, for any default by the Company existing at the time the earlier action was commenced.

Performance of Obligations. The Company will perform all of its obligations under the Port Authority Lease (including without limitation its obligations under Section 92) and the Port Authority Consent and the IDA Lease Agreement notwithstanding the existence of the Leasehold Mortgage. The Company shall neither modify, amend, supplement or extend Section 92 of the Port Authority Lease, nor enter into any amendment of the Port Authority Lease which shall only affect a Qualifying Replacement Tenant without affecting the originally named Company, without the prior consent of the Leasehold Mortgagee in each case. The Company shall not enter into any termination agreement with respect to the Port Authority Lease, surrender the leasehold estate created by the Port Authority Lease nor abandon the Premises.

Release of Part of Mortgaged Property. If the Leasehold Mortgagee and the Port Authority wish to eliminate certain portions of the Premises from the Port Authority Lease, such property may be released from the Leasehold Mortgage in accordance with the provisions of the Leasehold Mortgage described in the two immediately succeeding paragraphs.

A *"Minor Release"* is a release of part of the Premises with respect to which, together with the parts of the Premises previously released, the Company certifies will not have a material adverse effect on the use of the remaining Premises as a passenger terminal facility comparable to the passenger terminal facility on the Premises immediately prior to such release. A Minor Release will be permitted only if (a) the Company has provided the Leasehold Mortgagee and the Agency with a certificate stating that such release meets the conditions described in the immediately preceding sentence and clauses (b) and (c) of this paragraph, (b) at the time of such Minor Release there exists no uncured Leasehold Mortgage Default or event which, with the passage of time or the giving of notice or both, would constitute a Leasehold Mortgage Default, (c) simultaneously with such release, the parcel which is the subject of such Minor Release shall be eliminated from the Port Authority Lease and (d) the Company shall have delivered to the Leasehold Mortgagee a Favorable Opinion of Bond Counsel.

A *"Major Release"* (any proposed release that is not a Minor Release) will be permitted only if the Company shall cause the conditions applicable to a Minor Release to be satisfied (other than the delivery of certification described in the first sentence of the immediately preceding paragraph), and shall pay to the Leasehold Mortgagee a release price equal to the amount that bears the same ratio to the then outstanding principal amount of the Bonds secured by the Leasehold Mortgage as the Allocable Revenues bear to the Total Revenues (each as defined below in this paragraph). The Company shall provide to the Leasehold Mortgagee an appraisal, engineering or similar consultant's report prepared by an independent nationally recognized airport engineering, traffic or consulting firm selected by the Company which shall specify the portion of the total annual revenues (the *"Total Revenues"*) attributable to the Premises which are reasonably estimated to be allocable to the proposed released property (the *"Allocable Revenues"*). In preparing such report, such consultant may look at historic or projected revenue amounts, or both, in its professional judgment.

Subordination; Creation of Liens and Indebtedness; Sale of Mortgaged Property. The lien of the Leasehold Mortgage is subordinate to the fee estate held by the City in the Premises and to the leasehold estate held by the Port Authority pursuant to the Basic Lease. Subject to, controlled by and dependent upon the Port Authority Lease and the Port Authority Consent, the Company shall not (x) create or suffer to be created any lien or charge upon or pledge of the Mortgaged Property or any part thereof except the lien, charge and pledge created by the Leasehold Mortgage and Permitted Encumbrances, (y) incur any indebtedness or issue any evidences of indebtedness, other than the Company Guaranty, secured by a lien on or pledge of the Mortgaged Property or (z) sell, convey, transfer, lease, mortgage or encumber the Premises or any part thereof except as specifically permitted under the Port Authority Lease, the Port Authority Consent, the IDA Lease Agreement, the Indenture and the Leasehold Mortgage, so long as the Leasehold Mortgage is in effect.

Defense of Leasehold Estate. The Company shall defend the leasehold estate of the Company in and to the Mortgaged Property and every part thereof for the benefit of the Holders of the Bonds, and the Company agrees to warrant and defend such leasehold estate against the claims and demands of all persons.

Term. Notwithstanding anything to the contrary contained in the Leasehold Mortgage, the Leasehold Mortgage shall terminate no later than 11:59 p.m. on December 31, 2015 unless (a) it has previously been terminated or (b) the Port Authority Lease is extended in accordance with its terms, in which event the Leasehold Mortgage shall continue in effect until 11:59 p.m. on the new current expiration date of the Port Authority Lease.

No City Approval. The Company and the Leasehold Mortgagee acknowledge and agree that the form of the Leasehold Mortgage has not been approved or consented to by the City.

APPENDIX H

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT TOWARDS ENTERING INTO A LEASE AND THE CITY ATTORNMENT AGREEMENT

The following is a brief summary of certain provisions of each of the Agreement Towards Entering Into a Lease and the City Attornment Agreement and does not purport to be comprehensive or complete. Reference is made to the Agreement Towards Entering Into a Lease and the City Attornment Agreement for the complete provisions.

Summary of Certain Provisions of the Agreement Towards Entering Into a Lease

General. The Agreement Towards Entering Into a Lease obligates the City, upon satisfaction of the conditions precedent specified therein and described in the next succeeding paragraph (i) to deliver, or cause to be delivered, to the Company on or before October 31, 2013 (subject to extension as provided therein, as it may be so extended, the *"Draft Delivery Date"*), a draft of a new lease or sublease for the Premises, and (ii) to negotiate or cause its designee to negotiate, in good faith, and to execute and deliver on or before December 31, 2014 (subject to extension as provided therein) a new lease or sublease of the Premises (which new lease or sublease is referred to in this Official Statement as the *"New City/American Lease"*).

Conditions Precedent. The obligation of the City to enter into the New City/American Lease is contingent upon the satisfaction of the following conditions precedent:

(a) No extension or renewal of the Basic Lease nor the entering into by the City and the Port Authority (directly or through one or more entities or affiliates) of a new lease of the Airport, whereby the term of the letting of the Airport to the Port Authority continues without interruption and is extended to a date subsequent to December 31, 2015 (such extended, renewed or new lease being herein referred to as the *"Extended Basic Lease"*), can have occurred, the stated expiration date of which is on or after the earlier to occur of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date and (ii) December 21, 2036 (such earlier date being herein referred to as the *"Maximum Port Authority Lease Expiration Date"*); or if an Extended Basic Lease shall have been entered into with a shorter stated expiration date, the Port Authority Lease shall have been extended to a date which is one day before such shorter stated expiration date of the Extended Basic Lease;

(b) The City cannot have transferred fee title and ownership of the Airport to the Port Authority or any affiliate thereof;

(c) All applicable governmental approvals for the New City/American Lease must have been granted;

(d) The Port Authority Lease cannot have terminated prior to the stated expiration date thereof (as it may have been extended) and the Company is in possession of the Premises as tenant under the Port Authority Lease; *provided, however*, that the Port

Authority Lease will not be deemed terminated solely because of a termination of the Basic Lease if the Fee Owner has recognized the Company as its direct tenant and the Company has attorned to the Fee Owner as its direct landlord pursuant to the City Attornment Agreement;

(e) No default or event which would permit termination of the Port Authority Lease or the exercise by the landlord of any dispossess remedy at law or equity or the commencement of the exercise of any Reletting Rights on notice or otherwise and no event of default and no Triggering Event (individually, a *"Port Authority Lease Event of Default"* and, collectively,, *"Port Authority Lease Events of Default"*) can have occurred which has not been remedied (*provided* that no waiver of the underlying circumstances thereof by the Port Authority will be effective without the City's consent);

(f) There cannot be outstanding any material default under the Port Authority Lease, or any event which, upon the giving of notice and/or the passage of time, would ripen into a Port Authority Lease Event of Default, nor can the Company have committed or permitted any act or omission which would have constituted a material default under the Port Authority Lease or a Port Authority Lease Event of Default had the Port Authority not waived such default, event or the underlying circumstance thereof without the City's written consent, which waiver may reasonably have a material adverse effect on the City, the Premises or the Airport at any time during the term of the New City/American Lease;

(g) No event of default can have occurred under the Indenture, the IDA Lease Agreement or any other document or instrument securing and/or evidencing the Bonds which has or could have resulted in an acceleration of any of the Bonds and which has not been remedied (other than an event of default caused solely by a wrongful failure of the Agency to perform any covenant, condition or agreement in the Indenture);

(h) The execution and delivery of the New City/American Lease, and the performance by the Company of its obligations thereunder, cannot constitute a breach of any covenant, representation or condition of the Port Authority Lease;

(i) The Project must have been completed, all of the Required Conditions must have been met and the Company must have invested at least (1) $283,000,000 by not later than December 21, 2003 and (2) $850,000,000 by not later than December 31, 2008 (through Bond proceeds or equity) in the Project (subject to *force majeure* delays in construction described in the Agreement Towards Entering Into a Lease, not to exceed four years in the aggregate);

(j) If improvements to the Premises have suffered major damage or destruction, such improvements must have been restored or the Company must be proceeding with due diligence to such restoration to the reasonable satisfaction of the City, *provided* that completion of the restoration at the Company's expense and to the reasonable satisfaction of the City must be a requirement and covenant of the Company in the New City/American Lease;

(k) No representation or warranty under the Agreement Towards Entering Into a Lease can have been false or incomplete in any material respect when made, nor can any event of default under the Agreement Towards Entering Into a Lease have occurred which remains uncured after the applicable cure period; and

(l) No Change in Control with respect to the Company can have occurred without the City's prior written consent. For purposes of the Agreement Towards Entering Into a Lease, *"Change in Control"* has the same meaning as in the Port Authority Lease except that wherever "20%" is used in the definition of Change in Control in the Port Authority Lease, it will be deemed to be "10%" for purposes of the Agreement Towards Entering Into a Lease.

Possession. The City will not be liable to the Company if the City is unable to deliver possession of the Premises or perform its obligations under the New City/American Lease because the Port Authority continues to use or occupy the Premises, or refuses to vacate or surrender the Airport, or any portion thereof, after the stated expiration of the Basic Lease.

Obligation to Pay Rent. The Company is obligated to pay all rent and impositions under the New City/American Lease notwithstanding any failure by the City to give possession of the Premises to the Company or to perform its obligations under the New City/American Lease if the City is unable to do so because the Port Authority continues to use, occupy or possess the Premises, or otherwise continues to use, possess or occupy or refuses to surrender or vacate the Airport, or any portion thereof, after the stated expiration or earlier termination of the Basic Lease.

Events of Default. The following constitute events of default under the Agreement Towards Entering Into a Lease:

(a) the Company's failure to observe or perform any of the terms, conditions, covenants or agreements of the Agreement Towards Entering Into a Lease or the City Attornment Agreement, and such failure continues for 30 days after receipt of written notice from the City, or if such failure cannot be remedied within 30 days, the Company's failure to proceed diligently to cure such failure;

(b) any material representation or warranty made by the Company therein 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;

(c) to the extent permitted by law, if the Company makes an assignment for the benefit of creditors;

(d) to the extent permitted by law, pursuant to the Bankruptcy Code, the Company files a voluntary petition, a petition is filed against the Company and an order for relief is entered, or the Company files 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 seeks, or consents to, or acquiesces in, or suffers the appointment of, any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of the Company, or of all or any substantial part of its properties, or of the Premises or any interest of the Company therein, or the Company takes any membership, partnership or corporate action in furtherance of any action described in subparagraphs (c), (d), (e) or (h) of this paragraph;

(e) to the extent permitted by law, if within 60 days after the commencement of a proceeding against the Company 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 has not been dismissed, or if, within 120 days after the appointment, without the consent or acquiescence of the Company, of any trustee, receiver, custodian, assignee, sequestrator, liquidator or other similar official of the Company, or of all or any substantial part of its properties, or of the Premises or any interest of the Company therein, such appointment is not vacated or stayed on appeal or otherwise, or if, within 120 days after the expiration of any such stay, such appointment is not vacated;

(f) if (i) the Port Authority Lease has been terminated prior to its stated expiration date (as it may have been extended), *provided, however,* that the Port Authority Lease will be deemed not to have been terminated solely because of a termination of the Basic Lease if the Fee Owner recognizes the Company as its direct tenant and the Company has attorned to the Fee Owner as its direct landlord pursuant to the City Attornment Agreement; (ii) a Port Authority Lease Event of Default has occurred which has not been remedied, *provided* that no waiver of the underlying circumstances thereof without the City's consent will be effective; (iii) there is outstanding a material default under the Port Authority Lease, or any other event, which upon the giving of notice and/or the passage of time could ripen into a Port Authority Lease Event of Default, *provided, however,* that the Company will have the right to cure such default or event under any applicable cure period, *provided* that no such cure period can extend beyond the Draft Delivery Date; or (iv) the Company commits or permits any act or omission which would constitute a material default under the Port Authority Lease or a Port Authority Lease Event of Default had the Port Authority not waived the same or the underlying circumstances thereof without the City's consent, which waiver may reasonably have a material adverse effect on the City, the Premises or the Airport at any time during the term of the New City/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 Port Authority Lease, *provided, however,* that no such cure period can extend beyond the Draft Delivery Date;

(g) if an event of default occurs under the Indenture, the IDA Lease Agreement or any other document or instrument securing and/or evidencing any of the Bonds and has not been cured, remedied or waived;

(h) to the extent permitted by law, if the Company admits, in writing, that it is unable to pay its debts as such debts become due;

(i) if (i) a levy under execution or attachment is made against the Premises or any part thereof, the income directly attributable thereto, the Agreement Towards Entering Into a Lease or the rights created thereby and such execution or attachment is not vacated or removed by court order, bonding or otherwise within a period of 120 days from the Company's receipt of notice thereof; or (ii) a levy under execution or attachment in an amount equal to or greater than $250,000,000 is made against the Company or any of its properties (other than the Premises or any part thereof, the income therefrom or the rights created thereby) and such execution or attachment is not vacated, discharged, dismissed or removed by court order, bonding or otherwise within a period of 120 days from the Company's receipt of notice thereof;

(j) if (i) certain principals or officers of the Company fail to submit to or cooperate with any investigation or update as required by the Agreement Towards Entering Into a Lease, or (ii) the City determines pursuant to any such investigation or update that such principal or officer is a Prohibited Person, or (iii) any 10% or greater shareholder of the Company is an airline company, or is wholly or substantially owned directly or indirectly by one or more airline companies, that is not permitted to operate as such in the United States;

(k) if the Company fails to have invested, or fails to have caused to have been invested, at least (i) $283,000,000 by not later than December 21, 2003; and (ii) $850,000,000 by not later than December 31, 2008 (through Bond proceeds or equity) in the Project (subject to delays in construction caused by *force majeure*, which may not exceed four years in the aggregate);

(l) if the Company fails to complete the construction of the Project within the time provided in the Port Authority Lease; or

(m) if the Port Authority exercises its rights to terminate the Leasehold Mortgage by tendering payment to the Leasehold Mortgagee of the total amount (including principal and interest to the date of payment) of the Bonds then outstanding.

Remedies; Termination by the City. If an event of default occurs under the Agreement Towards Entering Into a Lease, 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 the Company of the applicable provisions of the Agreement Towards Entering Into a Lease for breach thereof. If (i) subject to the rights of the Trustee as Leasehold Mortgagee pursuant to the Agreement Towards Entering Into a Lease with respect to an event of default thereunder occurring and continuing during the Mortgagee Rights Period (as hereinafter defined), an event of default occurs thereunder, or (ii) a Nonapproved Successor Lessee Event (as hereinafter defined) has occurred, or (iii) the City and the Company have entered into the New City/American Lease by December 31, 2014 (or such later date to which such date may be extended pursuant to the Agreement Towards Entering Into a Lease), or

(iv) the City and the Company have failed to enter into a New City/American Lease, then the City may, at its option, terminate the Agreement Towards Entering Into a Lease upon written notice to the Company, and the Agreement Towards Entering Into a Lease will expire and terminate upon delivery of such notice to the Company. If (a) an Extended Basic Lease has been entered into, the stated expiration date of which is on or after the Maximum Port Authority Lease Expiration Date, or (b) the City has transferred fee title and ownership of the Airport, including the Premises, to the Port Authority, or (c) by December 31, 2014 (or such later date to which such date may be extended pursuant to the Agreement Towards Entering Into a Lease), the New City/American Lease has not been fully executed and delivered as provided therein, then the Agreement Towards Entering Into a Lease will automatically expire and terminate without further notice.

A *"Nonapproved Successor Lessee Event"* means 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 a Qualifying Replacement Tenant or otherwise has the right to become the owner of or acquire any interest in all or any portion of the Company's interest in the Port Authority 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. *"Mortgagee Rights Period"* means the period of time between the Reletting Rights Effective Date, if any, and the first to occur of (i) the date of the redemption, cancellation, defeasance, discharge or payment of the Bonds, the repayment, or guarantee of repayment, of which has been secured by the Leasehold 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), (iii) the termination, expiration or ending of the Reletting Rights, (iv) the date of termination or expiration of the Port Authority Lease (unless, with respect to a termination described in this clause (iv) such termination is solely the result of the termination of the Port Authority Lease, and the Fee Owner has recognized the Port Authority Lease pursuant to the City Attornment Agreement and the rights of the Company thereunder, including its right to mortgage its leasehold to secure repayment, or the guarantee of repayment, of the Bonds), and (v) the date of commencement of the New City/American Lease.

Upon any expiration or termination of the Agreement Towards Entering Into a Lease (whether on account of any reason permitted or enumerated by the Agreement Towards Entering Into a Lease) or by operation of law or equity, all rights of the Company, of any Leasehold Mortgagee, and of any person, firm or entity claiming by, through or under the Company or any Leasehold Mortgagee (including, without limitation, any City Approved Successor Lessee, as hereinafter defined), and all obligations of and restrictions on the City thereunder or by reason thereof, will terminate, except such as survive by their express terms and the City will have the right to dispose, convey, lease, assign or transfer the Premises 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 City/American Lease if the Agreement Towards Entering Into a Lease was terminated as described in clause (iii) of the second sentence of the second immediately preceding paragraph and subject to the provision described below in this Appendix G under "—Summary of Certain Provisions of the Agreement Towards Entering into a Lease—*Request*

for and Execution of New Agreement," if applicable upon a termination of the Agreement Towards Entering Into a Lease as described in clause (i) of the second sentence of the second immediately preceding paragraph).

A *"City Approved Successor Lessee"* means a Qualifying Replacement Tenant, 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 Leasehold Mortgagee at least 60 days prior to the appointment of such Qualifying Replacement Tenant, and written approval of whom or which has been given by the City and delivered to the Leasehold Mortgagee, it being understood and agreed that the City will not arbitrarily or capriciously withhold, or unreasonably delay (a period of less than 60 days after receipt of all reasonably relevant information being considered reasonable), its approval.

Leasehold Mortgagee's Termination Rights. The City and the Company agree that the Company will not be permitted to terminate the Agreement Towards Entering Into a Lease without the consent of the Trustee, as Leasehold Mortgagee, except for a termination by reason of failure of the City and/or the Company to negotiate, execute or deliver the New City/American Lease. The City will accept performance by the Trustee of any covenant, condition or agreement on the Company's part to be performed under the Agreement Towards Entering Into a Lease, except for the obligation to negotiate, execute and deliver the New City/American Lease, with the same force and effect as though performed by the Company, provided that such performance by the Trustee constitutes performance in full of such covenant, condition or agreement, with no allowances being made for the fact that the Trustee does not have possession of the Premises.

If, during the Mortgagee Rights Period, the Agreement Towards Entering Into a Lease is terminated solely by reason of an event of default thereunder (excluding a termination by reason of a failure of the City and/or the Company to negotiate, execute or deliver the New City/American Lease), the City will give prompt notice thereof to the Trustee as Leasehold Mortgagee. Such termination will not be effective until 30 days after delivery of such notice to the Trustee, and, if such event of default is capable of cure by the Trustee without possession of the Premises and the Trustee notifies the City in writing within such 30 day period of its intention to cure such event of default, then the Agreement Towards Entering Into a Lease will not terminate and the Trustee will then have 60 days to cure the event of default from the date it delivers such cure notice to the City. If the event of default is not cured within such 60 day period, the City may then terminate the Agreement Towards Entering Into a Lease with written notice to the Trustee and the Company.

Request for and Execution of New Agreement. If, within two years after the receipt of the City's notice to the Trustee as Leasehold Mortgagee as described in the immediately preceding paragraph that the Agreement Towards Entering Into a Lease has been terminated solely by reason of an event of default (other than by reason of the exception described in said paragraph), the Trustee requests the City to enter into a new agreement with a City Approved Successor Lessee (*provided* that during said two year period the Trustee has performed all of the Company's obligations under the Agreement Towards Entering Into a Lease and under Section 92 of the Port Authority Lease to the extent not performed by the Company), then,

within 60 days after the City has received such request, the City will execute and deliver a new agreement with the City Approved Successor Lessee. The new agreement will contain all of the covenants, conditions, limitations and agreements contained in the Agreement Towards Entering Into a Lease (including, without limitation, the obligation to enter into a new city attornment agreement) (with such reasonable modification thereof to reflect the fact that the new agreement and the new city attornment agreement are with a successor lessee as well as the fact that the Trustee as Leasehold Mortgagee no longer has any rights), *provided* that the City will not be deemed to have represented or covenanted that such new agreement or new city attornment agreement will be superior to claims of the Company, its other creditors or a receiver or trustee for the Company. In no event will the City be required to (A) enter into a new agreement or new city attornment agreement (i) after the date which is 90 days before the Draft Delivery Date or (ii) with any person, firm or entity which does not have possession of the Premises as tenant under the Port Authority Lease or (iii) if an event has occurred (other than the event giving rise to the termination of the original Agreement Towards Entering Into a Lease) which has or would permit (or would have permitted if the Agreement Towards Entering Into a Lease were still in effect) termination of the Agreement Towards Entering Into a Lease or such new agreement or new city attornment agreement or (iv) if the Mortgagee Rights Period has terminated or expired or (v) after a New City/American Lease has been entered into (even if the letting thereunder is not yet effective), or (B) enter into a new city attornment agreement after the Basic Lease has terminated.

The provisions described in the immediately preceding paragraph notwithstanding, the City will 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 subparagraph (b) (which is particular to the Company), subparagraphs (c) through (e), subparagraphs (g) through (j) and subparagraph (l) above in this Appendix H under "—*Events of Default*," promptly after receipt from the City of its statement of the default(s) required to be cured, cures all such default(s) (which are capable of being cured by someone other than the Company) then existing under the Agreement Towards Entering Into a Lease (as though the Agreement Towards Entering Into a Lease had not been terminated), or if such default is not capable of prompt cure, diligently prosecutes cure of such default, as applicable, and (ii) delivers to the City a statement, in writing, acknowledging that the City, by entering into such new agreement with such City Approved Successor Lessee will not have or be deemed to have waived any defaults or events of default then existing under the Agreement Towards Entering Into a Lease or existing immediately before termination of the Agreement Towards Entering Into a Lease (other than the defaults or events of default described in subparagraph (b) (which are particular to the Company), subparagraphs (c) through (e), subparagraphs (g) through (j) and subparagraph (l) above in this Appendix H under "—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Events of Default*," which the City will be deemed to have waived as against the City Approved Successor Lessee but as to which the City's recourse will be against the Company), 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.

Indictment. If any grand jury files an indictment charging the Company or certain principals or officers of the Company with having committed an intentional felony in connection

with the Project, or any related matter, then the City is required to convene a hearing. Such hearing will be held not less than 45 days after written notice has been given to the indicted party and the Company to determine whether it is in the best interest of the City to require the indicted party to assign its interest in the Agreement Towards Entering Into a Lease or in the Company.

Any failure of the indicted party, following a conviction, to assign its interest in the Agreement Towards Entering Into a Lease or in the Company to an assignee reasonably satisfactory to the City will be deemed a default by the Company under the Agreement Towards Entering Into a Lease. As used in this paragraph, an "*assignee reasonably satisfactory to the City*" means any person or entity who is (x) the Leasehold 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 under the Agreement Towards Entering Into a Lease 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 the Agreement Towards Entering Into a Lease or the indicted party's interest in the Company, as the case may be.

Disposition of the Airport. The City may (i) 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, the Airport, including the Premises; *provided, however,* that if the Agreement Towards Entering Into a Lease has not terminated, such transferee, vendee, lessee, assignee, grantee, licensee, manager or operator will take its interest subject to the Agreement Towards Entering Into a Lease for the period thereof, and (ii) assign or delegate to another person or entity succeeding to the rights or interests of the City with respect to the Premises, without recourse, all or any rights and obligations of the City under the Agreement Towards Entering Into a Lease, *provided* that if the Agreement Towards Entering Into a Lease has not terminated, such person or entity succeeding to the rights or interests of the City takes its interest subject to the Agreement Towards Entering Into a Lease.

Covenants of the Company. The Company has agreed to take the Premises in "as-is" condition and waives any claim against the City on account of any physical defect or defect in title to the Premises. The City makes no representations or warranties during the term of the Agreement Towards Entering Into a Lease, nor does it make any representations or warranties in or during the term of the New City/American Lease, as to the condition or state of title with respect to the Premises, including, without limitation, the existence or non-existence of any liens or encumbrances or conditions or defects in title. The Company expressly agrees that it will take its leasehold interest under the New City/American Lease subject to the then existing state of title.

The Company has agreed that the City has been out of possession and control of the Airport, inclusive of the Premises, and that the Port Authority has been in possession and control of the Airport, since the commencement of the Basic 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, the Company stipulates and agrees that the Company has been in possession and control of Terminal 8 on the Premises since April 11, 1956 and of Terminal 9 on the Premises

since December 1, 1989 and that such possession and control will continue throughout the term of the Port Authority Lease and throughout the term of the New City/American Lease.

The Company has agreed that the City makes no representation or warranty of the legality of the use of the Premises for the purposes contemplated in the Port Authority Lease or in the Agreement Towards Entering Into a Lease, or that all discretionary or non-discretionary public approvals necessary for the City to execute and deliver the New City/American Lease have been obtained or that all procedures requisite to such execution and delivery have been satisfied. The Company has agreed that the City has made no representation or warranty (i) as to which, if any, public approvals are requisite to the execution and delivery of the New City/American Lease, and (ii) that any necessary public approvals have been obtained or are obtainable for the execution and delivery of the New City/American Lease.

The Company has agreed to and with the City that it will invest, or cause to have been invested, at least (i) $283,000,000 by not later than December 21, 2003; and (ii) $850,000,000 by not later than December 31, 2008 (through Bond proceeds or equity) in the Project (subject to delays in construction caused by *force majeure*, which may not exceed four years in the aggregate). The Company has further agreed that the development and construction of the Project will be financed only by (i) the Company's own equity, (ii) the Bonds and (iii) general corporate debt which is not secured by the Project.

The Company has agreed to cooperate in studies conducted by the City and with City proposals to mitigate impacts of the Project. The Company has represented that it has obtained an environmental liability policy providing environmental liability coverage for the period of construction of the Project and a pollution legal liability site policy for environmental liabilities at the Premises. The Company has covenanted to cause the City to be named as an additional insured on such policies. The Company has covenanted that it will comply with the terms and conditions of the Port Authority Lease relating to environmental matters at the Premises.

The City and the Company agree to cooperate in good faith with each other to obtain all applicable governmental approvals for the New City/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.

Indemnification. The Company has agreed 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 the Company or its representatives.

The Company has agreed to 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 (i) except for gross negligence or intentional misconduct on the part of the City, for personal injury or property damage in connection with, or arising out of events occurring on or at or in connection with, the Premises or the Agreement Towards Entering Into a Lease, including any liability which the City may have to the Port Authority on account of, or in connection with, the Agreement Towards

Entering Into a Lease, the City Attornment Agreement or the New City/American Lease or (ii) in connection with hazardous materials stored, transported, disposed of, released or present at the Premises.

Assignment by the Company. The Agreement Towards Entering Into a Lease may not be assigned, transferred, pledged or otherwise encumbered by the Company without the written consent of the City, which consent will be given or withheld in the City's sole and absolute discretion, *provided, however,* that the Agreement Towards Entering Into a Lease may be assigned in its entirety without such consent to any successor in interest of the Company who becomes tenant under the Basic Lease and which is or is to be a Scheduled Aircraft Operator (*provided* that such operator is not a Prohibited Person), and with or into which the Company has merged or consolidated, or which has succeeded to the assets of the Company or the major portion of its assets related to its air transportation system, but in any such event, such assignment will 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 satisfies the financial tests set forth in the Port Authority 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 the Company as if it was the original party to the Agreement Towards Entering Into a Lease.

Mortgages Not Recognized. The City has not consented to the Port Authority Lease, the Port Authority Consent or Leasehold Mortgage, nor any other mortgage, lien, pledge, encumbrance or security interest in connection with the Port Authority Lease; none of the Port Authority Lease, the Port Authority Consent or the Leasehold Mortgage and no other mortgage, lien, pledge or encumbrance on or in connection with the Port Authority Lease will be effective with respect to, or will encumber or burden, any New City/American Lease, the estate or interest of the City in the Premises, or any property located thereon or therein, nor will the City be required to recognize or permit any of the foregoing. The foregoing does not limit the Fee Owner's obligations, if any, under the City Attornment Agreement to recognize the Company or to recognize a Qualified Mortgage in the circumstances and on the terms provided therein.

Summary of Terms of the New City/American Lease. The Agreement Towards Entering Into a Lease provides that the New City/American Lease will contain, among other terms, the following basic terms, and, at the option of the City or its designee, more particular and such additional terms and conditions as the City (or its designee) deems appropriate in good faith. All references to the City in the following section include any such designee.

- The New City/American Lease is to expire on the earlier of (i) the day immediately preceding the 30th anniversary of the Redevelopment Work Completion Date and (ii) December 21, 2036 (the "*Stated Expiration Date*").

- Ground rent is to be in the amount payable immediately prior to the expiration of the Port Authority Lease, increased annually, starting as of the commencement date of the New City/American Lease, by an amount equal to the greater of (a) 4% or (b) one-half of the increase in the consumer price index over the immediately preceding lease year. The Company is to pay to the City rent on improvements located at the Premises in the same

amounts as would have been payable under the Port Authority Lease if the Port Authority Lease had been extended and was still in effect, *provided however*, that such amount may not be less than the fair market rental, determined by appraisal, and abated, or escalated, by the same percentage by which rental would have been abated or escalated, if any, if the Port Authority Lease had been extended and was still in effect. The Company also is required to pay to the City all other rental of a type payable under the Port Authority Lease (including, without limitation, handling fees, and all rental associated with advertising, concessions, the retail program, and consumer services), in amounts not less than such amounts to be paid under the Port Authority Lease.

- If during the period of the New City/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 the Airport which rights are of comparable magnitude as the Company, to pay real property taxes or to make payments in lieu of real property taxes, then the Company will pay (as rental or as otherwise directed by the City) to the City 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 (as described in the Agreement Towards Entering Into a Lease) or make payments in lieu thereof, the Company will pay said impositions or make payments in lieu thereof.

- The New City/American Lease is required to 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 the Company has no control.

- The Company will be required to comply with all applicable laws, including all building codes and permit requirements, all FAA rules and the City's rules respecting similar facilities at the Airport. The Company will be required to operate the property in a non-discriminatory manner and to continue the affirmative action program under applicable federal law and regulations. The Company also will be required to render the Premises legal for occupancy in accordance with applicable law within definitive time periods as set forth in the New City/American Lease.

- The Company will be required to repair, clean and maintain the Premises or cause them to be repaired, cleaned and maintained. At the City's option, condition surveys of the Premises will be performed by the Company, the frequency and scope of which, as well as the determination of a qualified third party to conduct the survey, to be negotiated by the parties in good faith and included in the New City/American Lease. The Company will be required to comply with all recommendations of such surveys and to be responsible for the cost of preparing such surveys.

- The New City/American Lease is to contain condemnation, casualty and destruction provisions, without limitation, that are then usual and customarily included in leases from the

City 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 City/American Lease is terminated, retire or defease the Bonds.

- The New City/American Lease is to contain insurance and indemnity provisions and coverage amounts which are appropriate in the City's determination in good faith for the size and nature of the operations being conducted at the Premises as well as the City's potential liability or financial exposure. Such insurance and indemnity provisions to be included in the New City/American Lease are to be at least as protective of the City as such provisions are protective of the Port Authority in the Port Authority Lease, it being understood and agreed, however, that the City 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 City than of the Port Authority in the Port Authority Lease, and the added cost thereof is prohibitive or, in the Company's good faith judgment, not reasonably supportable economically by the Project, the parties may treat the New City/American Lease negotiations as having failed after good faith efforts, thereby terminating the Agreement Towards Entering Into a Lease.

- The City has not consented to the Port Authority Lease, the Port Authority Consent or the Leasehold Mortgage, nor any other mortgage, lien, pledge, encumbrance or security interest in connection with the Port Authority Lease; none of the Port Authority Lease, the Port Authority Consent or the Leasehold Mortgage, and no other mortgage, lien, pledge or encumbrance on or in connection with the Port Authority Lease will be effective with respect to, or will encumber or burden, any New City/American Lease, the estate or interest of the City in the Premises, or any property located thereon or therein, nor will the City be required to recognize or permit any of the foregoing. The Company cannot sell, convey, transfer, mortgage, pledge, assign or sublet the leasehold or the Premises, except for assignments and sublets made with the City's prior written consent in its sole and absolute discretion. Notwithstanding the foregoing, and provided that (i) the Reletting Rights Effective Date has occurred under the Port Authority Lease, (ii) the Leaseholder Mortgage and/or the Reletting Rights have not terminated, expired or ended under the Port Authority Lease, and (iii) the Mortgagee Rights Period did not terminate or expire prior to the expiration of the Port Authority Lease, the City agrees not to unreasonably withhold its consent to a new leasehold mortgage and associated reletting rights in favor of the Trustee (who is not a Prohibited Person) negotiated in good faith as part of the negotiation for the New City/American Lease, it being understood that the City 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 or elsewhere. Any consent by the City to a leasehold mortgage, reletting rights or the exercise of such rights, will require payment of various fees to the City, including but not limited to those payments, in substantially the same terms and amounts, as set forth and defined in the Port Authority 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 (but defined for purposes of this Official Statement as the Leasehold Mortgage Extension Fee). The City 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 will 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 the City's option. Security deposits will be required for all assignments not meeting minimum financial conditions, to be specified in the New City/American Lease.

- The Company is not to permit a Change in Control (as defined in the New City/American Lease) of the Company without the City's prior written consent.

- Default provisions are to include, with respect to monetary defaults, a cure period of 20 days after receipt of written notice from the City 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 30 days after receipt of written notice from the City (which cure period, if such default, other than for bankruptcy or insolvency types of defaults, is not susceptible of cure within said 30-day period, may be extended to the extent necessary to complete such cure *provided* that the Company has commenced such cure within said 30-day period and diligently pursues such cure to completion). If the Company fails to cure any default within the applicable periods, the City will have the right, without limitation, to terminate the New City/American Lease.

- The Company will be required to seek to maximize its use of the air passenger facility at the Premises (based on then current levels at the Airport) and to seek to keep the Premises fully occupied and used.

- The City will have the right, but not the obligation, to sell and furnish to the Company, or cause to be sold and furnished to the Company, electricity, water and sewage services. If the same are not supplied by the City, the Company will be required to arrange for such services directly with the provider. The Company will 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 the Company's operations at, or use or possession of, the Premises.

- The Company will be required to 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 initially was delivered to the Company. The Company will be required to deliver to the City, prior to execution of the New City/American Lease, a complete environmental report with respect to the environmental condition of the Premises. The Company will be required to comply with all its environmental obligations contained in

the Port Authority Lease. The Company will be required to provide the City with an appropriate environmental indemnity.

- The Company will be required to operate a "premier world class" retail program, defined as one that consistently scores within the top ten percent of industry recognized surveys. If the Company 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. The Company is required to deliver the Premises to all future concessionaires inclusive of utilities brought to the site and demising walls. The City and the Company will conduct an annual joint review of its comprehensive retail plan, including the determination as to appropriate modifications.

- The Company will be required to actively participate in any customer service initiatives that the City may undertake. The Company will be required to provide services at the Premises for the benefit of the traveling public in a manner consistent with any airport standards that are developed by the City in consultation with the airlines for first-class airport terminals. The Company will be required to 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.

- The Company will ensure that during the term of the New City/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 Premises are not set at a premium and are the same as for those sold off the Premises in the City at comparable retail establishments (*i.e.*, "street pricing").

- To the extent not done prior to commencement of the New City/American Lease, the Company will be required to 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 the Company'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.

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

- The New City/American Lease will contain conditions (waivable in the City's sole and absolute discretion) that must be satisfied by the Company at all times after execution and immediately prior to the effectiveness of the letting under the New City/ American Lease, it

being understood that such conditions will be substantially similar to the Conditions Precedent described in this Appendix H under "—Summary of Certain Provisions of the Agreement Towards Entering Into a Lease—*Conditions Precedent*" with such reasonably appropriate modifications and supplements as the City reasonably deems necessary in light of then existing circumstances.

Summary of Certain Provisions of the City Attornment Agreement

Pursuant to the City Attornment Agreement, the City and the Company have agreed that, in the event of a termination of the Port Authority Lease as described in the next succeeding paragraph, the Company will attorn to the Fee Owner and recognize the Fee Owner as its landlord, and the Fee Owner will accept such attornment, and the Port Authority Lease will continue as a direct lease between the Company and the Fee Owner in accordance with its terms. Such attornment will provide the Fee Owner with all rights of the Port Authority under the Port Authority Lease, and the Company will be obligated to the Fee Owner to perform all of the obligations of the Company thereunder. In addition, the Company will provide or cause to be provided to the Fee Owner all the rights and protections afforded the Port Authority (when it was lessor under the Port Authority Lease) under the Leasehold Mortgage and under the Port Authority Consent (collectively, the *"Mortgage and Consent Protections"*). Such attornment and Mortgage and Consent Protections will be effective and self-operative as of the date of the termination of the Port Authority Lease without the execution of any further instrument.

Subject to the other provisions of the City Attornment Agreement if the Basic Lease is terminated prior to its stated expiration date (as it may be extended), the Port Authority Lease will continue as a direct lease between the Company and the Fee Owner in accordance with its terms and the Port Authority Lease will not be deemed terminated for any purpose other than as regards the Port Authority (*provided* that at the time of the Basic Lease termination, unless waived by the City in its sole and absolute discretion, the Company is not a Prohibited Person and has not defaulted under the Port Authority Lease and no event exists which would permit the Port Authority to terminate the Port Authority Lease or to exercise any dispossess remedy, and *provided further* that the Company has possession of the Premises as tenant under the Port Authority Lease and no event has occurred which would permit the commencement of the exercise of the Reletting Rights on notice or otherwise and no Qualifying Replacement Tenant has been appointed and no Triggering Event has occurred). As of the date of termination of the Basic Lease and subject to the proviso of the immediately preceding sentence, the Fee Owner agrees that it will recognize the Port Authority Lease and the rights of the Company 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 to not disturb the Company's possession of the Premises.

Neither the Fee Owner, nor anyone claiming by, through or under the Fee Owner, will be (a) liable for any act or omission of any prior landlord under the Port Authority Lease except for acts or omissions that are then continuing and are subject to being cured by the Fee Owner; (b) subject to any counterclaims, offsets or defenses which the Company may have against the prior landlord under the Port Authority Lease; (c) bound by any advance payment of rent or other

charges payable under the Port Authority Lease or to any other person; (d) bound by any obligation, with certain exceptions, to make any payment to the Company under the Port Authority Lease; (e) bound by any modification or amendment of the Port Authority Lease which reduces the rent payable under the Port Authority Lease or any other charges payable thereunder 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 the Fee Owner has given its written consent; (f) liable for any environmental hazards at the Premises; (g) obligated to repair or restore the Premises if a condemnation occurs; (h) subject to any cancellation or termination rights requiring payment by the landlord of a fee or penalty for such cancellation or termination, unless the Fee Owner voluntarily exercises such right for other than a casualty or condemnation; (i) obligated to recognize, permit or be subject to (A) any mortgage, lien, claim, encumbrance or security interest which is not a Qualified Mortgage (as defined below) or any rights or purported rights thereunder or (B) any Reletting Rights or similar type of rights other than by a Permitted Mortgagee (as defined below) in connection with a Qualified Mortgage held by such Permitted Mortgagee; or (j) obligated to recognize any rights of the Company, or anyone claiming by, through or under the Company (including without limitation, any mortgagee), after the earlier of (A) the stated expiration date of the Basic Lease and (B) the expiration date of the Port Authority Lease as described under the first paragraph under APPENDIX F—"SUMMARY OF CERTAIN PROVISIONS OF THE PORT AUTHORITY LEASE—Term," subject to earlier termination.

A "*Qualified Mortgage*" means a mortgage which is an IDA Mortgage (as defined below) (i) which by its terms does not extend to or affect, or represent a lien or encumbrance on, the estate or interest of the Fee Owner in the Premises 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) under which the Port Authority, its successors and assigns (other than the Fee Owner), does not have any rights. A "*Permitted Mortgagee*" means 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 Permitted Mortgagee has assigned or transferred the Qualified Mortgage. "*IDA Mortgage*" means a mortgage lien on all of the Company's interest in the Port Authority 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 the Company and the guaranty of payment thereof of AMR, (ii) which complies with the provisions described in clause (i) of the definition of Qualified Mortgage above and which includes the provision set forth in clause (ii) of the definition of Qualified Mortgage above, and (iii) in no event attaches to or encumbers the leasehold estate or is otherwise effective unless and until the Reletting Rights Effective Date has occurred. Further, to constitute an "*IDA Mortgage*" the lien will not attach or encumber the leasehold estate or otherwise be effective before the Reletting Rights Effective Date, if any, and will terminate and in no event extend beyond the Mortgagee Rights Period.

Upon the request of either the Company or the Fee Owner, the other party shall promptly execute and deliver to the requesting party an agreement or other instrument in recordable form

evidencing the recognition and attornment under the City Attornment Agreement and/or the Mortgage and Consent Protections.

Notwithstanding any other provision of the City Attornment Agreement, neither the Fee Owner (if the Fee Owner is the City) nor any of its agencies is required to recognize the Company or its otherwise permitted successor in interest as the City's direct tenant under the Port Authority Lease if the Company or such otherwise permitted successor in interest is a Prohibited Person.

The Fee Owner is not liable for damages or restitution to the Company if the Fee Owner is unable to deliver possession of the Premises or unable to perform its obligations under the Port Authority Lease because the Port Authority continues to use or occupy the Premises or refuses to vacate any portion of the Airport after the termination of the Basic Lease.. Notwithstanding any failure by the Fee Owner to give possession of the Premises to the Company or to perform its obligations under the Port Authority Lease, the Company remains obligated to pay all rental and other charges to the Fee Owner and all impositions to the appropriate regulatory authority under the Port Authority Lease.

The City Attornment Agreement will automatically terminate if the Fee Owner has transferred fee title and ownership of the Airport, including the Premises, to the Port Authority, or any affiliate thereof, directly or indirectly, through one or more entities. Additionally, the City Attornment Agreement will terminate at the Fee Owner's option, upon written notice to the Company, upon any termination of the Agreement Towards Entering Into a Lease for any reason whatsoever, other than (i) solely because of the entry into a New City/American Lease or (ii) the entry into an Extended Basic Lease the stated expiration date of which is on or after the Maximum Port Authority Lease Expiration Date. Further, in the event the City Attornment Agreement survives the termination of the Agreement Towards Entering Into a Lease due solely to such entry into a New City/American Lease or Extended Basic Lease with an expiration date on or after the Maximum Port Authority Lease Expiration Date, the City Attornment Agreement will nevertheless terminate at the City's option upon notice to the Company if an event occurs thereafter which would have permitted termination of the Agreement Towards Entering Into a Lease or the City Attornment Agreement if the Agreement Towards Entering Into a Lease were still in effect, or an event occurs permitting termination (or constituting a failure of a condition to the effectiveness) of the New City/American Lease. Upon any termination of the City Attornment Agreement, all rights and obligations thereunder will terminate, and the City's right to dispose, convey, lease, assign or transfer the Premises or enter into any agreement to do so will not be restricted or limited by the City Attornment Agreement or any agreement or instrument entered into pursuant to or to evidence the terms of the City Attornment Agreement.

The City Attornment Agreement will inure to the benefit of the Fee Owner and the Company and their respective permitted successors in interest and their permitted successors and assigns and will be binding upon the successor in interest of the parties thereto and their permitted successors and assigns. Except as otherwise expressly described in this paragraph, the City Attornment Agreement cannot be assigned, transferred, pledged or otherwise encumbered by the Company without the written consent of the City, which consent will be given or withheld in the City's sole and absolute discretion, *provided, however*, that the City Attornment

Agreement may be assigned in its entirety without such consent to any successor in interest of the Company which becomes tenant under the Port Authority Lease and is or is to be a Scheduled Aircraft Operator, and with or into which the Company has merged or consolidated, or which has succeeded to the assets of the Company or the major portion of its assets related to its air transportation system, but in any such event, such assignment will 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 (whether it be the Company or any other entity or purchaser) satisfies the financial tests in the Port Authority 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 the Company as if it was the original party to the City Attornment Agreement.

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APPENDIX I

FORM OF OPINION OF BOND COUNSEL

July __, 2002

New York City Industrial
Development Agency
110 William Street
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings of the New York City Industrial Development Agency (the *"Agency"*), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York, and other proofs submitted to us relative to the issuance and sale of the $120,000,000 New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002A Bonds"*) and $380,000,000 New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002B Bonds"* and collectively with the Series 2002A Bonds, the *"Series 2002 Bonds"*).

The Series 2002 Bonds are issued under and pursuant to (i) 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 the State of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the *"Act"*); (ii) a Master Indenture of Trust, dated as of July 1, 2002 (the *"Master Indenture"*), as supplemented by a First Series Supplemental Indenture of Trust, dated as of July 1, 2002, with respect to the Series 2002A Bonds (the *"First Series Supplemental Indenture"*) and a Second Series Supplemental Indenture of Trust, dated as of July 1, 2002 with respect to the Series 2002B Bonds (the *"Second Series Supplemental Indenture"* and collectively with the Master Indenture and the First Series Supplemental Indenture, the *"Indenture"*), by and between the Agency and The Bank of New York (the *"Trustee"*); and (iii) resolutions of the Agency adopted on October 23, 2001 and November 23, 2001 authorizing the Series 2002 Bonds and certain actions relating thereto.

The Series 2002 Bonds are dated July 1, 2002 and are issuable as fully registered bonds, without coupons, in authorized denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000.

The Series 2002 Bonds are subject to redemption prior to maturity, in the manner and upon the terms and conditions set forth in the Indenture.

The Series 2002 Bonds are being issued to provide funds to finance a portion of the cost of a project (the *"Project"*) which consists of (i) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York (the *"Airport"*) on land owned by the City (as hereinafter defined) (the *"Premises"*), and (ii) the acquisition, construction and equipping of a new approximately 2,000,000 square foot air passenger terminal together with related arrival and departure access ramps, parking facilities on the Premises and a passenger tunnel connecting Concourse C to the new terminal, all to be used and managed as a passenger facility located at the Airport by American Airlines, Inc., a Delaware corporation (the *"Lessee"*). The Series 2002 Bonds will also provide funds to reimburse the Lessee for the payment of such Project costs, to pay costs of issuance related to the Series 2002 Bonds and to fund applicable accounts of the Debt Service Reserve Fund.

The Airport is leased by the City of New York (the *"City"*) to The Port Authority of New York and New Jersey (the *"Port Authority"*) pursuant to an Agreement of Lease dated April 17, 1947, as amended and supplemented (the *"Basic Lease"*), by and between the City and the Port Authority. The Premises have been subleased by the Port Authority to the Lessee pursuant to an agreement of lease entered into as of August 1, 1976 being Port Authority Agreement No. AYB-085 as amended and supplemented and as further amended, supplemented, and restated in an Amended and Restated Lease (No. AYB-085R) dated 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 *"Port Authority Lease"*). The Lessee and the Agency have entered into a Company Sublease Agreement dated as of July 1, 2002 (the *"Company Sublease"*). Pursuant to the Company Sublease, the Lessee will sub-sublease to the Agency certain improvements located on the Premises (the *"Leased Facilities"*). The Leased Facilities consists of only the improvements which are to be made or acquired pursuant to the IDA Lease Agreement, dated as of July 1, 2002 by and between the Agency and Lessee (the *"IDA Lease Agreement"*), and financed with the proceeds of the Series 2002 Bonds and Additional Bonds (herein defined) issued from time to time under the Indenture (the *"Bonds"*). Pursuant to the IDA Lease Agreement the Agency has sub-sub-subleased to the Lessee the Leased Facilities, and has leased to the Lessee the systems, machinery, equipment and other tangible personal property acquired and installed or to be acquired and installed at the Leased Facilities as part of the Project and financed in whole or in part with the proceeds of the Bonds (the *"Facility Equipment"*). The Leased Facilities and the Facility Equipment are referred to collectively herein as the "Facility."

The Lessee will be obligated under the IDA Lease Agreement to make lease rental payments to the Trustee in an amount sufficient to pay the principal and purchase price of, redemption premium, if any, and interest on the Bonds, including the Series 2002 Bonds. The Indenture permits the issuance of additional bonds (the *"Additional Bonds"*) ranking on a parity with the Series 2002 Bonds, provided that the maximum principal amount of bonds issued under the Indenture shall not exceed $2,300,000,000. Payment of the principal and purchase price of, premium, if any, and interest on the Bonds (including the Series 2002 Bonds) issued under the Indenture will be guaranteed by the Lessee pursuant to a Guaranty dated as of July 1, 2002 from the Lessee to the Trustee (the *"Lessee Guaranty"*) and will also be guaranteed by AMR Corporation (*"AMR"*) pursuant to a Guaranty dated as of July 1, 2002 from AMR to the Trustee (the *"AMR Guaranty"*). The Bonds will be additionally secured pursuant to an Equipment

Security Agreement dated as of July 1, 2002 among the Agency, the Lessee and the Trustee (*"the Equipment Security Agreement"*).

We are of the opinion that:

1. The Agency has the right and power to enter into the Indenture, the IDA Lease Agreement, the Company Sublease and the Equipment Security Agreement, and the Indenture, the IDA Lease Agreement, the Company Sublease and the Equipment Security Agreement have been duly authorized, executed and delivered by the Agency, and, assuming due authorization, execution and delivery by the other parties thereto, are in full force and effect in accordance with their terms and are valid and binding upon the Agency and enforceable in accordance with their respective terms and no other authorization by the Agency for the Indenture, the IDA Lease Agreement, the Company Sublease or the Equipment Security Agreement is required.

2. The Indenture creates the valid pledge which it purports to create of the lease rentals payable or receivable under the IDA Lease Agreement and the moneys and securities from time to time held by the Trustee under the terms of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Agency has the right and power to authorize, execute and deliver the Series 2002 Bonds, and the Series 2002 Bonds have been duly authorized, executed and delivered by the Agency. The Series 2002 Bonds are valid and binding special obligations of the Agency, are enforceable in accordance with their terms and the terms of the Indenture and are payable as to principal and purchase price, redemption premium, if any, and interest from moneys on deposit in the funds and accounts maintained under the Indenture, all as provided in the Indenture. The Series 2002 Bonds are entitled to the benefit of the Indenture.

4. The Internal Revenue Code of 1986, as amended to the date hereof (the *"Code"*), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2002 Bonds in order that interest on the Series 2002 Bonds be and remain not included in gross income for Federal income tax purposes. Pursuant to the Tax Certificate executed by the Lessee and the Agency dated the date hereof (the *"Tax Certificate"*), the Lessee has made certain representations, certifications and covenants relating to such non-inclusion in gross income. The IDA Lease Agreement and the Tax Certificate obligate the Lessee to do and perform all acts and things necessary and within its control to assure that interest on the Series 2002 Bonds not be included in gross income pursuant to Section 103 of the Code. Noncompliance with current requirements or future amendments may cause interest on the Series 2002 Bonds to be subject to federal income taxes retroactive to the date of issue of the Series 2002 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

In our opinion, under existing statutes and court decisions, assuming continuing compliance by the Agency and the Lessee (and their successors) with the aforementioned covenants and the accuracy of the aforementioned representations and certifications, interest on the Series 2002 Bonds is not included in gross income for Federal income tax purposes, except that we express no opinion as to the exclusion from gross income of interest on any Series 2002

Bond for any period during which such Series 2002 Bond is held by a "substantial user" of the Facility or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2002 Bonds will be treated as a preference item to be included in calculating the alternative minimum taxable income for purposes of the alternative minimum tax imposed with respect to individuals and corporations.

The Series 2002 Bonds are initially offered to the public at a price less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Series 2002 Bonds is sold in the initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount. We are of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Series 2002 Bonds. Original issue discount accrues over the term of the Series 2002 Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code, with certain adjustments.

5. The interest (and accrued original issue discount) on the Series 2002 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City) and is exempt from all taxation directly imposed by or under the authority of said State except for transfer and estate taxes.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Series 2002 Bonds.

We have examined one of the Series 2002 Bonds in fully registered form and, in our opinion, the form of said Series 2002 Bond is regular and proper.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. Furthermore, we express no opinion as to the impact of any such change or action on the tax-exempt status of interest on any Series 2002 Bond, if such change occurs or action is taken upon the advice or approval of Bond Counsel other than Winston & Strawn.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2002 Bonds, the Indenture, the Basic Lease, the Port Authority Lease, the Company Sublease, the IDA Lease Agreement and the Equipment Security Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). In addition, we express no opinion as to the severability of any provision of the Indenture, the Company Sublease, the IDA Lease Agreement or the Equipment Security Agreement in the event that the modification of the foregoing agreements resulting from

a severed provision constitutes a material change to the original intention of the parties to such agreements.

In rendering the foregoing opinions, we have assumed that each of the Basic Lease and the Port Authority Lease are in full force and effect. In rendering this opinion, we have not made any investigation of, do not express an opinion as to, and are not passing upon any matters relating to, title to the Facility.

In rendering the foregoing opinions, we have reviewed the opinions of Anne H. McNamara, Senior Vice President and General Counsel of AMR Corporation and American Airlines, Inc., dated the date hereof, as to certain matters relating to the Lessee and have assumed the due authorization, execution and delivery of the Company Sublease, the IDA Lease Agreement and the Equipment Security Agreement by the Lessee. We understand that you have received said opinions with respect to such matters.

In rendering the foregoing opinions, we have reviewed the opinion of Emmet, Marvin & Martin, LLP, counsel to the Trustee, dated the date hereof, as to certain matters relating to the Trustee and have assumed the due authorization, execution and delivery of the Indenture by the Trustee. We understand that you have received such opinion with respect to such matters.

Our opinions set forth herein are based upon the facts in existence and the laws in effect on the date hereof and we disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

Very truly yours,

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APPENDIX J

GATE DEMAND STUDY

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July 15, 2002

BLUE SKY MEMORANDUM

$500,000,000*

New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. John F. Kennedy International Airport Project)
$ 92,955,000* Series 2002A
$ 96,590,000* Series 2002B
$144,465,000* Series 2002C
$165,990,000* Series 2002D

Salomon Smith Barney Inc.
As Representative of the Underwriters

Ladies/Gentlemen:

This Memorandum relates to the requirements of the "Blue Sky" laws of the jurisdictions listed with respect to the above-referenced Bonds (hereinafter the *"Bonds"*). The Memorandum is based upon an examination of Section 18 of the Securities Act of 1933, as amended (*"Section 18"*) and of the securities laws of the several jurisdictions and the rules and regulations, where published, of the authorities administering such laws, all, as to such jurisdictions, as set forth in the CCH Blue Sky Law Reporter or upon informal interpretive advice or "no-action" letters obtained from certain securities commissions or their representatives relating to the Bonds or similar securities. It is noted, however, that the securities laws of certain jurisdictions provide that the burden of claiming an exemption is upon the person claiming the exemption and that informal interpretive advice and "no-action" letters are not necessarily binding upon a court of law.

We call attention to the fact that the authorities responsible for administering the securities laws of the various jurisdictions have broad discretionary powers with respect to the

*Preliminary, subject to change

offer and sale of securities, including the power to withdraw exemptions granted by the applicable statutes and the power to impose additional requirements with respect to securities offerings and the information which must be furnished by the proposed issuers and underwriters. This Memorandum is, of course, subject to any changes made in the securities laws of the jurisdictions by reason of such discretionary powers, to the extent that the same are not preempted by Section 18. Furthermore, we have not obtained any opinions from members of the bar of any jurisdiction or formal rulings from regulatory commissions or other administrative bodies or officials.

This Memorandum does not purport to cover the requirements under any of the laws of the jurisdictions enumerated herein with respect to the registration or licensing of dealers, brokers, salesmen, the form or substance of advertising or the legality of investments in the Bonds by any institutional investor which is subject to statutory or other restrictions as to its investments.

SECTION I

Sales by Persons Registered or Licensed as Dealers or Brokers

A.

In the following jurisdictions, no action need be taken to qualify the Bonds and the Bonds may be sold or offered to anyone therein. Such offers and sales may be made only by sellers which are registered or licensed appropriately as dealers, brokers, sales persona or sales agents within the applicable jurisdiction or who are properly exempted from such jurisdiction's registration of licensing requirements:

Alabama	Kansas	Ohio
Alaska	Kentucky	Oklahoma
Arizona	Louisiana	Oregon
Arkansas	Maine	Pennsylvania
California	Maryland	Puerto Rico
Colorado	Massachusetts	Rhode Island
Connecticut	Michigan	South Carolina
Delaware	Mississippi	South Dakota
District of Columbia	Missouri	Tennessee
Florida	Montana	Texas
Georgia	Nebraska	Utah
Hawaii	Nevada	Vermont
Idaho	New Jersey	Virginia
Illinois	New York	West Virginia
Indiana	North Carolina	Wisconsin
Iowa	North Dakota	Wyoming

B.

In the following jurisdictions, appropriate action is required by either the filing of notice and/or payment of fees before the Bonds may be sold or offered to anyone therein other than in exempt transactions. Pursuant to your request, no such action is being taken in these jurisdictions, therefore, no offers or sales of the Bonds may be made to anyone in these jurisdictions other than in exempt transactions. Such offers and sales may be made only by sellers which are registered or licensed appropriately as dealers, brokers, sales persona or sales agents within the applicable jurisdiction or who are properly exempted from such jurisdiction's registration of licensing requirements:

Minnesota
New Hampshire
New Mexico
Washington

SECTION II

PERMISSIBLE SALES TO INSTITUTIONS AND BY PERSONS NOT REGISTERED OR LICENSED AS DEALERS OR BROKERS

In the following jurisdictions, except as noted, no action need be taken to qualify the Bonds and the seller need not be registered or licensed as a dealer or broker to offer for sale or sell the Bonds to the persons and institutions described in the footnotes, as well as to dealers or brokers registered or licensed in such jurisdictions, subject to the conditions, if any, set forth in the footnotes:

Alabama (1)
Alaska (2)
Arizona (3)
Arkansas (2)
California (4)
Colorado (5)
Connecticut (6)
Delaware (12)
District of Columbia (7)
Florida (8)
Georgia (9)
Hawaii (2)
Idaho (10)
Illinois (11)
Indiana (2)
Iowa (2)
Kansas (13)
Kentucky (10)
Louisiana (14)
Maine (15)
Maryland (38)
Massachusetts (16)
Michigan (39)
Minnesota (17)
Mississippi (2)
Missouri (2)
Montana (10)
Nebraska (18)
Nevada (19)
New Hampshire (34)
New Jersey (20)
New Mexico (21)
New York (22)
North Carolina (2)
North Dakota (35)
Ohio (23)
Oklahoma (36)
Oregon (24)
Pennsylvania (25)
Puerto Rico (26)
Rhode Island (27)
South Carolina (2)
South Dakota (28)
Tennessee (29)
Texas (30)
Utah (12)
Vermont (31)
Virginia (32)
Washington (37)
West Virginia (2)
Wisconsin (33)
Wyoming (2)

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(1) Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

(2) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer

or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(3) Any bank, savings institution, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities; provided, that any seller who is not registered as a dealer or broker-dealer in the state must have no place of business there and effects transactions therein exclusively with dealers.

(4) Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self employed individual retirement plan or individual retirement account), or a wholly-owned subsidiary of any such institutional investor, or such other institutional investor or governmental agency or instrumentality as the Commissioner of Corporations may designate by rule, whether the purchaser is acting for itself or as trustee (the other institutional investors and governmental agencies or instrumentalities designated by the Commissioner by rule being any organization described in Section 501(c)(3) of the Internal Revenue Code, as amended December 29, 1981, which has total assets, including endowment, annuity and life income funds, of not less than $5,000,000 according to its most recent audited financial statement, any corporation with a consolidated net worth of not less than $14,000,000 according to its most recent audited financial statement, and any wholly-owned subsidiary of any such institutional investor, the federal government, any agency or instrumentality thereof, any corporation wholly-owned by the federal government, any state, city, city and county, or county, or any agency or instrumentality of a state, city, city and county, or county, or any state university or state college, and any retirement system for the benefit of employees of any of the foregoing public agencies); *provided*, that the purchaser represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security (any offer to resell or resale made in compliance with Rule 144A (17 CFR 230.144A) of the Securities and Exchange Commission being considered as not in connection with a distribution for this purpose); provided further, as to all of the foregoing, that any seller not registered as a broker-dealer in California has no place of business in California and either effects transactions exclusively with a broker-dealer or is a broker-dealer registered under the Securities Exchange Act of 1934 who has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute and does not direct offers to sell or buy into California other than to broker-dealers and the institutional investors (other than self-employed individual retirement plans) or governmental agencies or instrumentalities listed above, or any offer to resell or resale of restricted securities made in compliance with Rule 144A (17 CFR 230.144A) of the Securities and Exchange Commission.

(5) Any broker-dealers licensed or exempt from licensing under the Colorado Securities Act (except when the seller is acting as a clearing broker-dealer for such broker-dealers); financial or institutional investors (*"financial or institutional investor"* means a

depository institution (*"depository institution"* means any of the following, whether acting for itself or others in a fiduciary capacity: a person that is organized or chartered, or is doing business or holds an authorization certificate, under the laws of a state or of the United States which authorize the person to receive deposits, including deposits in savings, share, certificate, or other deposit accounts, and that is supervised and examined for the protection of depositors by an official or agency of a state or the United States; and a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States. The term does not include an insurance company or other organization primarily engaged in the insurance business); an insurance company; a separate account of an insurance company; an investment company registered under the federal Investment Company Act of 1940; a business development company as defined in the federal Investment Company Act of 1940; any private business development company as defined in the federal Investment Advisers Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of five million dollars or its investment decisions are made by a named fiduciary, as defined in the federal Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the federal Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the federal Investment Advisers Act of 1940, a depository institution, or an insurance company; an entity, but not an individual, a substantial part of whose business activities consist of investing, purchasing, selling, or trading in securities of more than one issuer and not of its own issue and that has total assets in excess of five million dollars as of the end of its latest fiscal year; a small business investment company licensed by the federal small business administration under the federal Small Business Investment Act of 1958; and any other institutional buyer); and individuals who are existing customers of the broker-dealer and whose principal places of residence are not in this state; provided, seller is registered as a broker-dealer under the federal Securities Exchange Act of 1934 and has no place of business in this state.

(6) Any state bank and trust company, national banking association, savings bank, savings and loan association, federal savings and loan association, credit union, federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as amended, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as a trustee; *provided*, that any seller who is not registered as a broker-dealer in Connecticut has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(7) Any financial or institutional investor (*"financial or institutional investor"* means any of the following, whether acting for itself or others in a fiduciary capacity: a depository institution (*"depository institution"* means: a person that is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States to receive deposits, including a savings, share, certificate or deposit account, and that is supervised and examined for the protection of depositors by an official or agency of a

state or the United States; a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United States; and "*depository institution*" does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris Plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); an insurance company; a separate account of an insurance company; an investment company registered under the Investment Company Act of 1940; a business development company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing or benefit plan if the plan has total assets in excess of $5 million, or if investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; a "qualified institutional buyer" as defined in SEC Rule 144A; a broker-dealer; an accredited investor as defined in SEC Rule 501(a); a limited liability company with net assets of at least $500,000; and any other financial institution or institutional buyer; *provided*, that the seller has no place of business in the District of Columbia and effects transactions therein exclusively with the foregoing classes of purchasers.

(8) Any bank or trust company, savings institution, insurance company, investment company as defined by the Investment Company Act of 1940, or pension plan or profit-sharing trust, or qualified institutional buyer as defined by rule of the Department of Banking and Finance in accordance with Securities and Exchange Commission Rule 144A (17 C.F.R. 230.144(A)(a)), whether any of such entities is acting in its individual or fiduciary capacity; *provided* that such offer or sale of securities is not for the direct or indirect promotion of any scheme or enterprise with the intent of violating or evading any provision of the Florida Securities and Investor Protection Act.

(9) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

(10) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, qualified institutional buyer under SEC Rule 144A, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

(11) Any corporation, bank, savings bank, savings institution, savings and loan association, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, other financial institution (including, but not limited to, a manager of investment accounts on behalf of other than natural persons

who, with affiliates, exercises sole investment discretion with respect to such accounts; *provided*, that such accounts exceed 10 in number and have a fair market value of not less than $10,000,000 at the end of the calendar month preceding the offering of the securities) or institutional investor (including, but not limited to, any investment company, university, or other organization whose primary purpose is to invest its own assets or those held in trust by it for others; trust accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund), any government or political subdivision or instrumentality thereof, whether the purchaser is acting for itself or in some fiduciary capacity; or any partnership or other association engaged as a substantial part of its business or operations in purchasing or holding securities, or any trust in respect of which a bank or trust company is trustee or co-trustee; or any employee benefit plan within the meaning of Title I of ERISA if (i) the investment decision is made by a plan fiduciary as defined in Section 3(21) of ERISA and such plan fiduciary is either a bank, savings and loan association, insurance company, registered investment adviser or an investment adviser registered under the Investment Advisers Act of 1940 or (ii) the plan has total assets in excess of $5,000,000 or (iii) in the case of a self-directed plan, investment decisions are made solely by persons that are described in this paragraph; any entity in which at least 90% of the equity is owned by (i) persons described above, (ii) any natural person who has, or is reasonably believed to have, a net worth or joint net worth with that person's spouse, at the time of the offer, sale or issuance, in excess of $1,000,000 or any natural person who had, or is reasonably believed to have had, an individual income or joint income with that person's spouse, in excess of $200,000 in the current year or any entity that is not a natural person and in which at least 90% of the equity interest is owned by natural persons described in this clause (ii), and (iii) directors, executive officers or general partners of the issuer of the securities being sold; or any plan established and maintained by, and for the benefit of the employees of, any state or political subdivision or agency or instrumentality thereof if such plan has total assets in excess of $5,000,000; or any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, any Massachusetts or similar business trust, or any partnership, if such organization, trust, or partnership has total assets in excess of $5,000,000.

(12) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers. "Institutional buyer" includes qualified institutional buyers under SEC Rule 144A.

(13) Any underwriter, bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer; *provided*, that the

financial institution is acting for its own account or as a bona fide trustee of a trust organized or existing other than for the purpose of acquiring the Bonds.

(14) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, as now or hereafter amended, real estate investment trust, small business investment corporation, pension or profit-sharing plan or trust, qualified institutional buyer in compliance with SEC Rule 144 or Rule 144A, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

(15) Existing customers of the seller who represent that they have no principal residence in Maine; *provided*, that the seller has no place of business in Maine and is registered as a broker-dealer in the state of its principal place of business and under the Securities Exchange Act of 1934; broker-dealers licensed or exempt under the Revised Maine Securities Act, except when the broker-dealer is acting as a clearing broker-dealer for such other broker-dealers; financial and institutional investors acting for themselves or in a fiduciary capacity (*"financial and institutional investor"* includes, but is not limited to, depository institutions and depository institution holding companies (*"depository institution"* means a person, other than an insurance company or other organization primarily engaged in the insurance business, which is: organized, chartered or holding an authorization certificate under the laws of any state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account; and supervised and examined for the protection of depositors by an official or agency of any state or the United States. "*Depository institution*" also includes any trust company or other institution which is authorized by state law to exercise fiduciary powers similar to those permitted to national banks under the authority of the United States Comptroller of the Currency, but does not include any industrial bank, Morris Plan Bank or industrial loan bank); insurance companies; separate accounts of insurance companies; investment companies as defined by the Investment Company Act of 1940; business development companies as defined in the Investment Company Act of 1940; entities, other than natural persons, a substantial part of whose business consists of investing, purchasing, selling or trading in securities of more than one issuer and not of its own issue whose gross assets exceeded $1,000,000 at the end of its latest fiscal year; employee pension and profit sharing or benefit plans other than those of the issuer, self-employed individual retirement plans or individual retirement accounts; *provided*, that the investment decision is made by a plan fiduciary as defined in Section 3, subsection 21 of the United States Employee Retirement Income Security Act of 1974, which is either a depository institution, insurance company, or an investment adviser registered under the Maine Securities Act, or the plan has total assets in excess of $5,000,000; small business investment companies licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; not for private profit entities as defined in Section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5,000,000); *provided*, that any seller who is not registered as a broker-dealer in Maine is registered as a broker-dealer under the Securities Exchange Act of 1934 and effects transactions in Maine exclusively with or through the foregoing classes of purchasers.

(16) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer ("*Institutional Buyer*" includes, but is not limited to, the following: (1) a Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended; (2) a private business development company as defined in s.202(a)(22) of the Investment Advisors Act of 1940, as amended; (3) a Business Development Company as defined in s.2(a)(48) of the Investment Company Act of 1940, as amended; (4) an entity with total assets in excess of $5 million and which is either: (a) a company (whether a corporation, a Massachusetts or similar business trust or a partnership) not formed for the specific purpose of acquiring the securities offered; a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investment; or (b) an organization described in Section 501(c)(3) of the Internal Revenue Code; and (5) a Qualified Institutional Buyer as defined in 17 CFR 230.144A(a)), whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(17) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer ("*financial institution or institutional buyer*" includes, but is not limited to: (1) any corporation with a class of equity securities registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended, and (2) any *"qualified institutional buyer"* within the meaning of Rule 144A, and any person who is an *"accredited investor"* within the meaning of Rule 501(a), adopted by the Securities and Exchange Commission under the Securities Act of 1933, as amended) whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a broker-dealer in Minnesota has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(18) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust (*"pension or profit-sharing trust"* means an employee benefit plan, as defined in Title I of the Employee Retirement Income Security Act of 1974 (*"ERISA"*), if (i) the investment decisions are made by a *"plan fiduciary,"* as defined in Section 3(21) of ERISA, which is either a bank, insurance company or registered investment adviser or (ii) the employee benefit plan has total assets in excess of $5,000,000) or other financial institution or institutional buyer (*"financial institution or institutional buyer"* meaning (i) any bank as defined in Section 3(a)(2) of the Securities Act of 1933, whether acting in its individual or fiduciary capacity; (ii) any insurance company as defined in Section 2(13) of the Securities Act of 1933; (iii) any business development company as defined in Section 2(a)(48) of the Investment Company Act of 1940; and (iv) any small business

investment company licensed by the United States Small Business Administration, pursuant to Section 301(c) or (d) of the Small Business Investment Company Act of 1958), or to an individual accredited investor (*"individual accredited investor"* includes (i) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase, exceeds one million dollars, or (ii) any natural person who had an individual income in excess of two hundred thousand dollars in each of the two most recent years or joint income with that person's spouse in excess of three hundred thousand dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year) or to a broker dealer whether the purchaser is acting for itself or in some fiduciary capacity.

(19) Any financial or institutional investor (*"financial or institutional investor"* means a depository institution; insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser under the Investment Advisers Act of 1940, a depository institution, or an insurance company, and any other institutional buyer, whether the purchaser is acting for itself or others in a fiduciary capacity other than as an agent); *provided*, that the seller either is registered or is not required to be registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Nevada and effects transactions therein exclusively with the foregoing classes of purchasers.

(20) Any bank, savings institution (*"savings institution"* means any savings and loan association or building and loan association operating pursuant to the Savings and Loan Act of New Jersey, any federal savings and loan association and any association organized under the laws of any state whose accounts are insured by the Federal Savings and Loan Insurance Corporation and which are subject to supervision and examination by the Federal Home Loan Bank Board, and any credit union licensed and supervised under the Credit Union Act of New Jersey or licensed and supervised by the National Credit Union Administration), trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a broker-dealer in New Jersey effects transactions exclusively with or through the foregoing classes of purchasers.

(21) Any broker-dealer licensed or exempt under the New Mexico Securities Act, or financial or institutional investor (*"financial or institutional investor"* includes a depository institution, insurance company, separate account of an insurance company, investment company as defined in the Investment Company Act of 1940, a business development company as defined by the Investment Company Act of 1940, a small business investment company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, or employee

pension, profit-sharing or benefit plan, *provided*, that the plan has total assets in excess of $5,000,000, or, investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisors Act of 1940, a depository institution or an insurance company, whether acting for itself or others in a fiduciary capacity, other than as an agent); *provided*, that any seller who is not registered as a broker-dealer in New Mexico is registered as a broker-dealer under the Securities Exchange Act of 1934, has no place of business in New Mexico and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(22) Any bank (*"bank"* means a state or national bank, trust company or savings institution incorporated under the laws and subject to the examination, supervision and control of any state or of the United States or of any insular possession thereof), syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups, or any person purchasing such securities on the floor of any securities exchange registered as a national securities exchange under the Securities Exchange Act of 1934; and, *as part of a private placement*, any bank, corporation, savings institution, trust company, insurance company, investment company, as defined in the federal investment company act of nineteen hundred forty, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for himself or itself or in some fiduciary capacity.

(23) An unlicensed Ohio dealer may sell to any licensed Ohio dealer. In addition, a licensed Ohio dealer may sell to the issuer, a dealer or an institutional investor. "*Institutional investor*" means any corporation, bank (defined to include any bank, trust company, savings and loan association, savings bank or credit union organized under the laws of the United States or any state), insurance company, pension fund or pension fund trust, employees' profit sharing fund or employees' profit sharing trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.

(24) Any bank, savings institution, trust company, insurance company, investment company, pension or profit-sharing trust, or other financial institution or institutional buyer (including, but not limited to, qualified institutional buyer under SEC Rule 144A, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the United States Veterans Administration and the Government National Mortgage Association), or to a mortgage broker or a mortgage banker, whether the purchaser is acting for itself or in a fiduciary capacity when the purchaser has discretionary authority to make investment decisions.

(25) Any institutional investor (*"institutional investor"* means any bank, insurance company, pension or profit-sharing plan or trust, investment company as defined in the Investment Company Act of 1940, other financial institution or any person, other than an individual, which controls any of the foregoing, the Federal government, any state, or any agency or political subdivision thereof or any person so designated by regulation of the

Pennsylvania Securities Commission; the other institutional investors designated by regulation of such commission being (1) any corporation or business trust or wholly-owned subsidiary of such person (a) which has a tangible net worth, which shall include net worth less the amount of all items of goodwill, pre-operating, deferred and development expenses, patents, trademarks, licenses or other similar accounts, on a consolidated basis of not less than $10,000,000, as reflected on its most recent audited financial statements ("most recent" audited financial statements meaning audited financial statements dated not more than 16 months prior to the date of the transaction in which such person proposes to purchase securities), and (b) which has been in existence for 18 months; (2) any college, university or other public or private institution which has received exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954 and which has total endowment or trust funds, including annuity and life income funds, of not less than $5,000,000 according to its most recently audited financial statements; *provided*, that the aggregate dollar amount of the securities being sold to such person shall not exceed 5% of such endowment or trust funds; (3) a wholly-owned subsidiary of any bank (*"bank"* means any bank, banking and trust company, savings bank, trust company or private bank, as defined in the Banking Code of 1965, or any savings and loan association, as defined in the Savings Association Code of 1967 or any successor statutes thereto, or any banking institution, trust company or savings and loan institution organized under the laws of the United States, or of any state, territory or the District of Columbia, or a receiver, conservator or other liquidating agent of any of the foregoing); (4) a person, except an individual or an entity whose security holders consist entirely of one individual or group of individuals who are related, which is organized primarily for the purpose of purchasing, in nonpublic offerings, securities of corporations or issuers engaged in research and development activities in conjunction with a corporation and which complies with certain conditions; (5) a Small Business Investment Company as defined in Section 103 of the Small Business Investment Act of 1958 which meets certain conditions; (6) a Seed Capital Fund, as defined in Section 2 and authorized in Section 6 of the Small Business Incubators Act; (7) a Business Development Credit Corporation, as authorized by the Business Development Credit Corporation Law; (8) a person whose security holders consist solely of institutional investors or broker-dealers; (9) a person as to which the issuer reasonably believed qualified as an institutional investor at the time of the offer or sale of the securities on the basis of written representations made by the purchaser to the issuer), whether the buyer is acting for itself or in some fiduciary capacity; and (10) a qualified institutional buyer as that term is defined in Rule 144A under the Securities Act of 1933, or any successor rule thereto, *provided*, that any seller who is not registered as a broker-dealer in Pennsylvania has no place of business there, and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(26) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Companies Act of Puerto Rico, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity; *provided*, that any seller who is not registered as a broker-dealer in Puerto Rico has no place of business there and effects transactions exclusively with or through the foregoing classes of purchasers.

(27) Any registered or exempt broker-dealer or financial or institutional investor (*"financial or institutional investor"* means any of the following, whether acting for itself or another in a fiduciary capacity: a depository institution (*"depository institution"* means: a person which is organized, chartered, or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate or deposit account, and which is supervised and examined for the protection of depositors by an official or agency of a state or the United States; a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the comptroller of the currency and is supervised and examined by an official or agency of a state or the United States; and "*depository institution*" does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); an insurance company; a separate account of an insurance company; an investment company as defined in the Investment Company Act of 1940; an employee pension, profit sharing or benefit plan if the plan has total assets in excess of five million dollars ($5,000,000), or if investment decisions are made by a plan fiduciary, as defined in the Employee Retirement Income Security Act of 1974, which is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, a depository institution, or an insurance company; and any other institutional buyer (*"Institutional buyer"* includes qualified institutional buyers under SEC Rule 144A); *provided*, that the seller either is registered or is not required to be registered as a broker-dealer under the Securities Exchange Act of 1934 and has no place of business in Rhode Island and effects transactions therein exclusively with the foregoing classes of purchasers.

(28) Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust or other financial institution or other institutional buyer (*"financial institution"* or *"institutional buyer"* means an endowment or trust fund of a charitable organization specified in Section 170(b)(1)(A) of the Internal Revenue Code (as amended through April 1, 1990); an issuer who has any class of securities registered under Section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary of such issuer; and any other corporation, partnership or association which has been in existence for 10 years or whose net assets exceed $500,000 and whose principal purpose as stated in its articles, by-laws or other organizational instrument is investment in securities), whether such person is acting for itself or as a trustee; *provided*, that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(29) Any institutional investor (*"institutional investor"* means any bank, trust company, insurance company, investment company registered under the Investment Company Act of 1940, as amended, a holding company which controls any of the foregoing, a trust or fund over which any of the foregoing has or shares investment discretion, or any other

person engaged as a substantial part of its business in investing in securities, unless such other person is within the definition of a broker-dealer, in each case having a net worth in excess of $1,000,000); *provided*, that any seller who is not registered as a broker-dealer in Tennessee has no place of business there, is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers, and effects transactions in Tennessee exclusively with or through the foregoing classes of purchasers.

(30) Any registered dealer actually engaged in buying and selling securities; any bank, trust company, building and loan association, insurance company, surety or guaranty company, savings institution (including any federally chartered credit union or savings and loan association or federal savings bank, and any credit union or savings and loan association chartered under the laws of any state of the United States); investment company as defined in the Investment Company Act of 1940; small business investment company as defined in the Small Business Investment Act of 1958, as amended; an accredited investor under SEC Rule 501(a)(1)-(4), (7) and (8), excluding, however, any self-directed employee benefit plan with investment decisions made solely by persons that are accredited investors under SEC Rule 501(a)(5)-(6); any qualified institutional buyer under SEC Rule 144A; or any corporation, partnership, trust, estate, or other entity (excluding individuals) having net worth of not less than $5 million or a wholly-owned subsidiary of such entity, as long as the entity was not formed for the purpose of acquiring the Bonds; *provided,* that such financial institutions or other institutional investors are acting for their own account or as a bone fide trustee of a trust organized and existing other than for the purpose of acquiring the Bonds.

(31) Any qualified institutional buyer under SEC Rule 144A, or broker-dealer registered or exempt by the Vermont Securities Act; *provided*, that seller has no place of business in the State of Vermont.

(32) Any corporation, investment company, or pension or profit-sharing trust.

(33) Any bank, savings institution, savings bank, credit union, trust company, insurer, broker-dealer, investment adviser or savings and loan association, *provided* that the purchaser or prospective purchaser is acting for itself or as trustee with investment control; any investment company as defined in the Investment Company Act of 1940, or pension or profit-sharing trust (*provided* that such trust is administered by a bank, savings institution, savings bank, credit union, trust company, insurer, broker-dealer, investment adviser or savings and loan association that has investment control); the State of Wisconsin or any of its agencies or political subdivisions; the federal government or any of its agencies or instrumentalities; or any other financial institution or institutional investor designated by rule or order of the Wisconsin Securities Commissioner ("*financial institution or institutional investor*" includes any endowment or trust fund of a charitable organization specified in section 170(b)(1)(A) of the Internal Revenue Code; any issuer which has a class of securities registered under section 12 of the Securities Exchange Act of 1934 and any wholly owned subsidiary thereof; any other corporation, partnership or association operating a small business investment company licensed under the Small Business Investment Act of 1958 or a corporation, partnership or association

whose net assets exceed $1,000,000 and either whose principal purpose as stated in its articles, by-laws or other organizational instrument is investing in securities or whose primary business is investing in developmental stage companies or eligible small business companies as defined in the regulations of the Small Business Administration at 13 CFR 108.2; any "qualified institutional buyer" as defined and listed in Section 230.144A under the Securities Act of 1933 as amended inclusive to October 22, 1992, whether acting for its own account or the accounts of other qualified institutional buyers that in the aggregate owns and invests on a discretionary basis at least $100 million in securities of issuers that are not affiliated with the qualified institutional buyer; any entity, all of the equity owners of which are persons or institutions described herein, acting for its own account or the accounts of other persons designated herein; any "individual accredited investor" including any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer, any natural person whose individual net worth or joint net worth with that person's spouse at the time of his or her purchase exceeds $1,000,000, or any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year, *provided* the issuer reasonably believes that the individual accredited investor either alone or with an investor representative, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment; or any "accredited investor" as listed in Section 230.501(a)(1),(2),(3) or (7) under Regulation D under Sections 3(b) and 4(2) of the Securities Act of 1933), *provided* that any seller who is not registered as a broker-dealer in the state effects transactions in the state exclusively for the account of or exclusively in offers to sell or sales to the foregoing classes of purchasers.

(34) Any offer or sale to a bank savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(35) A bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or similar benefit plan, or other financial institution or qualified institutional buyer, or to a dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(36) Other broker-dealers or financial or institutional investors, whether acting for themselves or as trustees (*"financial or institutional investor"* means any of the following, whether acting for itself or others in a fiduciary capacity: (1) a depository institution (hereinafter defined); (2) an insurance company; (3) a separate account of an insurance company; (4) an investment company as defined in the Investment Company Act of 1940; (5) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of $5,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is either a broker-dealer registered under the Securities Exchange Act of 1934, an investment advisor registered or

exempt from registration under the Investment Advisers Act of 1940, a depository institution (hereinafter defined) or any insurance company; (6) a qualified institutional buyer as defined in Rule 144A adopted by the United States Securities and Exchange Commission; or (7) any other institutional buyer. A *"depository institution"* means: (1) a person that is organized, chartered or holding an authorization certificate under the laws of a state or of the United States which authorizes the person to receive deposits, including a savings, share, certificate, or deposit account, and which is supervised and examined for the protection of depositors by an official or agency of a state or the United States; or (2) a trust company or other institution that is authorized by federal or state law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of a state or the United States. The term *"depository institution"* does not include an insurance company or other organization primarily engaged in the insurance business or a Morris Plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency); *provided,* that any seller who is not registered as a broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

(37) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, qualified institutional buyer under SEC Rule 144A, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity. (The Administrator has interpreted the term *"institutional buyer"* to mean: (1) a corporation, business trust, or partnership or wholly owned subsidiary of such an entity, which has been operating for at least 12 months and which has a net worth on a consolidated basis of at least $10,000,000 as determined by the entity's most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; (2) any entity which has been granted exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986 and which has a total endowment or trust funds of $5,000,000 or more according to its most recent audited financial statements, such statements to be dated within 16 months of the transaction made in reliance upon this exemption; or (3) any wholly owned subsidiary of a bank, savings, institution, insurance company or investment company as defined in the Investment Company Act of 1940. The Administrator has further found that the term "institutional buyer" does not include a natural person, individual retirement account (IRA), Keogh account or other self-directed pension plan.)

(38) An investment company as defined in the Investment Company Act of 1940, an investment adviser with assets under management of not less than $1,000,000, a broker-dealer, bank, trust company, savings and loan association, insurance company, employee benefit plan with assets of not less than $1,000,000, or governmental agency or instrumentality whether acting for itself or or other financial institution or institutional buyer, whether the purchaser is acting for itself or as a trustee or a fiduciary with investment control or other institutional investor designated by rule or order; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place

of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers. "Institutional investor" is designated as an accredited investor under Rule 501(a)(1)-(3), (7) and (8) or a qualified institutional buyer under SEC Rule 144A.

(39) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, the federal national mortgage association, the federal home loan mortgage corporation, or the government national mortgage association, pension or profit-sharing trust, the assets of which are managed by an institutional manager, the treasurer of this state, other financial institution, broker dealer, whether the purchaser is acting for itself or in some fiduciary capacity, or a lender approved by the federal housing administration and who has satisfied any additional requirements established by the administrator by rule or order; *provided*, that any seller who is not registered as a dealer or broker-dealer in the state has no place of business there and effects transactions therein exclusively with or through the foregoing classes of purchasers.

CHAPMAN AND CUTLER

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (the *"Agreement"*) is executed and delivered by American Airlines, Inc. (the *"Company"*) and AMR Corporation (*"AMR"*) in connection with the issuance of $500,000,000 in aggregate principal amount of New York City Industrial Development Authority Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002A Bonds"*) and Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Series 2002B Bonds"*). The Series 2002A Bonds and the Series 2002B Bonds (collectively, the *"Series 2002 Bonds"*) will be issued pursuant to and secured by a Master Indenture of Trust dated as of July 1, 2002 (the *"Master Indenture"*), as supplemented by a First Series Supplemental Indenture of Trust dated as of July 1, 2002 (with respect to the Series 2002A Bonds) and a Second Series Supplemental Indenture of Trust dated as of July 1, 2002 (with respect to the Series 2002B Bonds) (collectively, the *"Indenture"*) between the Agency and The Bank of New York, New York, New York, as trustee (the *"Trustee"*).

In connection with the issuance of the Bonds, the Company will enter into an IDA Lease Agreement with the Issuer dated as of July 1, 2002 (the *"IDA Lease"*). Payments of principal and purchase price of and interest and redemption premium, if any, on each series of the Bonds will be guaranteed by AMR pursuant to a Guaranty from AMR to the Trustee dated as of July 1, 2002 (the *"AMR Guaranty"*) and by the Company pursuant to a Guaranty from the Company to the Trustee dated as of July 1, 2002 (the *"Company Guaranty"*).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Company and AMR (each for itself only) covenant and agree as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Company and AMR as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters (as defined below) in complying with the requirements of the Rule (as defined below). The Company and AMR each represent that they will be the only obligated persons with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Company and AMR, as the case may be, prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Company or AMR and that has filed with the Company or AMR a written acceptance of such designation and such agent's successors and assigns.

Event means the occurrence of any of the events set forth in *Exhibit II*.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Material Event means the occurrence of an Event that is material, as materiality is interpreted under the Exchange Act.

Material Events Disclosure means dissemination of a notice of a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

NRMSIRs means, as of any date, all Nationally Recognized Municipal Securities Information Repositories then recognized by the Securities and Exchange Commission for purposes of the Rule. As of the date of this Agreement, the NRMSIRs are:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street

New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

The names and addresses of all current NRMSIRs should be verified each time information is delivered to the NRMSIRs pursuant to this Agreement.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

SID means the public or private repository designated by the State as the state information depository and recognized as such by the Commission for purposes of the Rule. As of the date of this Agreement there is no SID.

State means the State of New York.

Undertaking means the obligations of the Company and AMR pursuant to Sections 4 and 5.

All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP numbers of the Bonds are 64971SBG3 (Series 2002A) and 64971SBJ7 (Series 2002B). The Final Official Statement relating to the Bonds is dated July 25, 2002 (the *"Final Official Statement"*).

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Agreement, the Company and AMR each hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to the Commission. The Company and AMR each hereby covenants that it will send a notice to each NRMSIR and to the SID, if any, on an annual basis indicating that its respective Annual Report on Form 10-K filed with the Commission in accordance with the Exchange Act constitutes its respective Annual Financial Information and Audited Financial

Statements for that year. The Company and AMR are required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Company or AMR, as the case may be, will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to each NRMSIR and the SID) shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. EVENTS NOTIFICATION; MATERIAL EVENTS DISCLOSURE. Subject to Section 9 of this Agreement, the Company and AMR each hereby covenants that it will disseminate in a timely manner Material Events Disclosure (a) to each NRMSIR or to the MSRB and (b) to the SID, if any. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. DUTY TO UPDATE NRMSIRs/SID. Each of the Company and AMR shall determine, in the manner it deems appropriate, the names and addresses of the then existing NRMSIRs and SID each time it is required to file information with such entities.

7. CONSEQUENCES OF FAILURE OF THE COMPANY OR AMR TO PROVIDE INFORMATION. The Company or AMR, as applicable, shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, of any failure by it to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Company or AMR to make timely filings under Section 4 or Section 5 of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Company or AMR, as the case may be, to make such filings. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the Company or AMR to provide the information as required by this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Indenture, the IDA Lease, the AMR Guaranty, the Company Guaranty or any other agreement, and the sole remedy under this Agreement in the event of any failure of the Company or AMR to comply with this Agreement shall be an action to compel performance.

8. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Company and AMR may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the Company or AMR or change in the type of business conducted by the Company;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Issuer, the Company or AMR (such as the Trustee or Bond Counsel), or by an approving vote of Bondholders pursuant to the terms of the Indenture at the time of the amendment.

9. TERMINATION OF UNDERTAKING. The Undertaking of the Company or AMR shall be automatically terminated hereunder when the Company or AMR, as the case may be, shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture, the IDA Lease, the AMR Guaranty or the Company Guaranty. The Company or AMR, as applicable, shall give notice in a timely manner to each NRMSIR or to the MSRB and to the SID, if any, if this Section is applicable.

10. DISSEMINATION AGENT. Each of the Company and AMR may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Company or AMR from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the Company or AMR chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, neither the Company nor AMR shall have any obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Company, AMR, any Dissemination Agent and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The Company and AMR shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The Company shall not transfer its obligations under the IDA Lease or the Company Guaranty unless the transferee agrees to assume all obligations of the Company under this Agreement or to execute an Undertaking under the Rule. AMR shall not transfer its obligations under the AMR Guaranty unless the transferee agrees to assume all obligations of AMR under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws (other than the conflicts of law provisions) of the State of New York.

16. APPLICABILITY AND TERMINATION. Anything to the contrary herein not withstanding, the Company and AMR shall have no obligation to provide continuing disclosure pursuant to this Agreement with respect to any series of Bonds that bears interest at an interest rate other than a Long-Term Interest Rate. If all series of the Bonds bear interest at rates other than Long-Term Interest Rates, this Agreement shall terminate.

AMERICAN AIRLINES, INC.

By: Russell Berners
Its: _____
Address: MD 5662
P.O. Box 619616
Dallas/Fort Worth Airport, Texas
75261-9616
Attention: Treasurer

AMR CORPORATION

By: _____
Its: _____
Address: MD 5662
P.O. Box 619616
Dallas/Fort Worth Airport, Texas
75261-9616
Attention: Treasurer

Date: July 31, 2002

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means information of the type contained in the Company's or AMR's (as the case may be) Annual Report on Form 10-K filed with the Commission pursuant to the Exchange Act. All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents, including other official statements (subject to the following sentence), that have been submitted to each NRMSIR and to the SID, if any, or filed with the Commission. If the information included by reference is contained in a final Official Statement, the final Official Statement must be available from the MSRB. The Company or AMR (as the case may be) shall clearly identify each such item of information included by reference.

I. Annual Financial Information:

a. Annual Financial Information (exclusive of Audited Financial Statements) will be provided to the Commission not later than the date information is or would otherwise be required to be filed with the Commission under the requirements of the Exchange Act.

b. Audited Financial Statements as described in Part II should be filed at the same time as the Annual Financial Information described in this Part I. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

II. Audited Financial Statements:

a. Audited Financial Statements will be prepared in accordance with generally accepted accounting principles in the United States as in effect from time to time.

b. Audited Financial Statements will be provided to the Commission not later than the date information is or would otherwise be required to be filed with the Commission under the requirements of the Exchange Act.

III. If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Company or AMR (as the case may be) will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions or events affecting the tax-exempt status of the security.
7. Modifications to the rights of security holders.
8. Bond calls.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities.
11. Rating changes.

$500,000,000
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY
SPECIAL FACILITY REVENUE BONDS, SERIES 2002
(AMERICAN AIRLINES, INC. JOHN F. KENNEDY INTERNATIONAL AIRPORT PROJECT)

BOND PURCHASE AGREEMENT

July 25, 2002

New York City Industrial Development Agency
110 William Street - 6th Floor
New York, New York 10038
Attention: Executive Director

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Vice President and Treasurer

AMR Corporation
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Senior Vice President and Treasurer

Ladies and Gentlemen:

Salomon Smith Barney Inc. (the *"Senior Managing Underwriter"*), acting on behalf of itself and the other underwriters listed in *Schedule I* attached hereto (collectively, the *"Underwriters"*), offers to enter into the following agreement (the *"Agreement"* or *"Bond Purchase Agreement"*) with you, the New York City Industrial Development Agency (the *"Issuer"*), American Airlines, Inc., a Delaware corporation (the *"Company"*), and AMR Corporation, a Delaware corporation (*"AMR"*), which, upon your acceptance of this offer, will be binding upon you and the Underwriters. This offer is made subject to the acceptance of this Agreement by the Issuer, the Company and AMR, on or before 5:00 P.M., New York City time, on the date indicated above and, if not so accepted, may be withdrawn by the Underwriters upon notice to the Issuer, the Company and AMR by the Underwriters at any time before its acceptance.

The Underwriters represent that the Senior Managing Underwriter is authorized to take any actions which may be required by this Agreement on behalf of the Underwriters. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Indenture or the Official Statement, as those terms are defined below. The Underwriters represent that the

Senior Managing Underwriter has been duly authorized to execute this Agreement on behalf of the other Underwriters.

1. *Purchase and Sale of Bonds.* Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters jointly and severally agree to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriters, the Issuer's Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate principal amount of $120,000,000 (the *"Series 2002A Bonds"*) and the Issuer's Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate principal amount of $380,000,000 (the *"Series 2002B Bonds"*). The Series 2002A Bonds and the Series 2002B Bonds are herein collectively called the *"Bonds."* The Bonds will be dated July 1, 2002, and will bear interest from their date at the Long-Term Interest Rates for the Long-Term Interest Rate Periods as set forth in Schedule I hereto. The purchase price for the Bonds will be $475,974,866.67, reflecting the aggregate principal amount of the Bonds less net original issue discount of $24,891,800 and less an underwriting discount of $2,625,000, plus accrued interest of $3,491,666.67 (calculated on the basis of a 360-day year of twelve 30 day months) to the date of payment for delivery of the Bonds (the *"Closing"*).

The Bonds will be issued pursuant to a Master Indenture of Trust dated as of July 1, 2002, as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (collectively the *"Indenture"*) between the Issuer and The Bank of New York, New York, New York, as trustee (the *"Trustee"*). The Bonds are being issued to provide funds to finance a portion of the costs of the *"Project"* which consists 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 (the *"Facility"*) to be used and managed by the Company. The land on which the Facility is to be located, together with the buildings, structures, improvements and related facilities on such land (the *"Premises"*), are owned by The City of New York (the *"City"*) and are leased by the City to The Port Authority of New York and New Jersey (the *"Port Authority"*) pursuant to an Agreement of Lease dated April 17, 1947, as amended and supplemented (the *"Basic Lease"*). The Premises have been subleased by the Port Authority to the Company pursuant to an Agreement of Lease entered into as of August 1, 1976, as supplemented and amended, as further supplemented, amended and restated in an Amended and Restated Lease dated as of December 22, 2000, as further supplemented and amended by the First Supplemental Agreement dated as of July 31, 2002 (the *"First Supplement"*) and as further supplemented, amended or modified from time to time (the *"Port Authority Lease"*). The Company and the Issuer will enter into a Company Sublease Agreement dated as of July 1, 2002 (the *"Company Sublease"*), pursuant to which the Company will sub-sublease to the Issuer those portions of the Premises (but excluding any portion of the underlying land) subject to the Port Authority Lease which constitute the Facility (the *"Leased Facilities"*). Pursuant to an IDA Lease Agreement dated as of July 1, 2002 (the *" Lease Agreement"*), the Issuer will sub-sub-sublease the Leased Facilities, and lease certain equipment to be owned by the Issuer and to be located at the Premises (the *"Facility Equipment"*), to the Company. The Leased Facilities and the Facility Equipment constitute the Facility. Pursuant to the Lease Agreement the Company will agree to pay amounts

sufficient to pay principal, purchase price, premium, if any, and interest on the Bonds when due. The Bonds will be payable out of payments made by the Company to the Issuer under the Lease Agreement, which payments the Issuer has assigned to the Trustee pursuant to the Indenture. Payments of principal and purchase price of, premium, if any, and interest on the Bonds will be guaranteed by the Company pursuant to a Guaranty from the Company to the Trustee dated as of July 1, 2002 (the *"Company Guaranty"*). Payments of principal and purchase price of, premium, if any, and interest on the Bonds will also be guaranteed by AMR pursuant to a Guaranty from AMR to the Trustee dated as of July 1, 2002 (the *"AMR Guaranty"*). The Bonds will be secured by an Equipment Security Agreement dated as of July 1, 2002 among the Issuer, the Company and the Trustee (the *"Equipment Security Agreement"*). After the Reletting Rights Effective Date (as defined in the First Supplement) the obligations of the Company and AMR under the Company Guaranty and the AMR Guaranty, respectively, will be secured by a Leasehold Mortgage and Security Agreement from the Company to the Leasehold Mortgagee (initially the Trustee) and joined by the Issuer as set forth therein to be executed, delivered and recorded after the Reletting Rights Effective Date (the *"Leasehold Mortgage"*). The Company and the Issuer will also enter into a Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing (the *"Tax Certificate"*). The Port Authority, the Company, AMR, the Issuer and the Trustee will also enter into a Consent to Subleases and Leasehold Mortgage Agreement (the *"Consent to Subleases"*). In connection with the Project the Company and the City will also enter into (i) the Agreement Towards Entering Into a Lease (the *"ATEIL"*) and (ii) the Recognition, Non-Disturbance and Attornment Agreement (the *"RNDA"*). The Issuer has executed and delivered a Global Letter of Representations (the *"DTC Letter"*) to The Depository Trust Company (*"DTC"*).

2. *Official Statement.* Concurrently with their acceptance of this Agreement, the Issuer, the Company and AMR will deliver to the Underwriters an official statement dated the date of this Bond Purchase Agreement, including Appendix A consisting of information in respect of the Company and AMR, Appendices B, C, D, E, F, G and H consisting of certain definitions and summaries of the Lease Agreement, the Indenture, the Company Guaranty, the AMR Guaranty, the Port Authority Lease, the Consent to Subleases and the Leasehold Mortgage, and the ATEIL and RNDA, Appendix I consisting of the form of the opinion of Bond Counsel (as hereinafter defined) and Appendix J consisting of the JFK Gate Demand Study dated June 27, 2002 prepared by Simat, Helliesen & Eichner (the *"Gate Demand Study"*). Such Official Statement, together with such Appendix A and all the information incorporated by reference in it, and Appendices B through J, is called the "Official Statement." The Issuer, the Company and AMR authorize the Indenture, the Lease Agreement, the Company Sublease, the Port Authority Lease, Company Guaranty, the AMR Guaranty, the Tax Certificate, the Consent to Subleases, the Leasehold Mortgage, the ATEIL and the RNDA, to the extent each of the Issuer, the Company and AMR are parties to such documents, respectively, to be used by the Underwriters in connection with the offering and sale of the Bonds. The Company and AMR authorize the Gate Demand Study, the Official Statement and any amendments or supplements thereto pursuant to this Section 2 and the information contained therein to be used by the Underwriters in connection with the offering and sale of the Bonds. The Issuer authorizes the Official Statement and any amendments or supplements thereto pursuant to this Section 2 and the information contained therein to be used by the Underwriters in connection with the offering and sale of the Bonds. The Issuer, the Company and AMR also consent to the use by the

Underwriters, prior to the date of this Agreement, of a preliminary official statement, dated July 15, 2002, including similar appendices, in connection with the offering of the Bonds. Such preliminary official statement, together with Appendix A and all information incorporated by reference in it, and Appendices B through J, is called the *"Preliminary Official Statement."*

If, during such period (not to exceed 25 days after the "end of the underwriting period," as defined for purposes of Section (b)(4) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*)) as, in the Underwriters' reasonable judgment, delivery of the Official Statement, as it may be amended or supplemented, is necessary or desirable in connection with sales of the Bonds by the Underwriters or any dealer or as otherwise may be required by applicable law or regulation, any event shall occur as a result of which, in the Underwriters' judgment, it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser or "potential customer" (as defined for purposes of Section (b)(4) of the Rule), not misleading, the Company, with the cooperation and approval of AMR and the Issuer, will, at the Underwriters' request, but solely at the expense of the Company, cooperate in the preparation of either amendments or supplements to the Official Statement so that the statements in the Official Statement, as so amended or supplemented, will not, in the light of the circumstances when the Official Statement is delivered to a purchaser or "potential customer," be misleading. The Issuer will be required to prepare and furnish amendments or supplements relating only to information contained in the page immediately following the table of contents of the Official Statement and under the caption "THE AGENCY" in the Official Statement. The Company, with the cooperation of AMR and the Issuer, will, before the Official Statement is amended or supplemented, furnish a copy of each proposed amendment or supplement to the Underwriters who will have the right to approve it, approval of which shall not be unreasonably withheld.

On or before the second business day prior to the delivery of the Bonds (and in sufficient time to accompany any confirmation that requests payment from any customer), the Issuer shall cause to be delivered to the Underwriters in sufficient quantity to enable the Underwriters to comply with the Rule, copies of the Official Statement as the Underwriters shall request; *provided* that the Company and AMR (at their expense) shall furnish sufficient quantities of the Official Statement to the Issuer to enable the Issuer to comply with the foregoing covenant. The Underwriters agree that they will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

The Company and AMR will enter into a written agreement, constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure about the Company and AMR, on or before the date of the Closing, as required under Paragraph(b)(5) of the Rule. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed to in writing by the Underwriters.

3. *Sale of All the Bonds.* It will be a condition to the Issuer's obligation to sell the Bonds to the Underwriters and to the obligation of the Underwriters to purchase the Bonds that all Bonds are sold and delivered by the Issuer and accepted and paid for by the Underwriters at the Closing.

4. *Issuer's Representations and Warranties*. The Issuer represents and warrants to the Company, AMR and the Underwriters (and it shall be a condition of the obligation of the Underwriters to purchase and accept delivery of the Bonds that the Issuer so represents and warrants) that:

(a) The Issuer is 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, particularly the Act. The Issuer is authorized to issue the Bonds in accordance with the Act, and to use the proceeds thereof for the financing of all or a portion of the costs of the Project.

(b) The Issuer has complied with the provisions of the Act and has full power and authority pursuant to law and the Act to act with respect to all transactions contemplated by this Bond Purchase Agreement, the Bonds, the resolution adopted by the Issuer on October 23, 2001, as amended November 13, 2001 and authorizing the Bonds (the *"Resolution"*), the Official Statement, the Company Sublease, the Equipment Security Agreement, the Lease Agreement, the Indenture, the Leasehold Mortgage, the Consent to Subleases, the Tax Certificate and the DTC Letter, to issue, sell and deliver the Bonds to the Underwriters as provided herein, to execute the Bonds, the Leasehold Mortgage, the Consent to Subleases, the Equipment Security Agreement, the Company Sublease, the Lease Agreement, the Indenture and the Tax Certificate, and to carry out and consummate all other transactions contemplated by each of the aforesaid documents.

(c) When delivered to and paid for by the Underwriters in accordance with the terms of this Bond Purchase Agreement, the Bonds will have been duly authorized, issued, executed, authenticated and delivered and will constitute the legal, valid and binding special limited obligations of the Issuer (payable by the Issuer solely from the Trust Estate pledged for the Bonds) and will be entitled to the benefit of the Indenture. The rental payments due under the Lease Agreement from the Company to the Issuer and pledged by the Issuer to the payment of the Bonds pursuant to the Indenture are not subject to any prior pledge by the Issuer and shall not be pledged by the Issuer to the payment of any other obligation.

(d) The execution and delivery of this Bond Purchase Agreement and the Bonds, the Indenture, the Company Sublease, the Equipment Security Agreement, the Lease Agreement, the Consent to Subleases and the Tax Certificate, and compliance with the provisions thereof, the DTC Letter, the Leasehold Mortgage and the Resolution, will not conflict with or constitute on the part of the Issuer a violation of the Constitution of the State of New York or a violation of, breach of or default under its bylaws or any statute, indenture, mortgage, deed of trust, note agreement or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or, to the knowledge of the Issuer, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties; and all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained.

(e) There is no action, suit, proceeding or investigation at law or in equity by or before any court or public agency (of which the Issuer has knowledge), or to the best of the knowledge of the Issuer, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby, by the Official Statement and by the Indenture, or which in any way would adversely affect the validity of the Bonds, the Resolution, this Bond Purchase Agreement, the Indenture, the Lease Agreement, the Company Sublease, the Equipment Security Agreement, the Consent to Subleases, the Leasehold Mortgage or the DTC Letter, or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in consummation of the transactions contemplated hereby, by the Official Statement or by the Indenture or the exemption from taxation of the Issuer and property owned by it pursuant to Section 874 of the New York State Industrial Development Agency Act and, with respect to any such actions, suits, proceedings or investigations involving the Issuer, which would adversely affect the exemption from federal and State of New York taxation of interest on the Bonds.

(f) Pursuant to the Resolution, the Issuer has duly authorized and approved the Bonds, the Preliminary Official Statement and the Official Statement, has duly authorized and approved the execution and delivery of, and the performance by the Issuer of the obligations contained in, this Bond Purchase Agreement, the Indenture, the Company Sublease, the Equipment Security Agreement, the Lease Agreement, the Tax Certificate, the Consent to Subleases, the Leasehold Mortgage and the DTC Letter, and the consummation by it of all other transactions contemplated by the Official Statement and this Bond Purchase Agreement, including the Consent to Subleases.

(g) The Issuer makes no representation or warranty concerning the financial position or business condition of the Company or AMR, nor does it represent or warrant as to the correctness of any statements or representations made or materials furnished by any person (other than the Issuer) in connection with the purchase of the Bonds.

(h) At the time of the Issuer's acceptance hereof, the information contained in the page immediately following the table of contents of the Official Statement and under the caption "THE AGENCY" does not, and the information in the Preliminary Official Statement, as of its date contained in the page immediately following the table of contents and under such heading did not, contain any untrue statement of a material fact or omit to state any material fact which should be included therein for the purposes for which the Official Statement is to be used or which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the Closing, the information contained in the inside front cover of the Official Statement and under the caption "THE AGENCY" will not contain any untrue statement of a material fact or omit to state any material fact which should be included therein for the purposes for which the Official Statement is to be used or which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters (all at the expense of the Company) as the Senior Managing Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws or regulations of such states and other jurisdictions of the United States as the Senior Managing Underwriter may designate; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

(j) Assuming due and proper authorization, execution and delivery by the other parties thereto, the Issuer has taken all action required of it to make this Bond Purchase Agreement, the Lease Agreement, the Company Sublease, the Equipment Security Agreement, the DTC Letter, the Tax Certificate, the Indenture, the Consent to Subleases, the Leasehold Mortgage and the Bonds the valid special limited obligations of the Issuer which they purport to be; when executed and delivered by the parties thereto, this Bond Purchase Agreement, the Lease Agreement, the Company Sublease, the Equipment Security Agreement, the DTC Letter, the Tax Certificate, the Indenture, the Consent to Subleases, the Leasehold Mortgage and the Bonds will constitute valid and binding agreements of the Issuer and will be enforceable against the Issuer in accordance with their respective terms (subject to applicable bankruptcy, insolvency and other laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity).

(k) So long as any of the Bonds remain outstanding and except as may be authorized by the Indenture, the Issuer will not issue or sell any bonds or obligations, other than the Bonds and Additional Bonds (as defined in the Indenture), the principal of or premium, if any, or interest on which will be payable from the Trust Estate described in the granting clauses of the Indenture.

(l) The Issuer agrees (at the sole cost and expense of the Company) to cooperate with the Underwriters and their counsel in applying for and securing a rating on the Bonds by Moody's Investors Service, Inc. and Standard & Poor's and the Issuer agrees that this obligation shall continue until such rating on the Bonds is secured.

(m) The representations and warranties of the Issuer contained in Section 1.3 of the Lease Agreement are correct as of the date hereof.

(n) The Issuer acknowledges that the Underwriters are required to comply with the requirements of the Rule in connection with the offer and sale of the Bonds and agrees to cooperate (at the cost and expense of the Company and AMR) with the Underwriters so as to enable the Underwriters to comply with the Rule. To this end, the Issuer has delivered to the Senior Managing Underwriter the Preliminary Official Statement that the Issuer deems final as of its date, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates,

ratings, other terms of the Bonds depending on such matters and the identity of the underwriter(s).

Any certificate signed by a representative of the Issuer and delivered to the Underwriters or Winston & Strawn (*"Bond Counsel"*) shall be deemed a representation and warranty by the Issuer to the Underwriters and Bond Counsel, as the case may be, as to statements made therein.

Any information supplied by the Issuer for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer or omit to state any material fact relating to the Issuer necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. *Representations, Warranties and Agreements of the Company.* The Company represents, warrants and agrees to and with the Issuer and the Underwriters as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is authorized to transact business under the laws of the State of New York and has all corporate power to execute and deliver and to carry out and perform its obligations under the Lease Agreement, the Company Sublease, the Equipment Security Agreement, the Port Authority Lease, the Consent to Subleases, the Undertaking, the Company Guaranty, this Bond Purchase Agreement, the Tax Certificate, the Leasehold Mortgage, the ATEIL and the RNDA. The Lease Agreement, the Company Sublease, the Equipment Security Agreement, the Port Authority Lease, the Consent to Subleases, the Undertaking, the Company Guaranty, this Bond Purchase Agreement, the Tax Certificate, the Leasehold Mortgage, the ATEIL and the RNDA are herein referred to as the *"Company Documents."*

(b) At the date of execution by the Company of this Bond Purchase Agreement, the Official Statement is, and at the Closing Date will be, and the Preliminary Official Statement as of its date was, true and correct in all material respects for the purposes for which their respective uses are or were authorized; and the Official Statement does not, and the Preliminary Official Statement as of its date did not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; except that the foregoing does not apply to information contained in the page immediately following the table of contents and under the captions "THE AGENCY," "UNDERWRITING," "TAX MATTERS" or "APPROVAL OF LEGAL PROCEEDINGS" (as the information in the immediately preceding caption relates to opinions other than the Company's counsel opinion referred to in Section 9(d)(13)).

(c) Except as may be set forth (or incorporated by reference) in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of the Company, threatened, which involves the Company (i) which might reasonably be expected to (x) result in material liability on the part of the Company or (y) materially

and adversely affect the operation, condition or feasibility of the Project or (ii) wherein an adverse decision, ruling or finding would (x) materially and adversely affect the transactions contemplated by this Bond Purchase Agreement and the Official Statement or (y) adversely affect the validity or enforceability of the Indenture, the Bonds or any of the Company Documents.

(d) When executed by the parties thereto, each of the Company Documents (other than the Port Authority Lease and the Leasehold Mortgage) will have been duly authorized, executed and delivered by, and will constitute a legal, valid and binding obligation of, the Company enforceable against the Company in accordance with its terms (i) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (ii) except as limited by applicable laws which may affect the remedies provided in the Company Documents (other than the Port Authority Lease and the Leasehold Mortgage), which laws, however, do not make the remedies provided for in the Company Documents (other than the Port Authority Lease and the Leasehold Mortgage) inadequate for the practical realization of the rights and benefits provided thereby, and (iii) except as rights to indemnification and contribution may be limited by applicable law.

(e) The Port Authority Lease has been duly authorized, executed and delivered by the Company, is in full force and effect as against the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms (i) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (ii) except as limited by applicable laws which may affect the remedies provided in the Port Authority Lease, which laws, however, do not make the remedies provided for in the Port Authority Lease inadequate for the practical realization of the rights and benefits provided thereby, and (iii) except as rights to indemnification and contribution may be limited by applicable law.

(f) The Company is not in default in any material respect under the Port Authority Lease or any other material agreement or material instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject; neither the execution or delivery of any of the Company Documents, nor the consummation of any other of the transactions on the part of the Company contemplated thereby or by the Official Statement nor the fulfillment of the terms hereof or thereof, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, its Certificate of Incorporation or by-laws, any corporate restriction contained in the Port Authority Lease, or contained in any other material agreement or material instrument to which the Company is bound,

or, to the best knowledge of the Company, any order, rule or regulation applicable to the Company of any court, Federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Company or any of its properties or operations, or (except as contemplated by the Company Documents or otherwise disclosed to the Underwriters and the Issuer) will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Company under the terms of any such restriction, agreement, instrument, order, rule or regulation.

(g) All of the net proceeds of the Bonds (exclusive of accrued interest) will be required to be held by the Trustee under the Indenture and used to pay all or a portion of the cost of the Project; and the Company will not take or omit to take any action which action or omission will in any way cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the Lease Agreement and the Tax Certificate, as in force from time to time.

(h) The representations and warranties of the Company contained in Section 1.5 of the Lease Agreement and in Section 1.1 of the Company Guaranty are true and correct as of the date hereof.

(i) The audited consolidated financial statements with respect to the Company and its consolidated subsidiaries included in Appendix A to the Official Statement and the Preliminary Official Statement through incorporation by reference of the Annual Report on Form 10-K for the year ended December 31, 2001 filed by the Company pursuant to Section 13 of the Exchange Act (i) have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the notes to such financial statements), conform in all material respects to the requirements of Regulation S-X of the Securities and Exchange Commission and (ii) present fairly the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries at the respective dates and for the respective periods indicated therein. Said Form 10-K, as of its date, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) The unaudited consolidated financial statements with respect to the Company and its consolidated subsidiaries included in Appendix A to the Official Statement and the Preliminary Official Statement through incorporation by reference of the Quarterly Report on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002, filed by the Company pursuant to Section 13 of the Exchange Act (i) have been prepared in conformity with the generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements referred to in (i) above, except as otherwise disclosed in the notes to such financial statements, and (ii) in the opinion of the management of the Company present fairly the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries at the respective dates and for the periods indicated therein and,

except as otherwise stated therein, reflect all adjustments necessary to that effect. As of its date, said Forms 10-Q did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) The Company's Current Reports on Form 8-K filed with the Securities and Exchange Commission on January 16, 2002, June 13, 2002 and June 19, 2002 did not, as of their respective dates, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) The Company has obtained all approvals required as of the date hereof to be obtained by the Company in connection with the execution and delivery of, and performance by the Company of its obligations under, the Company Documents.

(m) During the period between the date hereof and the Closing Date (as hereinafter defined), the Company will furnish to the Underwriters, promptly after the filing thereof, copies of such financial statements and reports as it shall file with the Securities and Exchange Commission.

(n) The Company agrees to comply with the terms of the Undertaking. The Company is in compliance with each and every undertaking it has previously been required to enter into pursuant to the Rule.

(o) The Company deems (i) the Preliminary Official Statement final as of its date solely for purposes of the Rule, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the Bonds depending on such matters and the identity of the underwriter(s) and (ii) the Official Statement complete within the meaning of the Rule.

(p) No fact or event exists or has occurred which, with the giving of notice or the lapse of time, or both, would constitute a default or an event of default by the Company under the Port Authority Lease or, when executed, under the Consent to Subleases, the RNDA or the ATEIL.

(q) The Company has obtained all local, state and federal approvals necessary to construct the Project.

(r) The Company has duly authorized the execution, delivery and recordation of the Leasehold Mortgage and, after the Reletting Rights Effective Date, when executed and delivered by the Company and recorded in compliance with applicable law, the Leasehold Mortgage will constitute a legal, valid and binding obligation of, the Company enforceable against the Company in accordance with its terms (i) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors

generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (ii) except as limited by applicable laws which may affect the remedies provided in the Leasehold Mortgage, which laws, however, do not make the remedies provided for in the Leasehold Mortgage inadequate for the realization of the rights and benefits provided thereby, and (iii) except as rights to indemnification and contribution may be limited by applicable law. When executed and recorded in compliance with Section 92(d) of the First Supplement, the Leasehold Mortgage will create a first mortgage lien on the Port Authority Lease subject to no encumbrances other than encumbrances permitted by the Leasehold Mortgage.

Any certificate signed by a representative of the Company and delivered to the Issuer, the Underwriters or Bond Counsel, as the case may be, shall be deemed a representation and warranty by the Company to the Issuer, the Underwriters and Bond Counsel, as the case may be, as to the statements made therein.

6. *Representations, Warranties and Agreements of AMR.* AMR represents, warrants and agrees to and with the Issuer and the Underwriters as follows:

(a) AMR is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all corporate power necessary to execute and deliver and to carry out and perform its obligations under the AMR Guaranty, this Bond Purchase Agreement, the Consent to Subleases and the Undertaking (collectively, the *"AMR Documents"*).

(b) At the date of execution by AMR of this Bond Purchase Agreement, the Official Statement does not, and at the Closing Date will not, and the Preliminary Official Statement as of its date did not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; except that AMR makes no representation as to information contained in the page immediately following the table of contents or under the captions "THE AGENCY," "UNDERWRITING," "TAX MATTERS" or "APPROVAL OF LEGAL PROCEEDINGS" (as the information in the immediately preceding caption relates to opinions other than AMR's counsel opinion referred to in Section 9(d)(13)).

(c) Except as may be set forth (or incorporated by reference) in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or, to the best knowledge of AMR, threatened, which involves AMR (i) which might reasonably be expected to result in material liability on the part of AMR or (ii) wherein an adverse decision, ruling or finding would (x) materially and adversely affect the transactions contemplated by this Bond Purchase Agreement or (y) adversely affect the validity or enforceability of the AMR Documents.

(d) Each of the AMR Documents will have been duly authorized, executed and delivered by AMR and, when duly executed and delivered by the other parties thereto, will constitute legal, valid and binding obligations of AMR enforceable against AMR in accordance with its terms (i) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (ii) except as limited by applicable laws which may affect the remedies provided in the AMR Documents, which laws, however, do not make the remedies provided for in the AMR Documents inadequate for the realization of the rights and benefits provided thereby, and (iii) except as rights to indemnification and contribution may be limited by applicable law.

(e) AMR is not in default in any material respect under any material agreement or material instrument to which AMR is a party or by which AMR is bound or to which any of the property or assets of AMR is subject; neither the execution or delivery of the AMR Documents, nor the consummation of any other of the transactions on the part of AMR contemplated thereby or by the Official Statement nor the fulfillment on the part of AMR of the terms hereof or thereof, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, its Certificate of Incorporation or bylaws or any material agreement or material instrument to which AMR is bound, or, to the best knowledge of AMR, any order, rule or regulation applicable to AMR of any court, Federal or state regulatory body, administrative agency or other governmental body having jurisdiction over AMR or any of its properties or operations, or (except as contemplated thereby or otherwise disclosed in writing to the Underwriters and the Issuer) will result in the creation or imposition of any prohibited lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of AMR under the terms of any such restriction, agreement, instrument, order, rule or regulation. No fact or event exists or has occurred which, with the giving of notice or the lapse of time, or both, would constitute a default or an event of default by AMR under the Consent to Subleases, when executed.

(f) The representations and warranties of AMR contained in Section 1.1 of the AMR Guaranty are true and correct as of the date hereof.

(g) The audited consolidated financial statements with respect to AMR and its consolidated subsidiaries included in Appendix A to the Official Statement and the Preliminary Official Statement through incorporation by reference of the Annual Report on Form 10-K for the year ended December 31, 2001 filed by AMR pursuant to Section 13 of the Exchange Act (i) have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the notes to such financial statements), conform in all material respects to the requirements of Regulation S-X of the Securities and Exchange Commission and (ii) fairly present the financial position, results of operations and cash flows of AMR and its consolidated subsidiaries at the respective dates and for the

respective periods indicated therein. Said Form 10-K, as of its date, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) The unaudited consolidated financial statements with respect to AMR and its consolidated subsidiaries included in Appendix A to the Official Statement and the Preliminary Official Statement through incorporation by reference of the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002 filed by AMR pursuant to Section 13 of the Exchange Act (i) have been prepared in conformity with the generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements referred to in (g) above, except as otherwise disclosed in the notes to such financial statements, and (ii) in the opinion of the management of AMR present fairly the financial position, results of operations and cash flows of AMR and its consolidated subsidiaries at the respective dates and for the periods indicated therein and, except as otherwise stated therein, reflect all adjustments necessary to that effect. As of its respective date, said Forms 10-Q did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) AMR's Current Reports on Form 8-K filed with the Securities and Exchange Commission on January 16, 2002, June 13, 2002, June 19, 2002 and July 18, 2002 did not, as of their respective dates, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(j) AMR has obtained all approvals required as of the date hereof to be obtained by AMR in connection with the execution and delivery of, and performance by AMR of its obligations under, the AMR Documents.

(k) During the period between the date hereof and the Closing Date, AMR will furnish to the Underwriters, promptly after the filing thereof, copies of such financial statements and reports as it shall file with the Securities and Exchange Commission.

(l) AMR agrees to comply with the terms of the Undertaking. AMR is in compliance with each and every undertaking it has previously been required to enter into pursuant to the Rule.

(m) AMR deems (i) the Preliminary Official Statement final as of its date, except for the omission of no more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, other terms of the Bonds depending on such matters and the identity of the underwriter(s) and (ii) the Official Statement complete within the meaning of the Rule.

Any certificate signed by a representative of AMR and delivered to the Issuer, the Underwriters or Bond Counsel, as the case may be, shall be deemed a representation and warranty by AMR to the Issuer, the Underwriters and Bond Counsel, as the case may be, as to the statements made therein.

7. *Underwriters' Acknowledgements.* Each Underwriter acknowledges (as to itself but not as to the other Underwriters) to the Issuer, the Company and AMR that the Bonds shall be special obligations of the Issuer, payable by the Issuer solely from the Trust Estate pledged therefor; that the Bonds shall never constitute a debt of the State of New York or of The City of New York; that neither the State of New York nor The City of New York shall be liable on the Bonds; that the Issuer has no power of taxation; that neither the members, directors, officers, employees or agents of the Issuer nor any person executing the Bonds shall be liable personally or be subject to any personal liability or accountability by reason of or in connection with the issuance thereof; that the Issuer makes no representation or warranty, express or implied, with respect to the merchantability, condition or workmanship of any part of the Facility or the suitability of the Facility for the purposes or needs of the Company or the extent to which proceeds derived from the sale of the Bonds will be sufficient to pay the costs of the Project; that the Issuer does not in any way represent that the insurance required by the Lease Agreement, whether in scope or coverage or limits of coverage, is adequate or sufficient to protect the business or interests of the Company. The Underwriters have not requested nor received any information concerning the Company or AMR from the Issuer, and the Underwriters are not relying on the Issuer with respect to the financial condition or creditworthiness of the Company or AMR or of the competency or integrity of the management of the Company or AMR.

8. *Closing.* At 10:00 a.m., New York City time, on July 31, 2002, or on such other date and time as shall be agreed upon by the Issuer, the Company, AMR and the Underwriters (the *"Closing Date"*), the Issuer will deliver a single Bond for each Series (and within a series, for each maturity) of the Bonds to the Trustee to facilitate a "FAST" closing through DTC, in typewritten form, bearing CUSIP numbers, duly executed and authenticated, registered in the name of Cede & Co., as nominee for DTC, and will deliver to the Underwriters the other documents herein mentioned at the office of Bond Counsel, 200 Park Avenue, New York, New York. The Bonds will be made available to the Senior Managing Underwriter in New York, New York not less than 24 hours prior to the Closing for checking. The Senior Managing Underwriter, on behalf of the Underwriters, will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof payable by certified check, or by wire transfer in federal funds to the order of the Trustee.

9. *Conditions of Closing.* The Underwriters' obligation to purchase the Bonds on the Closing Date is subject to the performance by the Issuer, the Company and AMR of their obligations under this Bond Purchase Agreement, the accuracy of their representations and warranties contained in this Bond Purchase Agreement as of its date and the Closing Date and, in the Underwriters' discretion, to the following additional conditions:

(a) Each of the Indenture, the Lease Agreement, the Company Sublease, the Equipment Security Agreement, the Port Authority Lease, the ATEIL, the RNDA, the DTC Letter, the Consent to Subleases, the Company Guaranty, the AMR Guaranty, the

Indenture, the Undertaking and the Tax Certificate shall have been duly authorized, executed and delivered, and each of the foregoing shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriters; and the Official Statement and any amendments or supplements thereto shall have been duly authorized and executed; and the Issuer shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Bond Purchase Agreement.

(b) (1) The marketability of the Bonds or their market price must not be, in the reasonable judgment of the Underwriters, materially adversely affected by (A) an amendment to or proposal to amend the Constitution of the State of New York or any Federal or New York legislation or proposed legislation or any decision of any Federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other Federal authority or authority of the State of New York, affecting the tax status of bonds of the Issuer (including the Bonds) or the interest on any of its bonds, (B) a general suspension of or material limitation on trading on the New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange or the Pacific Stock Exchange, the establishment of minimum prices on any such exchange or the declaration of a general banking moratorium by the authorities of the United States or the State of New York, (C) a downgrading or withdrawal by Standard & Poor's Ratings Services (*"S&P"*) or Moody's Investors Service, Inc. (*"Moody's"*) of such ratings on the Bonds as such agencies may have prior to the date hereof advised the Underwriters would be in effect, (D) an amendment or supplement to the Official Statement after the date of this Bond Purchase Agreement or (E) the establishment of any new restrictions on transactions in securities materially affecting the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange, the American Stock Exchange, the Chicago Stock Exchange or the Pacific Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the United States Congress, or by Executive Order; or (2) there must not have occurred any outbreak or escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the reasonable judgment of the Underwriters, impracticable to market the Bonds or enforce contracts for the sale of the Bonds.

(c) No decision of any Federal or state court and no ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or any other governmental agency shall have been made or issued to the effect that (1) the Bonds or any other securities of the Issuer or of any similar body of the type contemplated by this Bond Purchase Agreement, or the obligations of the Company under the Lease Agreement or the Company Guaranty, or the obligations of AMR under the AMR Guaranty are subject to the registration requirements of the Securities Act of 1933, as amended (the *"Securities Act"*), or (2) the qualification of the Indenture or any other

agreement in respect of the Bonds or any such securities is required under the Trust Indenture Act of 1939, as amended (the *"TIA"*).

(d) By the Closing, the Underwriters must receive the following documents, each satisfactory in form and substance to the Underwriters and their counsel:

(1) Executed counterparts of the Indenture, the Company Sublease, the Lease Agreement, the Company Guaranty, the AMR Guaranty, the ATEIL, the RNDA, the Equipment Security Agreement, the First Supplement, the Undertaking, the Tax Certificate and the Consent to Subleases, a copy of the DTC Letter and certified copies of the Port Authority Lease (other than the First Supplement) and the Basic Lease.

(2) The Official Statement.

(3) Two copies of a transcript of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, including the TEFRA hearing relating to the issuance of the Bonds, certified by an official of the Issuer acceptable to the Underwriters.

(4) A certificate, dated the Closing Date, of an officer of the Issuer, to the effect that to the best knowledge of such officer (i) the representations and warranties of the Issuer contained in Section 4 hereof are true and correct in all material respects on and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date and (ii) the Issuer has complied with all the terms of this Bond Purchase Agreement, the Indenture, the Company Sublease, the DTC Letter, the Consent to Subleases, the Lease Agreement and the Tax Certificate to be complied with by it prior to or concurrently with the Closing Date.

(5) A certificate, dated the Closing Date, of an authorized officer of the Company, to the effect that to the best knowledge of such officer (i) the representations and warranties of the Company contained in Section 5 hereof are true and correct in all material respects on and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date and (ii) the Company has complied with all the terms of this Bond Purchase Agreement, the Company Sublease, the Lease Agreement, the Port Authority Lease, the ATEIL, the RNDA, the Equipment Security Agreement, the Consent to Subleases, the Company Guaranty, the Undertaking and the Tax Certificate to be complied with by it prior to or concurrently with the Closing Date.

(6) A certificate, dated the Closing Date, of an authorized officer of AMR, to the effect that to the best knowledge of such officer (i) the representations and warranties of AMR contained in Section 6 hereof are true and correct in all material respects on and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date and

(ii) AMR has complied with all the terms of this Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking to be complied with by it prior to or concurrently with the Closing Date.

(7) A certificate of one or more authorized officers of the Trustee, dated the Closing Date, as to the due execution and delivery of the Indenture, the Consent to Subleases, the Company Guaranty, the AMR Guaranty and the Equipment Security Agreement by the Trustee and the due authentication and delivery of the Bonds by the Trustee.

(8) The approving opinion, dated the Closing Date, of Winston & Strawn, Bond Counsel, addressed to the Issuer, with reliance letters to the Underwriters, the Trustee, the Company and AMR, in substantially the form attached as Appendix I to the Official Statement.

(9) An opinion, dated the Closing Date, of Richard E. Marshall, Vice President for Legal Affairs for the Issuer, addressed to the Trustee, the Underwriters, the Company and AMR, in substantially the form attached as *Exhibit A* to this Bond Purchase Agreement.

(10) A supplemental opinion, dated the Closing Date, addressed to the Issuer, the Company, AMR and the Underwriters, of Bond Counsel, in substantially the form attached as *Exhibit B* to this Bond Purchase Agreement.

(11) The written approval of the Mayor of the City of New York after the Issuer held a public hearing in accordance with the Internal Revenue Code of 1986, as amended.

(12) Evidence satisfactory to the Underwriters of a rating for the Bonds of B1 by Moody's Investors Service, Inc. and of BB- by Standard & Poor's Corporation.

(13) The opinion, dated the Closing Date, addressed to the Issuer, the Trustee and the Underwriters, of (a) the General Counsel of the Company and AMR, in substantially the forms attached as *Exhibits C-1* and *C-2*, respectively, to this Bond Purchase Agreement and (b) Debevoise & Plimpton in the form attached as *Exhibit C-3* to this Bond Purchase Agreement.

(14) The opinion, dated the Closing Date, addressed to the Underwriters, of Chapman and Cutler, counsel to the Underwriters, in substantially the form attached as *Exhibit D* to this Bond Purchase Agreement.

(15) The opinion, dated the Closing Date, addressed to the Issuer, the Company, AMR and the Underwriters, of Emmet, Marvin & Martin, LLP, counsel to the Bond Trustee, in substantially the form attached as *Exhibit E* to this Bond Purchase Agreement.

(16) Copies of resolutions and/or minutes adopted by the Board of Directors of the Company and certified by its Secretary or Assistant Secretary, authorizing the execution and delivery of the Company Documents.

(17) Copies of resolutions and/or minutes adopted by the Board of Directors of AMR and certified by its Secretary or Assistant Secretary, authorizing the execution and delivery of the AMR Documents.

(18) A standard letter from Ernst & Young LLP in the form to be agreed upon by the Underwriters and Ernst & Young LLP, addressed to the Underwriters, based on procedures, not constituting an audit in accordance with generally accepted auditing standards, set forth in such letter to a date not more than five business days prior to the Closing Date.

(19) A certificate, dated the Closing Date, of an authorized official of the Port Authority in substantially the form set forth in *Exhibit F* to this Bond Purchase Agreement.

(20) Consent of Simat, Helliesen & Eichner.

(21) A copy of the leasehold title insurance policy referred to in Section 2.6 of the Lease Agreement.

(22) Copies of certificates of insurance required by Section 4.4(e) of the Lease Agreement.

(23) A letter from the Issuer relating to the exemption of the Leasehold Mortgage from recording taxes under New York law.

(24) Such additional certificates, proceedings, opinions, instruments or documents as the Underwriters may reasonably request in connection with the transactions contemplated by this Bond Purchase Agreement.

(e) After the dates as of which information is given in the Official Statement, there shall not have been any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, financial condition or properties of the Company, its operations at the Airport, or AMR which change or development makes it impractical or inadvisable in the reasonable judgment of the Underwriters, after consultation with the Company and AMR, to proceed with the offering or the delivery of the Bonds as contemplated by the Official Statement.

(f) All matters relating to this Bond Purchase Agreement, the Bonds and the sale thereof, the Indenture, the Company Sublease, the Port Authority Lease, the ATEIL, the RNDA, the Consent to Subleases, the Lease Agreement, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement, the Undertaking, the Leasehold Mortgage, the DTC Letter and the Tax Certificate and the consummation of the

transactions contemplated by this Bond Purchase Agreement shall have been approved by the Underwriters, such approval not to be unreasonably withheld.

If any of the Issuer, the Company or AMR is unable to satisfy any such condition, or if the Underwriters' obligation is terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be cancelled by the Underwriters, and, upon such cancellation, the Underwriters, the Issuer, the Company and AMR shall not be under further obligation except for the respective obligations of the parties set forth in Section 10 hereof.

10. *Expenses.* The Issuer and the Underwriters shall not be obligated to pay, and the Company will pay, all reasonable fees and expenses incident to the performance of the Issuer's and the Underwriters' obligations under this Bond Purchase Agreement, including but not limited to (a) all out-of-pocket expenses in connection with the preparation of the Preliminary Official Statement and the Official Statement and any amendment or supplement to either, (b) any bond issuance fee charged by the Issuer or the State of New York, (c) all out-of-pocket expenses of preparing, printing, issuing and delivering the Bonds, (d) all out-of-pocket expenses of preparing, printing, issuing and delivering the Indenture, the Company Guaranty, the AMR Guaranty, the Equipment Security Agreement, the Lease Agreement, the Company Sublease, the Undertaking, the First Supplement, the ATEIL, the RNDA, the Tax Certificate, the Consent to Subleases and this Bond Purchase Agreement and any related document, notice, publication, filing or recording, (e) all out-of-pocket expenses, including the fees and out-of-pocket disbursements of counsel, in connection with the preparation and printing of blue sky and legal investment memoranda, if any, and the qualification of the Bonds for sale under the securities or blue sky laws of such jurisdictions as the Underwriters designate, (f) the fees and out-of-pocket disbursements of Bond Counsel, (g) the fees and out-of-pocket disbursements of counsel for the Company and AMR, (h) all out-of-pocket expenses, if any, in connection with obtaining a rating or ratings for the Bonds, (i) the out-of-pocket expenses of the Underwriters (including fees and out-of-pocket expenses of counsel to the Underwriters), (j) the fees and out-of-pocket expenses of counsel for the Trustee and out-of-pocket expenses of the Underwriters, and (k) all other out-of-pocket expenses and costs of the Issuer, the Company and AMR incident to the performance of their respective obligations in connection with the authorization, issuance, sale and distribution of the Bonds. It is understood (x) that except for the expenses referred to in clauses (a), (c), (d), (f), (g) and (h) above, payment of all expenses referred to above is contingent upon the Closing and (y) that in the event the Closing does not occur, the expenses referred to in clauses (a), (c), (d), (f), (g) and (h) above shall be paid by the Company.

If the Bonds are not sold because the Underwriters fail to purchase the Bonds for reasons other than those permitted by Section 9 of this Agreement, the Company shall pay only the costs referred to in clause (h) above and the Underwriters shall pay all other non-contingent expenses.

All fees and expenses required to be paid under this Section 10 by the Underwriters or the Company must be reasonable.

11. *Indemnification and Contribution.* (a) The Company and AMR will, jointly and severally, indemnify and hold harmless the Issuer and each Underwriter, each of their respective members, officers, officials or employees, and each person who controls any Underwriters

within the meaning of Section 15 of the Securities Act (for purposes of this paragraph (a), each such person being an *"Indemnified Party"* and collectively, the *"Indemnified Parties"*), against all losses, claims, damages, or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such Indemnified Party for any legal or other expenses reasonably incurred by it in connection with investigating any claims against it and defending any actions, but only insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon (i) an allegation or determination that the Bonds or the obligations of the Company under the Lease Agreement or the Company Guaranty or of AMR under the AMR Guaranty should have been registered under the Securities Act or the Indenture should have been qualified under the TIA, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Official Statement or the Official Statement or any amendment of or supplement to the Official Statement, or the omission or alleged omission to state in them a material fact necessary in order to make the statements made therein, in light of the circumstances in which they were made, not misleading. The Company and AMR, jointly and severally, will reimburse the Issuer for any legal or other expenses reasonably incurred by it in connection with defending any actions against it which arise out of or are based upon any failure of the Company or AMR to comply with their respective obligations under the Undertaking and the Rule. The Company and AMR shall not be liable under this paragraph to an Underwriter or its respective members, directors, officers, and employees or each person who controls that Underwriter within the meaning of Section 15 of the Securities Act if (i) the person asserting any such loss, claim, damage or liability purchased Bonds from that Underwriter, (ii) delivery to such person of the Official Statement or any amendment of or supplement to the Official Statement theretofore delivered to the Underwriters by or on behalf of the Company would have been a valid defense to the action from which such loss, claim, damage or liability arose and (iii) the Official Statement, amendment or supplement was not delivered to such person by or on behalf of that Underwriter on a timely basis. In addition, the Company shall not be liable under this paragraph (a) to any Indemnified Party for any untrue statement or omission or allegation thereof in the three paragraphs immediately preceding the table of contents of the Preliminary Official Statement or the Official Statement or under the caption "UNDERWRITING" therein. The Company shall not be liable under this paragraph to the Issuer for any such untrue statement or omission or allegation thereof under the caption "THE AGENCY." This indemnity agreement will not limit any other liability the Company or AMR may otherwise have to any Indemnified Party, but in no event will the Company or AMR be liable for double indemnification. If an Indemnified Party is reimbursed hereunder for any expenses, such reimbursement of expenses shall be refunded to the extent it is finally judicially determined that the indemnifying party was not liable therefor hereunder.

(b) (i) Each Underwriter will indemnify and hold harmless the Issuer, the Company and AMR and each of their respective members, directors, officers and employees and each person who controls any of them within the meaning of Section 15 of the Securities Act (for purposes of this paragraph (b)(i), an *"Indemnified Party"*) to the same extent as the indemnity in paragraph (a) from the Company and AMR to the Issuer and the Underwriters, but only with reference to written information relating to the Underwriters furnished by the Underwriters specifically for use in the preparation of the documents referred to in the indemnity in paragraph (a). The Issuer, the Company and AMR acknowledge that the statements in the Preliminary Official Statement

and the Official Statement in the three paragraphs immediately preceding the table of contents and under the caption "UNDERWRITING" constitute the only information furnished in writing by or on behalf of the Underwriters for inclusion in the Preliminary Official Statement and the Official Statement and the Underwriters confirm that such statements are correct.

(ii) Each Underwriter will indemnify and hold harmless the Issuer, the Company and AMR and each of their respective members, directors, officers and employees and each person who controls any of them within the meaning of Section 15 of the Securities Act (for purposes of this paragraph (b)(ii), an *"Indemnified Party"*) against all losses, claims, damages or liabilities to which such Indemnified Party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such Indemnified Party for any legal or other expenses reasonably incurred by it in connection with investigating any claims against it and defending any actions, but only insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon a loss, claim, damage or liability of a person who purchased Bonds from that Underwriter, if delivery to such person of the Official Statement or any amendment of or supplement to the Official Statement by that Underwriter would have been a valid defense to the action from which such loss, claim, damage or liability arose and if the Official Statement, amendment or supplement was not delivered to such person by or on behalf of that Underwriter in any case where such delivery is required by law.

(iii) If an Indemnified Party is reimbursed under this Section 11(b) for any expenses, such reimbursement of expenses shall be refunded to the extent it is finally judicially determined that the indemnifying party was not liable therefor hereunder.

(c) An Indemnified Party (as defined in paragraph (a), paragraph (b)(i) or paragraph (b)(ii) of this Section 11) will, promptly after receiving notice of the commencement of any action or proceeding against such Indemnified Party in respect of which indemnification may be sought against the Company, AMR or the Underwriters, as the case may be (in any case the *"Indemnifying Party"*), notify the Indemnifying Party in writing of the commencement of the action or proceeding. Failure of the Indemnified Party to give such notice will reduce the liability of the Indemnifying Party under this Bond Purchase Agreement by the amount of the damages attributable to the failure to give the notice; but the failure will not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party otherwise than under paragraph (a), (b)(i) or (b)(ii) of this Section 11. If such action or proceeding is brought against an Indemnified Party and such Indemnified Party notifies the Indemnifying Party of its commencement, the Indemnifying Party at its election may, or if so requested by the Indemnified Party shall, participate in it or assume its defense, with counsel reasonably satisfactory to the Indemnified Party, and after notice from the Indemnifying Party to the Indemnified Party of an election to assume the defense, the Indemnifying Party will not be liable to the Indemnified Party under this Section 11 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense other than reasonable costs of investigation. Until the Indemnifying Party assumes the defense, whether at the Indemnifying Party's election or at the request of the Indemnified Party, the Indemnifying Party may participate at its own expense in the defense. If the Indemnifying Party does not employ counsel to have charge of the defense or if any Indemnified Party shall have been advised by its counsel that there may be defenses available to it or them which are different from or in addition to those available to the

Indemnifying Party (in which case the Indemnifying Party will not have the right to direct the defense of such action on behalf of such Indemnified Party), legal and other expenses incurred by such Indemnified Party will be paid by the Indemnifying Party; *provided, however*, that the Indemnifying Party, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, shall not be liable for the fees and reasonable expenses of more than one separate firm of attorneys (in addition to any local counsel), designated in writing by the Underwriters in the case of paragraph (a), at any time for all such Indemnified Parties. Notwithstanding the foregoing, the Indemnifying Party shall not be liable for any settlement of any action or claim effected without its consent, which consent shall not be unreasonably withheld.

(d) If the indemnification provided for in this Section 11 is unavailable to an Indemnified Party (as defined in paragraph (a), paragraph (b)(i) or paragraph (b)(ii) of this Section 11), other than by reason of the exceptions provided in those paragraphs, in respect of any losses, claims, damages or liabilities referred to therein, then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and AMR on the one hand and by the Underwriters on the other from the offering of the Bonds or (ii) if the allocation provided in clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and AMR on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and AMR on the one hand and by the Underwriters on the other shall be deemed to be in the same proportion as the total proceeds from the offering (net of underwriting fee but before deducting expenses) received by the Company and AMR bear to the underwriting fee received by the Underwriters, in each case as set forth in the Official Statement. The relative fault of the Company and AMR on the one hand and of the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and AMR or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages and liabilities referred to above shall be deemed to include, subject to the limitations set forth in paragraph (c) of this Section 11, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

(e) The Issuer, the Company, AMR and the Underwriters agree that it would not be just and equitable if contribution pursuant to Section 11(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of Section 11(d), the Underwriters shall not be required to contribute any amount in excess of the amount by which the total price at which the Bonds underwritten by the Underwriters and

distributed to the public were offered to the public exceeds the amount of any damages which the Underwriters have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) The indemnification and contribution agreements contained in this Section 11 and the representations and warranties of the Issuer, the Company and AMR contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Underwriters, by or on behalf of any person controlling the Underwriters or by or on behalf of the Issuer, the Company or AMR, (ii) acceptance of any of the Bonds and payment therefor or (iii) any termination of this Bond Purchase Agreement.

12. *Notices.* Any notice or other communication to be given to the Issuer, the Company or AMR under this Bond Purchase Agreement may be given by delivering the same in writing at such party's address set forth above, and any notice or other communication to be given to the Underwriters under this Bond Purchase Agreement may be given by delivering it in writing to Salomon Smith Barney Inc., 390 Greenwich Street, 2nd Floor, New York, New York 10013, Attention: Robert DeMichiel.

13. *Parties in Interest; Survival of Representations and Warranties.* This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Company, AMR and the Underwriters (including their respective successors and assigns), and no other person will have any right under this Bond Purchase Agreement, except as provided in Sections 10 and 11 hereof. The term "successors and assigns" shall not include a purchaser, as such purchaser, of the Bonds from the Underwriters. All of the representations, warranties and agreements of the Issuer, the Company, AMR and the Underwriters in this Bond Purchase Agreement will remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriters, delivery of and payment for the Bonds under this Bond Purchase Agreement or any termination of this Bond Purchase Agreement.

14. *Headings.* The headings of the sections of this Bond Purchase Agreement are inserted for convenience and are not a part of it.

15. *Payment of Expenses by Issuer.* Anything herein to the contrary notwithstanding, the Issuer shall not be required to pay any expense or be liable for the payment of any sum by reason of the terms of this Bond Purchase Agreement unless the necessary funds for such payment shall have been made available to it by the Company, and every undertaking of the Issuer shall be subject to this condition.

16. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of New York, including laws applicable to contracts made and to be performed in New York.

If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Senior Managing Underwriters. This Bond Purchase Agreement will become a binding agreement among the Issuer, the Company, AMR and the Underwriters when at least one counterpart of this Bond Purchase Agreement has been signed on behalf of each of the parties.

SALOMON SMITH BARNEY INC.
On behalf of the Underwriters named in
Schedule I hereto

SALOMON SMITH BARNEY INC.

By: _____
Title: Managing Director

Accepted and agreed to as of the date hereof:

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

By: _____

_____

AMERICAN AIRLINES, INC.

By: _____
Title: _____

AMR CORPORATION

By: _____
Title: _____

If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Senior Managing Underwriters. This Bond Purchase Agreement will become a binding agreement among the Issuer, the Company, AMR and the Underwriters when at least one counterpart of this Bond Purchase Agreement has been signed on behalf of each of the parties.

SALOMON SMITH BARNEY INC.
On behalf of the Underwriters named in
Schedule I hereto

SALOMON SMITH BARNEY INC.

By: _____
Title: _____

Accepted and agreed to as of the date hereof:

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

By: _____
CAROLYN EDWARDS
DEPUTY EXECUTIVE DIRECTOR

AMERICAN AIRLINES, INC.

By: _____
Title: _____

AMR CORPORATION

By: _____
Title: _____

If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Senior Managing Underwriters. This Bond Purchase Agreement will become a binding agreement among the Issuer, the Company, AMR and the Underwriters when at least one counterpart of this Bond Purchase Agreement has been signed on behalf of each of the parties.

SALOMON SMITH BARNEY INC.
On behalf of the Underwriters named in
Schedule I hereto

SALOMON SMITH BARNEY INC.

By: _____
Title: _____

Accepted and agreed to as of the date hereof:

NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

By: _____

_____

AMERICAN AIRLINES, INC.

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

AMR CORPORATION

By: _____
Title: _____

SCHEDULE I

UNDERWRITERS

Salomon Smith Barney Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
J.P. Morgan Securities Inc.
Bear, Stearns & Co. Inc.
The Bank of New York Company, Inc.
Morgan Stanley & Co. Incorporated
SunTrust Capital Markets, Inc.

BOND TERMS

$120,000,000 Series 2002A Bonds	8.00% maturing August 1, 2012
$380,000,000 Series 2002B Bonds	8.50% maturing August 1, 2028

The Series 2002B Bonds are subject to optional redemption by the Issuer, at the direction of the Company, during the periods specified below, in whole or in part on any date, at the redemption prices (expressed as a percentage of principal amount) specified below, together with accrued interest, if any, to the redemption date:

Redemption Periods	Redemption Prices
August 1, 2012 to July 31, 2013	101%
August 1, 2013 to July 31, 2014	100.5%
August 1, 2014 and thereafter	100%

The Series 2002 Bonds are subject to extraordinary optional redemption without premium, mandatory redemption without premium and extraordinary mandatory redemption without premium under the circumstances described in the Official Statement.

The Series 2002B Bonds will be subject to redemption by lot in such manner as the Trustee determines pursuant to the terms of a mandatory sinking fund provided in the Indenture, on August 1 of each year, beginning August 1, 2015, 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:

August 1 of the year	Principal Amount
2015	$15,140,000
2016	$16,425,000
2017	$17,825,000
2018	$19,340,000
2019	$20,980,000
2020	$22,765,000
2021	$24,700,000
2022	$26,800,000
2023	$29,080,000
2024	$31,550,000
2025	$34,230,000
2026	$37,140,000
2027	$40,300,000
2028†	$43,725,000

†Final Maturity

EXHIBIT A

Form of Opinion of Issuer's Counsel
Letterhead of Vice President For Legal Affairs

_____, 2002

Salomon Smith Barney Inc.
as Senior Managing Underwriter of the several Underwriters
390 Greenwich Street
New York, New York 10013

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

The Bank of New York,
as Trustee
101 Barclay Street, 21W
New York, New York 10001

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Treasurer

AMR Corporation
4333 Amon Carter Blvd.
Fort Worth, Texas 76155
Attention: Treasurer

Re: New York City Industrial Development Agency
$500,000,000 Special Facility Revenue Bonds,
Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Dear Sirs/Madam:

This opinion is being furnished to you (i) in connection with the issuance and sale by the New York City Industrial Development Agency (the *"Agency"*) of its $500,000,000 aggregate principal amount of Special Facility Revenue Bonds, Series 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*) and (ii) pursuant to

Section 9(d)(9) of the Bond Purchase Agreement (herein defined). The Series 2002 Bonds are issued under a Master Indenture of Trust dated as of July 1, 2002, as supplemented by a First Series Supplemental Indenture of Trust, a Second Series Supplemental Indenture of Trust, a Third Series Supplemental Indenture of Trust, and a Fourth Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (collectively, the *"Indenture"*) all by and between the Agency and The Bank of New York, as Trustee (the *"Trustee"*). Capitalized terms used herein but not otherwise herein defined shall have the same meaning as in the Indenture or the Bond Purchase Agreement dated July 25, 2002 (the *"Bond Purchase Agreement"*) among the Agency, American Airlines, Inc. (the *"Company"*), AMR Corporation, and Salomon Smith Barney Inc. as Senior Managing Underwriter of the several underwriters named therein.

I am the Vice President for Legal Affairs of the Agency and as such I am familiar with the acts and proceedings heretofore had or taken by the Agency relative to (i) the authorization, issuance and sale of the Bonds including the resolutions of the Agency dated October 23, 2001 as amended November 13, 2001 (collectively the *"Resolution"*), and (ii) the authorization, execution and delivery by the Agency of the Bonds, the Bond Purchase Agreement, the Company Sublease Agreement dated as of July 1, 2002 (the *"Company Sublease Agreement"*) between the Company as lessor and the Agency as lessee, the IDA Lease Agreement dated as of July 1, 2002 (the *"IDA Lease Agreement"*) between the Agency and the Company, the form of Leasehold Mortgage and Security Agreement (the *"Leasehold Mortgage"*) among the Company, the Agency and the Trustee to be executed and delivered after the Reletting Rights Effective Date, the Tax Certificate from the Agency and the Company to the Trustee dated July 31, 2002 (the *"Tax Certificate"*), the Equipment Security Agreement dated as of July 1, 2002 among the Agency, the Trustee and the Company (the *"Equipment Security Agreement"*), the Consent to Subleases and Leasehold Mortgage Agreement (the *"Consent to Subleases"*) dated July 31, 2002 among the Trustee, the Port Authority, the Agency, the Company and AMR Corporation and the Indenture (collectively the *"Agency Documents"*).

Based on the foregoing, I am of the opinion that:

(a) The Indenture constitutes a direct pledge and assignment by the Agency to the Trustee of, and a valid security interest in, all rentals and other amounts (except as otherwise provided in the Indenture) payable by the Company to the Agency under the IDA Lease Agreement. Financing statements in respect of such security interest have been entrusted to the Trustee, for due filing in proper form in the office of the Secretary of State of the State of New York, which filing is all of the filing and recording necessary to constitute the Indenture, and the Indenture constitutes, a valid direct pledge and assignment of, and with such filings the Indenture will constitute a valid perfected security interest in, all rentals and other amounts (except as otherwise provided in the Indenture) payable by the Company to the Agency under the provisions of the IDA Lease Agreement, as against all subsequent creditors of the Agency or of the Company and subsequent assignees of the Agency of such rentals and other amounts payable under the IDA Lease Agreement. No refiling of such financing statement is required in order to maintain such perfected security interest and pledge and assignment of such rentals and such other amounts except a continuation statement under the New York State Uniform

Commercial Code, which is required to be filed in conformity with the provisions of the New York State Uniform Commercial Code.

(b) There is no action, suit, proceeding or investigation at law or in equity by or before any court, public board or body, of which the Agency has notice, pending, or, to the best of my knowledge, threatened against or affecting the Agency, or to the best of my knowledge, any basis for such action, suit, proceeding or investigation, wherein an unfavorable decision, ruling or finding would affect the organization or existence of the Agency or the transactions contemplated by the Agency Documents or the exclusion of interest on the Bonds from gross income of the owners thereof for Federal Income tax purposes.

(c) No legislation has been enacted by the Legislature of the State of New York or the Council of the City of New York which in any way affects the issuance or delivery of the Bonds or the payment, collection or application of the proceeds thereof or rentals and other moneys and securities pledged or to be pledged under the Indenture, or the creation, organization or existence of the Agency or the titles to office of any officers thereof, or the power of the Agency to construct, renovate, equip, expand and install the Project or improve, assign or sublease the Facility referred to in the Indenture, the IDA Lease Agreement and the Company Sublease Agreement.

(d) The directors and officers of the Agency identified in the Agency's general certificate delivered the date hereof have been duly elected or appointed and are qualified to serve as such.

(e) The adoption by the Agency of the Resolution and the execution and delivery of the Agency Documents, and the performance by the Agency of its obligations thereunder, do not and will not violate or constitute a default under its bylaws, or any indenture or other agreement or instrument to which the Agency is a party or by which it or its properties is or may be bound, or any regulation, order or decree to which the Agency is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency, except as contemplated by the Indenture or the Equipment Security Agreement, and do not and will not violate any provision of the Constitution or statutes of the State of New York, or any resolution of the Agency, or any applicable judgment, order, rule, ordinance, decree or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Agency or any of its property, and no approval or other action by any governmental authority or agency is required in connection with the Agency's obligations under the Resolution or the Agency Documents except such as has already been obtained.

(f) The Equipment Security Agreement is sufficient to create in the Trustee's favor as security for the payment of the Bonds a security interest in all right, title and interest of the Agency in those items of equipment and machinery described in the Equipment Security Agreement and in which a security interest may be created under Article 9 of the New York State Uniform Commercial Code (the *"UCC"*). Financing

statements in proper form in respect of such security interest have been entrusted to the Trustee for due filing in the office of the Secretary of State of New York. Assuming that the financing statements have been properly filed in the office of the Secretary of State of New York, such filing will be sufficient to perfect a security interest in the items and types of equipment and machinery described therein, as against all subsequent creditors of the Agency and subsequent assignees of such equipment and machinery. No refiling of such financing statements is required in order to maintain such perfected security interest except a continuation statement under the UCC, which is required to be filed in conformity with the provisions of the UCC.

In rendering this opinion, I have assumed the due authorization, execution and delivery by, and enforceability against (i) the Company of the IDA Lease Agreement, the Company Sublease Agreement, the Bond Purchase Agreement, the Tax Certificate, the Equipment Security Agreement, the Leasehold Mortgage, and the Consent to Subleases (ii) the Underwriters of the Bond Purchase Agreement, and (iii) the Trustee of the Indenture, the Consent to Subleases, the Equipment Security Agreement and the Tax Certificate.

This opinion is delivered to the addressees solely in connection with the transaction described herein, and it may be relied upon by the parties to whom this opinion is addressed and their counsel. This opinion may not be relied upon by any other person, firm or entity without the Agency's prior written consent.

Very truly yours,

_____

Richard E. Marshall
Vice President for Legal Affairs

EXHIBIT B

Form of Supplemental Opinion of Bond Counsel

_____, 2002

Salomon Smith Barney Inc.,
as Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

New York City Industrial Development Agency
110 William Street – 6th Floor
New York, New York 10038

American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, Texas 76155
Attention: Treasurer

AMR Corporation
4333 Amon Carter Blvd.
Fort Worth, Texas 76155
Attention: Treasurer

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)
(the *"Bonds"*)

Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale on this date of the Bonds by the New York City Industrial Development Agency (the *"Issuer"*). This opinion is being rendered in connection with the delivery of the Bonds to Salmon Smith Barney Inc., as Senior Managing Underwriter of the several underwriters named in the Bond Purchase Agreement, dated July 25, 2002 (the *"Bond Purchase Agreement"*), among the Issuer, American Airlines, Inc. (the *"Company"*), AMR Corporation (*"AMR"*), and the aforementioned underwriters. All capitalized terms not otherwise defined herein shall have the same meaning as defined in the Bond Purchase Agreement.

In connection therewith we have examined the transcripts of proceedings relating to the Bonds and such other documents as we have deemed necessary or desirable.

Based upon the foregoing, it is our opinion that:

1. The Bond Purchase Agreement, the Leasehold Mortgage and the Consent to Subleases have each been duly authorized and executed by the Issuer and each of the Bond Purchase Agreement and the Consent to Subleases has been duly delivered and constitutes the legal and binding obligation of the Issuer enforceable in accordance with its terms (except to the extent that the obligations of the Issuer and the enforceability thereof are subject to the general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally).

2. The Official Statement has been duly authorized by the Issuer.

3. The Bonds constitute exempted securities under Section 3(a)(2) of the Securities Act of 1933, as amended (the *"Securities Act"*), and under Section 304(a)(4)(B) of the Trust Indenture Act of 1939, as amended (the *"Trust Indenture Act"*); and the offer, sale and delivery of the Bonds does not require registration of the Bonds, the Lease Agreement, the Company Guaranty or the AMR Guaranty.

4. The statements contained in the Official Statement under the captions "THE AGENCY," "THE PROJECT; PLAN OF FINANCE—Plan of Finance," "THE SERIES 2002 BONDS," "SECURITY FOR THE BONDS" (but only with respect to the statements contained under the subcaptions "—The Indenture," "Debt Service Reserve Fund," "—The IDA Lease Agreement," "—Leasehold Mortgage and Reletting" (but only with respect to the first sentence of the first paragraph under "*—Leasehold Mortgage,*" the third sentence of the first paragraph under "*—Conditions to Execution, Delivery and Recording of the Leasehold Mortgage,*" the first and third sentences of the first paragraph and the first three sentences of the second paragraph under "*—Execution, Delivery and Recording of Leasehold Mortgage after Reletting Rights Effective Date,*" "*—Foreclosure of Leasehold Mortgage,*" and the second, third and second to the last sentences in the paragraph under the table in *"—Conditions Precedent to Foreclosure—3. Foreclosure Periodic Payments*"), "—Equipment Security Agreement," the second paragraph under "—New Leasehold Mortgage Upon Expiration of the Basic Lease," and "—Company Leases; Lease Term Differential" (but only with respect to "*—Term of Company Sublease*" and the second paragraph under "*—Lease Term Differential*")) and "TAX MATTERS" and Appendices B through D and G thereto insofar as the statements contained under such captions purport to summarize the certain provisions of the Bonds, the Indenture, the Lease Agreement and the Leasehold Mortgage and our opinion as to tax matters, present a fair and accurate summary of such provisions and matters of law purported to be summarized therein; *provided* that we express no opinion with respect to the statements describing The Depository Trust Company and its book-entry only system.

In expressing opinion Number 3 above, we have relied on, and assume continuing compliance by the Issuer, the Trustee and the Company with, certain representations and covenants relating to the use and investment of the proceeds of the Bonds and the projects financed therewith.

This letter is furnished solely for your information and benefit in connection with the offering and sale of the Bonds and may not be relied upon by any other person.

Respectfully submitted,

EXHIBIT C-1

Form of Opinion of Counsel to the Company

_____, 2002

Salomon Smith Barney Inc., as
Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

The Bank of New York, as Trustee
101 Barclay Street, 21W
New York, New York 10001

New York City Industrial Development Agency
110 William Street – 6th Floor
New York, New York 10038

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

This opinion is being furnished to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement (the *"Bond Purchase Agreement"*), dated July 25, 2002 among Salomon Smith Barney Inc., as Senior Managing Underwriter of the several underwriters, American Airlines, Inc., a Delaware corporation (the *"Company"*), AMR Corporation, a Delaware corporation (*"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 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*). Capitalized terms used herein without definition shall have the meanings specified in the Bond Purchase Agreement.

I am Senior Vice President and General Counsel of the Company and have acted as such in connection with the preparation of the Leasehold Mortgage and the preparation, execution and delivery of the Lease Agreement, the Company Guaranty, the Bond Purchase Agreement, the Company Sublease, the Equipment Security Agreement, the Port Authority Lease, the Consent to Subleases, the Tax Certificate, the ATEIL, the RNDA and the Undertaking (collectively, the *"Company Documents"*).

In connection with this opinion, I or attorneys in the legal department of the Company have examined and are familiar with originals or copies, certified or otherwise, of the Company

Documents, and such other documents and records of the Company and such statutes, regulations and other instruments as we have deemed necessary or advisable for purposes of this opinion. As to certain facts material to this opinion, I have relied upon the accuracy of representations of one or more officers or other employees of the Company. In addition, I have assumed that communications of public officials and their assistants concerning the content of public files and records and actions taken by them in their public capacities are accurate, that all signatures, other than signatures of the Company, on all documents presented to me are genuine, that all documents submitted to me as originals are accurate and complete, that all documents submitted to me as copies are true and correct copies of the originals thereof, that all factual information submitted to me was accurate and complete and that all persons executing and delivering originals or copies of documents examined by me, other than persons executing and delivering such documents on behalf of the Company, were competent to execute and deliver such documents. In addition, I have assumed the due authorization, execution and delivery of the Company Documents by the respective parties thereto other than the Company and that such agreements are the valid and binding obligations of each of such other parties enforceable against such other parties in accordance with their terms.

Based on the foregoing, I am of the following opinion:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business in and is in good standing under the laws of the State of New York and has full corporate power to execute and deliver and to carry out and perform its obligations under the Company Documents.

2. The Company Documents have been duly authorized and (other than the Leasehold Mortgage) executed and delivered by the Company and (other than the Leasehold Mortgage) constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, (a) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (b) except as limited by applicable laws which may affect the remedies provided in the Company Documents (other than the Leasehold Mortgage), which laws, however, do not in my opinion make the remedies provided for in the Company Documents (other than the Leasehold Mortgage) inadequate for the realization of the rights and benefits provided thereby and (c) except that no opinion is expressed as to the enforceability of any provisions relating to indemnity and contribution.

3. The execution and delivery by the Company of the Company Documents, and compliance by the Company with the provisions of the Company Documents, will not conflict with or constitute a breach of or default under (a) the certificate of incorporation or by-laws of the Company, (b) any indenture, mortgage, deed of trust, loan agreement or other material agreement or material instrument to which the Company or any of its subsidiaries is a party or by which it or any of its subsidiaries or any of their respective property or assets are bound, which conflict, breach or default would adversely affect the validity as to the Company of, or the

Company's performance of any of its obligations under, the Company Documents or (c) to the best of my knowledge, any existing law, rule or regulation to which the Company or any of its subsidiaries is subject.

4. Except as disclosed in the Official Statement, including any documents incorporated therein by reference in Appendix A, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best of my knowledge, threatened against the Company or any of its subsidiaries, respectively, affecting any of them (a) which would materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement, or which would adversely affect the validity or enforceability of the Bonds or the Company Documents, or (b) which would have a material adverse effect on the financial condition of the Company and its subsidiaries taken as a whole.

5. No consent, approval, authorization or order of, or registration or filing with, any court or governmental or public agency, authority or body is required with respect to the Company for the execution, delivery and performance by the Company as of the date hereof of the Company Documents.

6. I have no reason to believe the Official Statement as of its date and as of the date hereof, insofar as it relates to the Company, the Project, the application of the proceeds of the Bonds or the description of the provisions of the Company Documents other than the Bond Purchase Agreement (except as to financial statements and other financial and statistical data contained in or incorporated by reference in the Official Statement, including Appendix A thereto, as to which no opinion is expressed), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

7. The Equipment Security Agreement is sufficient to create in the Trustee's favor as security for the payment of the Bonds a security interest in all right, title and interest of the Company in those items of equipment and machinery described in the Equipment Security Agreement and in which a security interest may be created under Article 9 of the Uniform Commercial Code of the State of Delaware (*"Delaware Article 9"*). Financing statements in proper form in respect of such security interest have been entrusted to the Trustee for due filing in the office of the Secretary of State of the State of Delaware. Assuming that the financing statements have been properly filed in the office of the Secretary of State of the State of Delaware, such filing will be sufficient to perfect a security interest in the items and types of equipment and machinery described therein. No further action is required in order to maintain such perfected security interest except for the filing of continuation statements under Delaware Article 9, which are required to be filed in conformity with the provisions of Delaware Article 9.

This opinion is limited in all respects to the laws of the States of New York and Texas, the general corporate laws of the State of Delaware, the Federal laws of the United States of America and, to the extent set forth in the following sentence, Delaware Article 9. The opinions set forth in paragraph 7 are limited to Article 9 of the Uniform Commercial Code of the State of New York and to Delaware Article 9 (and such opinions as to Delaware law are limited to a reading of Delaware Article 9) and therefore such opinions do not address (i) laws of a

jurisdiction other than New York and Delaware, and laws of Delaware except for Delaware Article 9, and (ii) collateral of a type not subject to Delaware Article 9. I express no opinion as to the securities or blue sky laws of any jurisdiction.

I am delivering this opinion to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement, and no person other than you, your counsel and Bond Counsel is entitled to rely hereon.

Very truly yours,

General Counsel

EXHIBIT C-2

Form of Opinion of Counsel to AMR

_____, 2002

Salomon Smith Barney, Inc., as
Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

The Bank of New York, as Trustee
101 Barclay Street, 21W
New York, New York 10001

New York City Industrial Development Agency
110 William Street – 6th Floor
New York, New York 10038

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

This opinion is being furnished to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement (the *"Bond Purchase Agreement"*), dated July 25, 2002 among Salomon Smith Barney, Inc., as Senior Managing Underwriter of the several underwriters, American Airlines, Inc., a Delaware corporation (the *"Company"*), AMR Corporation, a Delaware corporation (*"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 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*). Capitalized terms used herein without definition shall have the meanings specified in the Bond Purchase Agreement.

I am Senior Vice President and General Counsel of AMR and have acted as such in connection with the preparation, execution and delivery of the AMR Guaranty, the Bond Purchase Agreement, the Consent to Subleases and the Undertaking.

In connection with this opinion, I or attorneys in the legal department of AMR have examined and are familiar with originals or copies, certified or otherwise, of the AMR Guaranty, the Bond Purchase Agreement, the Consent to Subleases and the Undertaking, and such other documents and records of AMR and such statutes, regulations and other instruments as we have deemed necessary or advisable for purposes of this opinion. As to certain facts material to this

opinion, I have relied upon the accuracy of representations of one or more officers or other employees of AMR. In addition, I have assumed that communications of public officials and their assistants concerning the content of public files and records and actions taken by them in their public capacities are accurate, that all signatures, other than signatures of AMR, on all documents presented to me are genuine, that all documents submitted to me as originals are accurate and complete, that all documents submitted to me as copies are true and correct copies of the originals thereof, that all factual information submitted to me was accurate and complete and that all persons executing and delivering originals or copies of documents examined by me, other than persons executing and delivering such documents on behalf of AMR, were competent to execute and deliver such documents. In addition, I have assumed the due authorization, execution and delivery of the AMR Guaranty, the Consent to Subleases and the Bond Purchase Agreement by the respective parties thereto other than AMR and that such agreements are the valid and binding obligations of each of such other parties enforceable against such other parties in accordance with their terms.

Based on the foregoing, I am of the following opinion:

1. AMR is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business in and is in good standing under the laws of the State of New York and has full corporate power to execute and deliver and to carry out and perform its obligations under the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking.

2. The Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking have been duly authorized, executed and delivered by AMR and constitute the legal, valid and binding obligations of AMR, enforceable against AMR in accordance with their respective terms, (a) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (b) except as limited by applicable laws which may affect the remedies provided in AMR Guaranty, the Consent to Subleases or the Bond Purchase Agreement, which laws, however, do not in my opinion make the remedies provided for in the AMR Guaranty, the Consent to Subleases or the Bond Purchase Agreement inadequate for the realization of the rights and benefits provided thereby and (c) except that no opinion is expressed as to the enforceability of any provisions relating to indemnity and contribution.

3. The execution and delivery by AMR of the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking, and compliance by AMR with the provisions of the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking, will not conflict with or constitute a breach of or default under (a) the certificate of incorporation or by-laws of AMR, (b) any indenture, mortgage, deed of trust, loan agreement or other material agreement or material instrument to which AMR or any of its subsidiaries is a party or by which it or any of its subsidiaries or any of their respective property or assets are bound, which conflict, breach or default would adversely affect the validity as to AMR of, or AMR's performance of any of its obligations under, the Bond Purchase Agreement,

the AMR Guaranty, the Consent to Subleases or the Undertaking or (c) to the best of my knowledge, any existing law, rule or regulation to which the Company or any of its subsidiaries is subject.

4. Except as disclosed in the Official Statement, including any documents incorporated therein by reference in Appendix A, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best of my knowledge, threatened against AMR or any of its subsidiaries, respectively, affecting any of them (a) which would materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement, or which would adversely affect the validity or enforceability of the Bonds, the AMR Guaranty, the Consent to Subleases or the Undertaking, or (b) which would have a material adverse effect on the financial condition of AMR and its subsidiaries taken as a whole.

5. No consent, approval, authorization or order of, or registration or filing with, any court or governmental or public agency, authority or body is required with respect to AMR for the execution, delivery and performance by AMR as of the date hereof of the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases or the Undertaking.

6. I have no reason to believe the Official Statement as of its date and as of the date hereof, insofar as it relates to AMR or the description of the provisions of the AMR Guaranty, the Consent to Subleases or the Undertaking (except as to financial statements and other financial and statistical data contained in or incorporated by reference in the Official Statement, including Appendix A thereto, as to which no opinion is expressed), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is limited in all respects to the laws of the States of New York and Texas, the general corporate laws of the State of Delaware and the Federal laws of the United States of America. I express no opinion as to the securities or blue sky laws of any jurisdiction.

I am delivering this opinion to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement, and no person other than you, your counsel and Bond Counsel is entitled to rely hereon.

Very truly yours,

General Counsel

EXHIBIT C-3

Form of Opinion of Debevoise & Plimpton

[Date of Closing]

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 2002A and Series 2002B
(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 __ 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 2002A and Series 2002B (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 and a Second Series Supplemental Indenture of Trust, each 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,

we have examined and relied on the originals, or copies certified or otherwise identified to our satisfaction, of the Company Documents and AMR Documents[1],

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,

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

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.

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1 Company Documents and AMR Documents are defined in Sections 5(a) and 6(a) of the Bond Purchase Agreement.

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.

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.

We have assumed that the Company has "rights" in the Leasehold Estate and that "value" has been given.

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.

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.

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.

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 Guaranties.

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.

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 as to the applicability or effect of, or compliance with, any provision of any federal or state securities laws.

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.[2] 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,

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2 Anne McNamara, General Counsel to the Company and AMR, will be delivering opinions at the closing. The form of such opinions are currently set forth as Exhibits C-1 and C-2 of the Bond Purchase Agreement.

SCHEDULE OF RECIPIENTS

The Port Authority of New York and New Jersey
Salomon Smith Barney Inc.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
J.P. Morgan Securities Inc.
Bear, Stearns & Co. Inc.
The Bank of New York Company, Inc.
Morgan Stanley & Co. Incorporated
SunTrust Capital Markets, Inc.

EXHIBIT D

Form of Opinion of Underwriters' Counsel

_____, 2002

Salomon Smith Barney, Inc., as
Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

We have acted as your co-counsel in connection with your purchase of $500,000,000 aggregate principal amount of Special Facility Revenue Bonds, Series 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*), issued on this date by the New York City Industrial Development Agency (the *"Issuer"*) pursuant to the terms of a Master Indenture of Trust dated as of July 1, 2002 as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (collectively, the *"Indenture"*) between the Issuer and The Bank of New York, as trustee (the *"Trustee"*). As such counsel we have examined executed copies of: (i) the Indenture; (ii) the IDA Lease Agreement, dated as of July 1, 2002 (the *"Agreement"*) between the Issuer and American Airlines, Inc. (the *"Company"*); (iii) the Bond Purchase Agreement dated July 25, 2002 (the *"Bond Purchase Agreement"*) among the Company, AMR Corporation (*"AMR"*), the Issuer and you; (iv) the Guaranty dated as of July 1, 2002 (the *"Company Guaranty"*) between the Company and the Trustee; (v) the Guaranty dated as of July 1, 2002 (the *"AMR Guaranty"*) between AMR and the Trustee; (vi) the Undertaking of the Company and AMR dated the date hereof (the *"Undertaking"*); (vii) Amended and Restated Lease (ABY-083R) dated December 22, 2000, between the Company and the Port Authority, as amended by the First Supplemental Agreement dated as of July 31, 2002; (viii) the Company Sublease Agreement dated as of July 1, 2002 between the Company and the Issuer; (ix) the form (unexecuted) of the Leasehold Mortgage and Security Agreement from the Company to the Trustee as joined by the Issuer; (x) the Consent to Subleases and Leasehold Mortgage Agreement dated July 31, 2002 among the Port Authority, the Company, AMR, the Issuer and the Trustee; (xi) the Agreement Towards Entering into a Lease dated _____, 2002 between the City and the Company; (xii) the Recognition, Non-Disturbance and Attornment Agreement dated _____, 2002 between the City and the Company; (xiii) the opinions of even date herewith as required by Sections 9(d)(8) through 9(d)(10), Section 9(d)(13) and Section 9(d)(15) of the

Bond Purchase Agreement; and (xiv) certain certificates as required by the Bond Purchase Agreement.

Assuming the validity of the Bonds and that interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes as set forth in the opinion of even date herewith of Winston & Strawn, Bond Counsel (*"Bond Counsel"*), and based upon our review of such documents and showings and related matters of law as we have deemed necessary and in reliance thereon, we are of the opinion that, under existing law, in connection with the offering, sale and delivery of the Bonds under the circumstances described in the Official Statement (as defined below) the Bonds, the Agreement, the Company Guaranty and the AMR Guaranty are not required to be registered under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement with respect to the Bonds dated July 25, 2002 (the *"Official Statement"*) and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of Bond Counsel and other counsel and certificates of officers of the Issuer and other appropriate persons. We also participated in meetings and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and revised. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement (apart from the information relating to The Depository Trust Company and its book-entry only system and the financial, statistical and operating data contained or incorporated therein, as to which we do not express any opinion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

We have rendered legal advice and assistance to you as to the requirements of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the *"Rule"*), in connection with your review, for purposes of the Rule, of the Undertaking. Based upon our examination of the Undertaking, the Rule and such other documents and matters of law as we have considered necessary, we are of the opinion that, under existing law, the Undertaking complies in all material respects with the applicable requirements of the Rule; *provided, however,* no view is expressed regarding the items comprising Annual Financial Information (as defined in the Undertaking).

This letter is furnished by us as counsel to the Underwriters and is solely for the benefit of the Underwriters. This opinion is given as of the date hereof and we assume no obligation to

revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

SNWohl/GWeinstein

EXHIBIT E

Form of Opinion of Trustee's Counsel

July __, 2002

To the Persons on the attached
Exhibit A

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

We have acted as counsel for The Bank of New York, a New York banking corporation (the *"Trustee"*), in connection with the issuance by New York City Industrial Development Agency (the *"Agency"*) of its $500,000,000 aggregate principal amount of Special Facility Revenue Bonds, Series 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*), pursuant to the Master Indenture of Trust, dated as of July 1, 2002, between the Agency and the Trustee (the *"Master Indenture"*) as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (the Master Indenture, as supplemented, the *"Indenture"*). Capitalized terms used in this opinion shall have the respective meanings assigned such terms by the Indenture.

In rendering the opinions set forth below, we have examined the originals, or copies certified to our satisfaction, of such agreements, documents, certificates and other statements of government officials and corporate officers of the Trustee and other papers as we deemed relevant and necessary as a basis for such opinions and have relied as to factual matters on representations, warranties and other statements therein. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies. We have also assumed the due authorization, execution and delivery of instruments and agreements by the parties (other than the Trustee) thereto, and the authority and existence of such parties other than the Trustee.

Based upon and subject to the foregoing, we are of the opinion that as of this date:

1. The Trustee is a banking corporation organized and validly existing and in good standing under the laws of the State of New York and is authorized and qualified to accept the trusts imposed by the Indenture and to act as Trustee and Paying Agent under the Indenture, the Company Guaranty, the AMR Guaranty, the Leasehold Mortgage, the Consent Agreement, and the Equipment Security Agreement.

2. Each of the Indenture, the Company Guaranty, the AMR Guaranty, the Consent Agreement, and the Equipment Security Agreement bas been duly authorized, executed and delivered by the Trustee and constitutes a legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The execution and delivery of the Leasehold Mortgage has been duly authorized by the Trustee.

We are members of the New York Bar and do not hold ourselves out as experts on, nor do we express any 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. This opinion is for your benefit and may not be disclosed to or relied upon by any other person without our prior written consent.

Very truly yours,

EXHIBIT A

The Bank of New York
New York, New York

Salomon Smith Barney, Inc., as
Senior Managing Underwriter of the several Underwriters
New York, New York

New York City Industrial Development Agency
New York, New York

American Airlines, Inc.
Fort Worth, Texas

AMR Corporation
Fort Worth, Texas

EXHIBIT F

Certificate of Port Authority

I, _____, certify that I am the duly qualified and acting _____ of the Port Authority of New York and New Jersey (the *"Port Authority"*). Capitalized terms used herein without definition shall have meanings specified in the Consent to Subleases and Leasehold Mortgage Agreement to be dated July 31, 2002 (the *"Consent Agreement"*). All terms used herein are defined in the Consent Agreement. I further certify, in connection with the issuance by the New York City Industrial Development Agency of $500,000,000 aggregate principal amount of its Special Facility Revenue Bonds, Series 2002A, Series 2002B, Series 2002C and Series 2002D (American Airlines, Inc. John F. Kennedy International Airport Project), pursuant to Section 4.2 of the Consent Agreement, the Port Authority has received (1) an acceptable form of the Leasehold Mortgage, attached as Exhibit G of the Consent Agreement which form includes a copy of the Consent Agreement and Section 92 as attachments thereto; and (2) the opinion given by the Company's counsel with respect to the Leasehold Mortgage, which is in the form of Exhibit J of the Consent Agreement.

Dated July 31, 2002

_____

[Title]

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July 31, 2002

New York City Industrial
Development Agency
110 William Street
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings of the New York City Industrial Development Agency (the "Agency"), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York, and other proofs submitted to us relative to the issuance and sale of the $120,000,000 New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002A (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 2002A Bonds") and $380,000,000 New York City Industrial Development Agency Special Facility Revenue Bonds, Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Series 2002B Bonds" and collectively with the Series 2002A Bonds, the Series 2002B Bonds, the "Series 2002 Bonds").

The Series 2002 Bonds are issued under and pursuant to (i) 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 the State of New York), as amended, and Chapter 1082 of the 1974 Laws of New York, as amended (collectively, the "Act"); (ii) a Master Indenture of Trust, dated as of July 1, 2002 (the "Master Indenture"), as supplemented by a First Series Supplemental Indenture of Trust, dated as of July 1, 2002, with respect to the Series 2002A Bonds (the "First Series Supplemental Indenture") and a Second Series Supplemental Indenture of Trust, dated as of July 1, 2002, with respect to the Series 2002B Bonds (the "Second Series Supplemental Indenture" and collectively with the Master Indenture and the First Series Supplemental Indenture, the "Indenture"), by and between the Agency and The Bank of New York (the "Trustee"); and (iii) resolutions of the Agency adopted on October 23, 2001 and November 23, 2001 authorizing the Series 2002 Bonds and certain actions relating thereto.

The Series 2002 Bonds are dated July 1, 2002, and are issuable as fully registered bonds, without coupons, in authorized denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000.

The Series 2002 Bonds are subject to redemption prior to maturity, in the manner and upon the terms and conditions set forth in the Indenture.

The Series 2002 Bonds are being issued to provide funds to finance a portion of the cost of a project (the "Project") which consists of (i) the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York (the "Airport") on land owned by the City (as hereinafter defined) (the "Premises"), and (ii) the acquisition, construction and equipping of a new approximately 2,000,000 square foot air passenger terminal together with related arrival and departure access ramps, parking facilities on the Premises and a passenger tunnel connecting Concourse C to the new terminal, all to be used and managed as a passenger facility located at the Airport by American Airlines, Inc., a Delaware corporation (the "Lessee"). The Series 2002 Bonds will also provide funds to reimburse the Lessee for the payment of such Project costs, to pay costs of issuance related to the Series 2002 Bonds and to Fund applicable accounts of the Debt Service Reserve Fund.

The Airport is leased by the City of New York (the "City") to The Port Authority of New York and New Jersey (the "Port Authority") pursuant to an Agreement of Lease dated April 17, 1947, as amended and supplemented (the "Basic Lease"), by and between the City and the Port Authority. The Premises have been subleased by the Port Authority to the Lessee pursuant to an agreement of lease entered into as of August 1, 1976 being Port Authority Agreement No. AYB-085 as amended and supplemented and as further amended, supplemented, and restated in an Amended and Restated Lease (No. AYB-085R) dated 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 "Port Authority Lease"). The Lessee and the Agency have entered into a Company Sublease Agreement dated as of July 1, 2002 (the "Company Sublease"). Pursuant to the Company Sublease, the Lessee will sub-sublease to the Agency certain improvements located on the Premises (the "Leased Facilities"). The Leased Facilities consists of only the improvements which are to be made or acquired pursuant to the IDA Lease Agreement, dated as of July 1, 2002, by and between the Agency and Lessee (the "IDA Lease Agreement"), and financed with the proceeds of the Series 2002 Bonds and Additional Bonds (herein defined) issued from time to time under the Indenture (the "Bonds"). Pursuant to the IDA Lease Agreement the Agency has sub-sub-subleased to the Lessee the Leased Facilities, and has leased to the Lessee the systems, machinery, equipment and other tangible personal property acquired and installed or to be acquired and installed at the Leased Facilities as part of the Project and financed in whole or in part with the proceeds of the Bonds (the "Facility Equipment"). The Leased Facilities and the Facility Equipment are referred to collectively herein as the "Facility."

The Lessee will be obligated under the IDA Lease Agreement to make lease rental payments to the Trustee in an amount sufficient to pay the principal and purchase price of, redemption premium, if any, and interest on the Bonds, including the Series 2002 Bonds. The Indenture permits the issuance of additional bonds (the "Additional Bonds") ranking on a parity

with the Series 2002 Bonds, provided that the maximum principal amount of bonds issued under the Indenture shall not exceed $2,300,000,000. Payment of the principal and purchase price of, redemption premium, if any, and interest on the Bonds (including the Series 2002 Bonds) issued under the Indenture will be guaranteed by the Lessee pursuant to a Guaranty dated as of July 1, 2002 from the Lessee to the Trustee (the "Lessee Guaranty") and will also be guaranteed by AMR Corporation ("AMR") pursuant to a Guaranty dated as of July 1, 2002 from AMR to the Trustee (the "AMR Guaranty"). The Bonds will be additionally secured pursuant to an Equipment Security Agreement dated as of July 1, 2002 among the Agency, the Lessee and the Trustee ("the Equipment Security Agreement").

We are of the opinion that:

1. The Agency has the right and power to enter into the Indenture, the IDA Lease Agreement, the Company Sublease and the Equipment Security Agreement, and the Indenture, the IDA Lease Agreement, the Company Sublease and the Equipment Security Agreement have been duly authorized, executed and delivered by the Agency, and, assuming due authorization, execution and delivery by the other parties thereto, are in full force and effect in accordance with their terms and are valid and binding upon the Agency and enforceable in accordance with their respective terms and no other authorization by the Agency for the Indenture, the IDA Lease Agreement, the Company Sublease or the Equipment Security Agreement is required.

2. The Indenture creates the valid pledge which it purports to create of the lease rentals payable or receivable under the IDA Lease Agreement and the moneys and securities from time to time held by the Trustee under the terms of the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The Agency has the right and power to authorize, execute and deliver the Series 2002 Bonds, and the Series 2002 Bonds have been duly authorized, executed and delivered by the Agency. The Series 2002 Bonds are valid and binding special obligations of the Agency, are enforceable in accordance with their terms and the terms of the Indenture and are payable as to principal and purchase price, redemption premium, if any, and interest from moneys on deposit in the funds and accounts maintained under the Indenture, all as provided in the Indenture. The Series 2002 Bonds are entitled to the benefit of the Indenture.

4. The Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2002 Bonds in order that interest on the Series 2002 Bonds be and remain not included in gross income for Federal income tax purposes. Pursuant to the Tax Certificate executed by the Lessee and the Agency dated the date hereof (the "Tax Certificate"), the Lessee has made certain representations, certifications and covenants relating to such non-inclusion in gross income. The IDA Lease Agreement and the Tax Certificate obligate the Lessee to do and perform all acts and things necessary and within its control to assure that interest on the Series 2002 Bonds not be included in gross income pursuant to Section 103 of the Code. Noncompliance with current requirements or future amendments may cause interest on the Series

2002 Bonds to be subject to federal income taxes retroactive to the date of issue of the Series 2002 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

In our opinion, under existing statutes and court decisions, assuming continuing compliance by the Agency and the Lessee (and their successors) with the aforementioned covenants and the accuracy of the aforementioned representations and certifications, interest on the Series 2002 Bonds is not included in gross income for Federal income tax purposes, except that we express no opinion as to the exclusion from gross income of interest on any Series 2002 Bond for any period during which such Series 2002 Bond is held by a "substantial user" of the Facility or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 2002 Bonds will be treated as a preference item to be included in calculating the alternative minimum taxable income for purposes of the alternative minimum tax imposed with respect to individuals and corporations.

The Series 2002 Bonds are initially offered to the public at a price less than the principal amount thereof payable at maturity. If the first price at which a substantial amount of the Series 2002 Bonds is sold in the initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) is less than the principal amount thereof payable at maturity, the difference between such price and principal amount constitutes original issue discount. We are of the opinion that original issue discount, as it accrues, is not includable in gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Series 2002 Bonds. Original issue discount accrues over the term of the Series 2002 Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code, with certain adjustments.

5. The interest (and accrued original issue discount) on the Series 2002 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City) and is exempt from all taxation directly imposed by or under the authority of said State except for transfer and estate taxes.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any other Federal or state tax consequences of the ownership or disposition of the Series 2002 Bonds.

We have examined one of the Series 2002 Bonds in fully registered form and, in our opinion, the form of said Series 2002 Bond is regular and proper.

Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. Furthermore, we express no opinion as to the impact of any such change or action on the tax-exempt status of interest on any Series 2002 Bond, if such change occurs or action is taken upon the advice or approval of Bond Counsel other than Winston & Strawn.

The foregoing opinions are qualified to the extent that the enforceability of the Series 2002 Bonds, the Indenture, the Basic Lease, the Port Authority Lease, the Company

Sublease, the IDA Lease Agreement and the Equipment Security Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). In addition, we express no opinion as to the severability of any provision of the Indenture, the Company Sublease, the IDA Lease Agreement or the Equipment Security Agreement in the event that the modification of the foregoing agreements resulting from a severed provision constitutes a material change to the original intention of the parties to such agreements.

In rendering the foregoing opinions, we have assumed that each of the Basic Lease and the Port Authority Lease are in full force and effect. In rendering this opinion, we have not made any investigation of, do not express an opinion as to, and are not passing upon any matters relating to, title to the Facility.

In rendering the foregoing opinions, we have reviewed the opinions of Anne H. McNamara, Senior Vice President and General Counsel of AMR Corporation and American Airlines, Inc., dated the date hereof, as to certain matters relating to the Lessee and have assumed the due authorization, execution and delivery of the Company Sublease, the IDA Lease Agreement and the Equipment Security Agreement by the Lessee. We understand that you have received said opinions with respect to such matters.

In rendering the foregoing opinions, we have reviewed the opinion of Emmet, Marvin & Martin, LLP, counsel to the Trustee, dated the date hereof, as to certain matters relating to the Trustee and have assumed the due authorization, execution and delivery of the Indenture by the Trustee. We understand that you have received such opinion with respect to such matters.

Our opinions set forth herein are based upon the facts in existence and the laws in effect on the date hereof and we disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

Very truly yours,

Winston + Strawn

WINSTON & STRAWN

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July 31, 2002

The Bank of New York,
as Trustee
New York, New York

Salomon Smith Barney Inc.,
as Senior Managing Underwriter of the several Underwriters
New York, New York

American Airlines, Inc.
Fort Worth, Texas

AMR Corporation
Fort Worth, Texas

Ladies and Gentlemen:

Under even date, we have delivered our final approving opinion, addressed to the New York City Industrial Development Agency (the "Agency"), relating to the Agency's $500,000,000 aggregate principal amount of Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project), Series 2002 (the "Bonds"). We hereby authorize The Bank of New York, as trustee under that certain Master Indenture of Trust, as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust (collectively, the "Indenture of Trust"), each dated as of July 1, 2002, and the Agency, Salomon Smith Barney Inc., as representative of itself and the other underwriters of the Bonds, American Airlines, Inc. and AMR Corporation, to rely on said opinion and to make use thereof to the same extent and with the same force and effect as if it were addressed to each such party.

Very truly yours,

Winston & Strawn

WINSTON & STRAWN

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July 31, 2002

Salomon Smith Barney Inc.,
as Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

New York City Industrial Development Agency
110 William Street – 6th Floor
New York, New York 10038

American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, Texas 76155
Attention: Treasurer

AMR Corporation
4333 Amon Carter Blvd.
Fort Worth, Texas 76155
Attention: Treasurer

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)
(the "Bonds")

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale on this date of the Bonds by the New York City Industrial Development Agency (the "Issuer"). This opinion is being rendered in connection with the delivery of the Bonds to Salmon Smith Barney Inc., as Senior Managing Underwriter of the several underwriters named in the Bond Purchase Agreement, dated July 25, 2002 (the "Bond Purchase Agreement"), among the Issuer, American Airlines, Inc. (the "Lessee"), AMR Corporation ("AMR"), and the aforementioned underwriters. All capitalized terms not otherwise defined herein shall have the same meaning as defined in the Bond Purchase Agreement.

We have examined the following documents relating to the Bonds and such other documents as we have deemed necessary or desirable:

(a) a resolution of the Agency adopted on October 23, 2001 as amended November 11, 2001, authorizing the Bonds and certain other matters in connection with the issuance thereof;

(b) the Company Sublease Agreement, dated as of July 1, 2002 (the "Company Sublease"), by and between the Issuer and the Lessee;

(c) the IDA Lease Agreement, dated as of July 1, 2002 (the "IDA Lease Agreement"), by and between the Issuer and the Lessee;

(d) the Master Indenture of Trust (the "Master Indenture"), dated as of July 1, 2002, by and between the Issuer and The Bank of New York (the "Trustee") as amended and supplemented by a First Series Supplemental Indenture of Trust dated as of July 1, 2002 by and between the Issuer and the Trustee and the Second Series Supplemental Indenture of Trust dated as of July 1, 2002 by and between the Issuer and the Trustee;

(e) the Guaranty from AMR to the Trustee dated as of July 1, 2002 (the "AMR Guaranty") and the Guaranty from the Lessee to the Trustee dated as of July 1, 2002 (the "Lessee Guaranty") together with the AMR Guaranty (the "Guaranty);

(f) the Bond Purchase Agreement;

(g) the Form of Leasehold Mortgage and Security Agreement (attached as Exhibit G, to the Consent to Subleases) among the Issuer, the Lessee and the Trustee (the "Leasehold Mortgage");

(h) a Consent to Subleases and Leasehold Mortgage Agreement (the "Consent to Subleases") dated as of July 31, 2001 among the Port Authority, the Issuer, the Lessee, AMR and the Trustee; and

(i) the Official Statement of the Issuer, dated July 25, 2002 (the "Official Statement"), relating to the Bonds.

We are of the opinion that:

1. The Bond Purchase Agreement and the Consent to Subleases have each been duly authorized and executed by the Issuer and each of the Bond Purchase Agreement and the Consent to Subleases has been duly delivered and constitutes the legal and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

2. The Leasehold Mortgage has been duly authorized by the Issuer and assuming the due execution and delivery thereof by the Issuer and the Lessee, Section 20 of the Leasehold Mortgage will constitute the legal and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

3. The Official Statement has been duly authorized by the Issuer.

4. The Bonds constitute exempted securities under Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and under Section 304(a)(4)(B) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); and the offer, sale and delivery of the Bonds does not require registration of the Bonds, the IDA Lease Agreement, or the Guaranty.

5. The statements contained in the Official Statement under the captions "INTRODUCTORY STATEMENT," "THE AGENCY," "THE SERIES 2002 BONDS," "SECURITY FOR THE BONDS" (but only with respect to the statements contained under the subcaptions (i) "—The Indenture," (ii) "—Debt Service Reserve Fund—" (iii) "—The IDA Lease Agreement," (iv) "—Leasehold Mortgage and Reletting" (but only with respect to (A) the first and second sentences of the first paragraph under "*—Leasehold Mortgage,*" (B) the third sentence of the first paragraph under *"—Conditions to Execution, Delivery and Recording of the Leasehold Mortgage,—"* (C) the first and third sentences of the first paragraph and the first three sentences of the second paragraph under "*—Execution, Delivery and Recording of Leasehold Mortgage after Reletting Rights Effective Date,*" (D) the statements under "*—Foreclosure of Leasehold Mortgage,*" (E) the second sentence and the third and second to the last sentences in the paragraph under the table in *"—Conditions Precedent to Foreclosure—3. Foreclosure Periodic Payments*" and (F) the third sentence under *"—Conditions Precedent to Foreclosure—4. Right of the Port Authority to Terminate Leasehold Mortgage Prior to Foreclosure)",* (v) "Equipment Security Agreement," (vi) the second paragraph under "—New Leasehold Mortgage Upon Expiration of the Basic Lease," "Company Leases; Lease Term Differential" (but only with respect to "*—Term of Company Sublease*" and the second paragraph under "*—Lease Term Differential*")) and "TAX MATTERS" and under Appendices B through D of the Official Statement and under Appendix G of the Official Statement (but with respect to Appendix G, only the statements under the subheading "Summary of Certain Provisions of the Leasehold Mortgage") insofar as the statements contained under such captions and appendices purport to describe the Agency or purport to summarize certain provisions of the Bonds, the Indenture, the IDA Lease Agreement, the Company Sublease and the Leasehold Mortgage and our opinion as to tax matters contained in Appendix I, present a fair and accurate summary of such provisions and matters of law purported to be summarized therein; *provided* that we express no opinion with respect to the statements describing The Depository Trust Company and its book-entry only system.

In expressing our opinion in paragraph 4 above, we have relied on, and assume continuing compliance by the Issuer, the Trustee and the Lessee with, certain representations and covenants relating to the use and investment of the proceeds of the Bonds and the projects financed therewith.

The foregoing opinions are qualified to the extent that the enforceability of the Bond Purchase Agreement and the Consent to Subleases may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and by application of general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity). In addition, we express no opinion as to the severability of any provision of the Bond Purchase Agreement and the Consent to Subleases in the event that the modification of the

foregoing agreements resulting from a severed provision constitutes a material change to the original intention of the parties to such agreements.

In rendering the foregoing opinions, we have reviewed the opinions of Anne H. McNamara, Senior Vice President and General Counsel of AMR and the Lessee dated the date hereof, as to certain matters relating to the Lessee and AMR and have assumed the due authorization, execution and delivery of the Consent to Subleases, the Guaranty, the Company Sublease, the Leasehold Mortgage and the Bond Purchase Agreement by AMR and/or the Lessee. We understand that you have received said opinions with respect to such matters.

In rendering the foregoing opinions, we have reviewed the opinion of Emmett Marvin & Martin, LLP, counsel to the Trustee, dated the date hereof, as to certain matters relating to the Trustee and have assumed the due authorization, execution and delivery of the Consent to Subleases by the Trustee. We understand that you have received such opinion with respect to such matters.

As the primary purpose of our professional engagement as Bond Counsel to the Issuer was not to establish factual matters and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement (except to the extent expressly set forth in paragraph 5 above) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements.

We are delivering this opinion to you solely for your benefit. This opinion is not to be used, circulated, quoted or otherwise referred to for any other purpose. Our opinions set forth herein are based upon the facts in existence and the laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

Very truly yours,

Winston + Strawn

ida New York City
Industrial Development Agency

July 31, 2002

Salomon Smith Barney Inc.
390 Greenwich Street
New York, New York 10013

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

The Bank of New York,
as Trustee
101 Barclay Street, Floor 21W
New York, New York 10286

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

Re: New York City Industrial Development Agency
$500,000,000 Special Facility Revenue Bonds, Series 2002
(American Airlines, Inc. John F. Kennedy International Airport Project)

Dear Sirs/Madam:

This opinion is being furnished to you (i) in connection with the issuance and sale by the New York City Industrial Development Agency (the "Agency") of its $500,000,000 aggregate principal amount of Special Facility Revenue Bonds, Series 2002 (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Bonds") and (ii) pursuant to Section 9(d)(9) of the Bond Purchase Agreement (herein defined). The Series 2002 Bonds are issued under a Master Indenture of Trust dated as of July 1, 2002, as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (collectively, the "Indenture") by and between the Agency and The Bank of New York, as Trustee (the "Trustee"). Capitalized terms used herein but not otherwise herein defined shall have the same meaning as in the Indenture or the Bond Purchase Agreement dated July 25, 2002 (the "Bond Purchase Agreement") among the Agency, American Airlines, Inc., AMR Corporation, and Salomon Smith Barney Inc., as a representative of itself and the other underwriters.

I am the Vice President for Legal Affairs of the Agency and as such I am familiar with the acts and proceedings heretofore had or taken by the Agency relative to (i) the authorization,

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issuance and sale of the Bonds including the resolutions of the Agency dated October 23, 2001 as amended November 13, 2001 (collectively the "Resolution"), (ii) the authorization, execution and delivery by the Agency of the Bonds, the Bond Purchase Agreement, the Company Sublease Agreement dated as of July 1, 2002 (the "Company Sublease Agreement") between American Airlines, Inc., as lessor and the Agency as lessee, the IDA Lease Agreement dated as of July 1, 2002 (the "IDA Lease Agreement") between the Agency and American Airlines, Inc. (the "Company"), the Tax Certificate from the Agency and Lessee to the Trustee dated July 31, 2002 (the "Tax Certificate"), the Equipment Security Agreement dated as of July 1, 2002 among the Agency, the Trustee and the Company (the "Equipment Security Agreement"), the Consent to Subleases and Leasehold Mortgage Agreement (the "Consent to Subleases") dated July 31, 2002 among the Trustee, the Port Authority, the Agency, the Company and AMR Corporation and the Indenture (collectively the "Agency Documents") and (iii) the form of Leasehold Mortgage and Security Agreement (the "Leasehold Mortgage") among the Company, the Agency and the Trustee to be executed and delivered after the Reletting Rights Effective Date.

Based on the foregoing, I am of the opinion that:

(a) The Indenture constitutes a direct pledge and assignment by the Agency to the Trustee of, and a valid security interest in, all rentals and other amounts (except as otherwise provided in the Indenture) payable by the Company to the Agency under the IDA Lease Agreement. Financing statements in respect of such security interest have been entrusted to CIT Corporation for due filing in proper form in the office of the Secretary of State of the State of New York, which filing is all of the filing and recording necessary to constitute the Indenture, and the Indenture constitutes, a valid direct pledge and assignment of, and with such filings the Indenture will constitute a valid perfected security interest in, all rentals and other amounts (except as otherwise provided in the Indenture) payable by the Company to the Agency under the provisions of the IDA Lease Agreement, as against all subsequent creditors of the Agency or of the Company and subsequent assignees of such rentals and other amounts payable under the IDA Lease Agreement. No refiling of such financing statement is required in order to maintain such perfected security interest and pledge and assignment of such rentals and such other amounts except a continuation statement under the New York State Uniform Commercial Code, which is required to be filed in conformity with the provisions of the New York State Uniform Commercial Code.

(b) The Equipment Security Agreement is sufficient to create in the Trustee's favor as security for the payment of the Bonds, a security interest in all right, title and interest of the Agency in those items of equipment and machinery described in the Equipment Security Agreement and in which a security interest may be created under Article 9 of the New York State Uniform Commercial Code (the "UCC"). Financing statements in respect of such security interest have been entrusted to the Trustee for due filing in proper form in the office of the Secretary of State of New York. Assuming that the financing statements have been properly filed, such filing will be sufficient to perfect a security interest in the items and types of equipment and machinery described therein, as against all subsequent creditors of the Agency and subsequent assignees of such equipment and machinery. No refiling of such financing statements is required in order to maintain such perfected security interest except a continuation statement under the UCC, which is required to be filed in conformity with the provisions of the UCC.

(c) There is no action, suit, proceeding or investigation at law or in equity by or before any court, public board or body, of which the Agency has notice, pending, or, to the best of my knowledge, threatened against or affecting the Agency, or, to the best of my knowledge, any basis for such action, suit, proceeding or investigation, wherein an unfavorable decision, ruling or finding would affect the organization or existence of the Agency or the transactions contemplated by the Agency Documents or the exclusion of interest on the Bonds from gross income of the owners thereof for Federal income tax purposes.

(d) No legislation has been enacted by the Legislature of the State of New York or the Council of the City of New York which in any way affects the issuance or delivery of the Bonds or the payment, collection or application of the proceeds thereof or rentals and other moneys and securities pledged or to be pledged under the Indenture, or the creation, organization or existence of the Agency or the titles to office of any officers thereof, or the power of the Agency to construct, renovate, equip, expand and install the Project or improve, assign or sublease the Facility referred to in the Indenture, the IDA Lease Agreement and the Company Sublease Agreement.

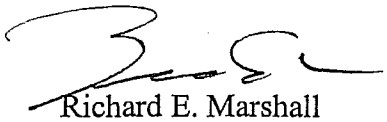
(e) The directors and officers of the Agency identified in the Agency's general certificate delivered the date hereof have been duly elected or appointed and are qualified to serve as such.

(f) The adoption by the Agency of the Resolution and the execution and delivery of the Agency Documents, and the performance by the Agency of its obligations thereunder, do not and will not violate or constitute a default under its bylaws, or any indenture or other agreement or instrument to which the Agency is a party or by which it or its properties is or may be bound, or any regulation, order or decree to which the Agency is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency, except as contemplated by the Indenture or the Equipment Security Agreement, and do not and will not violate any provision of the Constitution or statutes of the State of New York, or any resolution of the Agency, or any applicable judgment, order, rule, ordinance, decree or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Agency or any of its property, and no approval or other action by any governmental authority or agency is required in connection with the Agency's obligations under the Resolution or the Agency Documents except such as has already been obtained.

In rendering this opinion, I have assumed the due authorization, execution and delivery by, and enforceability against, (i) the Company of the IDA Lease Agreement, the Company Sublease Agreement, the Bond Purchase Agreement, the Tax Certificate, the Equipment Security Agreement, and the Consent to Subleases (ii) the Underwriter of the Bond Purchase Agreement, and (iii) the Trustee of the Indenture, the Consent to Subleases, the Equipment Security Agreement and the Tax Certificate. In rendering this opinion, I have further assumed the due authorization by, and enforceability against, the Company of the Leasehold Mortgage.

This opinion is delivered to the addressees solely in connection with the transaction described herein, and it may be relied upon by the parties to whom this opinion is addressed and their counsel. This opinion may not be relied upon by any other person, firm or entity without the Agency's prior written consent.

Very truly yours,



Richard E. Marshall
Vice President for Legal Affairs

AmericanAirlines®

July 31, 2002

Salomon Smith Barney Inc., as
Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

The Bank of New York, as Trustee
101 Barclay Street, 21W
New York, New York 10001

New York City Industrial Development Agency
110 William Street – 6th Floor
New York, New York 10038

Re:$500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

This opinion is being furnished to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement (the *"Bond Purchase Agreement"*), dated July 25, 2002 among Salomon Smith Barney Inc., as Senior Managing Underwriter of the several underwriters, American Airlines, Inc., a Delaware corporation (the *"Company"*), AMR Corporation, a Delaware corporation (*"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 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*). Capitalized terms used herein without definition

P.O. BOX 619616, MD 5675, DALLAS/FORT WORTH AIRPORT, TEXAS 75261-9616

shall have the meanings specified in the Bond Purchase Agreement.

I am Senior Vice President and General Counsel of the Company and have acted as such in connection with the preparation of the Leasehold Mortgage and the preparation, execution and delivery of the Lease Agreement, the Company Guaranty, the Bond Purchase Agreement, the Company Sublease, the Equipment Security Agreement, the Port Authority Lease, the Consent to Subleases, the Tax Certificate, the ATEIL, the RNDA and the Undertaking (collectively, the *"Company Documents"*).

In connection with this opinion, I or attorneys in the legal department of the Company have examined and are familiar with originals or copies, certified or otherwise, of the Company Documents, and such other documents and records of the Company and such statutes, regulations and other instruments as we have deemed necessary or advisable for purposes of this opinion. As to certain facts material to this opinion, I have relied upon the accuracy of representations of one or more officers or other employees of the Company. In addition, I have assumed that communications of public officials and their assistants concerning the content of public files and records and actions taken by them in their public capacities are accurate, that all signatures, other than signatures of the Company, on all documents presented to me are genuine, that all documents submitted to me as originals are accurate and complete, that all documents submitted to me as copies are true and correct copies of the originals thereof, that all factual information submitted to me was accurate and complete and that all persons executing and delivering originals or copies of documents examined by me, other than persons executing and delivering such documents on behalf of the Company, were competent to execute and deliver such documents. In addition, I have assumed the due authorization, execution and delivery of the Company Documents (other than the Leasehold Mortgage) by the respective parties thereto other than the Company and that such agreements are the valid and binding obligations of each of such other parties enforceable against such other parties in accordance with their terms.

Based on the foregoing, I am of the following opinion:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business in and is in good standing under the laws of the State of New York and has full corporate power to execute and deliver and to carry out and perform its obligations under the Company Documents.

2. The Company Documents have been duly authorized and (other than the Leasehold Mortgage) executed and delivered by the Company and (other than the Leasehold Mortgage) constitute the legal, valid and binding obligations of the Company, enforceable against the

Company in accordance with their respective terms, (a) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (b) except as limited by applicable laws which may affect the remedies provided in the Company Documents (other than the Leasehold Mortgage), which laws, however, do not in my opinion make the remedies provided for in the Company Documents (other than the Leasehold Mortgage) inadequate for the realization of the rights and benefits provided thereby and (c) except that no opinion is expressed as to the enforceability of any provisions relating to indemnity and contribution.

3. The execution and delivery by the Company of the Company Documents, and compliance by the Company with the provisions of the Company Documents, will not conflict with or constitute a breach of or default under (a) the certificate of incorporation or by-laws of the Company, (b) any indenture, mortgage, deed of trust, loan agreement or other material agreement or material instrument to which the Company or any of its subsidiaries is a party or by which it or any of its subsidiaries or any of their respective property or assets are bound, which conflict, breach or default would adversely affect the validity as to the Company of, or the Company's performance of any of its obligations under, the Company Documents or (c) to the best of my knowledge, any existing law, rule or regulation to which the Company or any of its subsidiaries is subject.

4. Except as disclosed in the Official Statement, including any documents incorporated therein by reference in Appendix A, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best of my knowledge, threatened against the Company or any of its subsidiaries, respectively, affecting any of them (a) which would materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement, or which would adversely affect the validity or enforceability of the Bonds or the Company Documents, or (b) which would have a material adverse effect on the financial condition of the Company and its subsidiaries taken as a whole.

5. No consent, approval, authorization or order of, or registration or filing with, any court or governmental or public agency, authority or body is required with respect to the Company for the execution, delivery and performance by the Company as of the date hereof, or, with respect to the Bond Purchase Agreement, as of July 25, 2002, of the Company Documents.

6. I have no reason to believe the Official Statement as of its date and as of the date hereof, insofar as it relates to the Company, the Project, the application of the proceeds of the Bonds or the description of the provisions of the Company Documents other than the Bond Purchase Agreement (except as to financial statements and other financial and statistical data contained in or incorporated by reference in the Official Statement, including Appendix A thereto, as to which no opinion is expressed), contains any untrue statement of a material fact or

omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

7. The Equipment Security Agreement is sufficient to create in the Trustee's favor as security for the payment of the Bonds a security interest in all right, title and interest of the Company in those items of equipment and machinery described in the Equipment Security Agreement and in which a security interest may be created under Article 9 of the Uniform Commercial Code of the State of Delaware (*"Delaware Article 9"*). Financing statements in proper form in respect of such security interest have been entrusted to the Trustee for due filing in the office of the Secretary of State of the State of Delaware. Assuming that the financing statements have been properly filed in the office of the Secretary of State of the State of Delaware, such filing will be sufficient to perfect a security interest in the items and types of equipment and machinery described therein. No further action is required in order to maintain such perfected security interest except for the filing of continuation statements under Delaware Article 9, which are required to be filed in conformity with the provisions of Delaware Article 9.

This opinion is limited in all respects to the laws of the States of New York and Texas, the general corporate laws of the State of Delaware, the Federal laws of the United States of America and, to the extent set forth in the following sentence, Delaware Article 9. The opinions set forth in paragraph 7 are limited to Article 9 of the Uniform Commercial Code of the State of New York and to Delaware Article 9 (and such opinions as to Delaware law are limited to a reading of Delaware Article 9) and therefore such opinions do not address (i) laws of a jurisdiction other than New York and Delaware, and laws of Delaware except for Delaware Article 9, and (ii) collateral of a type not subject to Delaware Article 9. I express no opinion as to the securities or blue sky laws of any jurisdiction.

I am delivering this opinion to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement, and no person other than you, your counsel and Bond Counsel is entitled to rely hereon.

Very truly yours,

Anne H. McNamara
Senior Vice President and
General Counsel

July 31, 2002

Salomon Smith Barney Inc., as
Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

The Bank of New York, as Trustee
101 Barclay Street, 21W
New York, New York 10001

New York City Industrial Development Agency
110 William Street – 6th Floor
New York, New York 10038

Re:$500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

This opinion is being furnished to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement (the *"Bond Purchase Agreement"*), dated July 25, 2002 among Salomon Smith Barney Inc., as Senior Managing Underwriter of the several underwriters, American Airlines, Inc., a Delaware corporation (the *"Company"*), AMR Corporation, a Delaware corporation (*"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 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*). Capitalized terms used herein without definition shall have the meanings specified in the Bond Purchase Agreement.

I am Senior Vice President and General Counsel of AMR and have acted as such in connection with the preparation, execution and delivery of the AMR Guaranty, the Bond Purchase Agreement, the Consent to Subleases and the Undertaking.

In connection with this opinion, I or attorneys in the legal department of AMR have

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examined and are familiar with originals or copies, certified or otherwise, of the AMR Guaranty, the Bond Purchase Agreement, the Consent to Subleases and the Undertaking, and such other documents and records of AMR and such statutes, regulations and other instruments as we have deemed necessary or advisable for purposes of this opinion. As to certain facts material to this opinion, I have relied upon the accuracy of representations of one or more officers or other employees of AMR. In addition, I have assumed that communications of public officials and their assistants concerning the content of public files and records and actions taken by them in their public capacities are accurate, that all signatures, other than signatures of AMR, on all documents presented to me are genuine, that all documents submitted to me as originals are accurate and complete, that all documents submitted to me as copies are true and correct copies of the originals thereof, that all factual information submitted to me was accurate and complete and that all persons executing and delivering originals or copies of documents examined by me, other than persons executing and delivering such documents on behalf of AMR, were competent to execute and deliver such documents. In addition, I have assumed the due authorization, execution and delivery of the AMR Guaranty, the Consent to Subleases and the Bond Purchase Agreement by the respective parties thereto other than AMR and that such agreements are the valid and binding obligations of each of such other parties enforceable against such other parties in accordance with their terms.

Based on the foregoing, I am of the following opinion:

1. AMR is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, is duly qualified to do business in and is in good standing under the laws of the State of New York and has full corporate power to execute and deliver and to carry out and perform its obligations under the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking.

2. The Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking have been duly authorized, executed and delivered by AMR and constitute the legal, valid and binding obligations of AMR, enforceable against AMR in accordance with their respective terms, (a) except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or obligation or similar laws affecting the rights of creditors generally and by general equitable principles which may limit the availability of specific performance or other equitable remedies (regardless of whether enforcement is considered in a proceeding at law or in equity), (b) except as limited by applicable laws which may affect the remedies provided in the AMR Guaranty, the Consent to Subleases or the Bond Purchase Agreement, which laws, however, do not in my opinion make the remedies provided for in the AMR Guaranty, the Consent to Subleases or the Bond Purchase Agreement inadequate for the realization of the rights and benefits provided thereby and (c) except that no opinion is expressed as to the enforceability of any provisions relating to indemnity and contribution.

3. The execution and delivery by AMR of the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking, and compliance by AMR with the

provisions of the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases and the Undertaking, will not conflict with or constitute a breach of or default under (a) the certificate of incorporation or by-laws of AMR, (b) any indenture, mortgage, deed of trust, loan agreement or other material agreement or material instrument to which AMR or any of its subsidiaries is a party or by which it or any of its subsidiaries or any of their respective property or assets are bound, which conflict, breach or default would adversely affect the validity as to AMR of, or AMR's performance of any of its obligations under, the Bond Purchase Agreement, the AMR Guaranty, the Consent to Subleases or the Undertaking or (c) to the best of my knowledge, any existing law, rule or regulation to which AMR or any of its subsidiaries is subject.

4. Except as disclosed in the Official Statement, including any documents incorporated therein by reference in Appendix A, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the best of my knowledge, threatened against AMR or any of its subsidiaries, respectively, affecting any of them (a) which would materially adversely affect the transactions contemplated by the Bond Purchase Agreement or the Official Statement, or which would adversely affect the validity or enforceability of the Bonds, the AMR Guaranty, the Consent to Subleases or the Undertaking, or (b) which would have a material adverse effect on the financial condition of AMR and its subsidiaries taken as a whole.

5. No consent, approval, authorization or order of, or registration or filing with, any court or governmental or public agency, authority or body is required with respect to AMR for the execution, delivery and performance by AMR (a) as of July 25, 2002 of the Bond Purchase Agreement, and (b) as of the date hereof of the AMR Guaranty, the Consent to Subleases or the Undertaking.

6. I have no reason to believe the Official Statement as of its date and as of the date hereof, insofar as it relates to AMR or the description of the provisions of the AMR Guaranty, the Consent to Subleases or the Undertaking (except as to financial statements and other financial and statistical data contained in or incorporated by reference in the Official Statement, including Appendix A thereto, as to which no opinion is expressed), contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is limited in all respects to the laws of the States of New York and Texas, the general corporate laws of the State of Delaware and the Federal laws of the United States of America. I express no opinion as to the securities or blue sky laws of any jurisdiction.

I am delivering this opinion to you pursuant to Section 9(d)(13) of the Bond Purchase Agreement, and no person other than you, your counsel and Bond Counsel is entitled to rely hereon.

Very truly yours,

Anne H. McNamara
Senior Vice President and
General Counsel

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

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Salt Lake City
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Salt Lake City, Utah 84144
(801) 533-0066

July 31, 2002

Salomon Smith Barney, Inc., as
Senior Managing Underwriter of the several Underwriters
390 Greenwich Street, 2nd Floor
New York, New York 10013

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

We have acted as your counsel in connection with your purchase of $500,000,000 aggregate principal amount of Special Facility Revenue Bonds, Series 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the *"Bonds"*), issued on this date by the New York City Industrial Development Agency (the *"Issuer"*) pursuant to the terms of a Master Indenture of Trust dated as of July 1, 2002, as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (collectively, the *"Indenture"*) between the Issuer and The Bank of New York, as trustee (the *"Trustee"*). As such counsel we have examined executed copies of: (i) the Indenture; (ii) the IDA Lease Agreement dated as of July 1, 2002 (the *"Agreement"*) between the Issuer and American Airlines, Inc. (the *"Company"*); (iii) the Bond Purchase Agreement dated July 25, 2002 (the *"Bond Purchase Agreement"*) among the Company, AMR Corporation (*"AMR"*), the Issuer and you; (iv) the Guaranty dated as of July 1, 2002 (the *"Company Guaranty"*) between the Company and the Trustee; (v) the Guaranty dated as of July 1, 2002 (the *"AMR Guaranty"*) between AMR and the Trustee; (vi) the Undertaking of the Company and AMR dated the date hereof (the *"Undertaking"*); (vii) the Amended and Restated Lease (ABY-083R) dated December 22, 2000, between the Company and The Port Authority of New York and New Jersey (the *"Port Authority"*), as amended by the First Supplemental Agreement dated as of July 31, 2002; (viii) the Company Sublease Agreement dated as of July 1, 2002 between the Company and the Issuer; (ix) the form (unexecuted) of the Leasehold Mortgage and Security Agreement from the Company to the Trustee as joined by the Issuer; (x) the Consent to Subleases and Leasehold Mortgage Agreement dated July 31, 2002 among the Port Authority, the Company, AMR, the Issuer and the Trustee; (xi) the Agreement Towards Entering into a Lease dated July 31, 2002 between The City of New York (the *"City"*) and the Company; (xii) the Recognition, Non-Disturbance and Attornment Agreement dated July 31, 2002 between

the City and the Company; (xiii) the opinions of even date herewith as required by Sections 9(d)(8) through 9(d)(10), Section 9(d)(13) and Section 9(d)(15) of the Bond Purchase Agreement; and (xiv) certain certificates as required by the Bond Purchase Agreement.

Assuming the validity of the Bonds and that interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes as set forth in the opinion of even date herewith of Winston & Strawn, Bond Counsel (*"Bond Counsel"*), and based upon our review of such documents and showings and related matters of law as we have deemed necessary and in reliance thereon, we are of the opinion that, under existing law, in connection with the offering, sale and delivery of the Bonds under the circumstances described in the Official Statement (as defined below) the Bonds, the Agreement, the Company Guaranty and the AMR Guaranty are not required to be registered under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of your investigation with respect to, and your participation in the preparation of, the Official Statement with respect to the Bonds dated July 25, 2002 (the *"Official Statement"*) and certain other matters related to the subject financing. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal and related subjects and a limited review of certain documents, including opinions of Bond Counsel and other counsel and certificates of officers of the Issuer and other appropriate persons. We also participated in meetings and telephone conferences with your representatives and other persons involved in the preparation of information for the Official Statement, at which the contents of the Official Statement and related matters were discussed and reviewed. While we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, based upon our limited review of documents and participation in conferences as aforesaid, without independent verification, no facts have come to our attention which lead us to believe that the Official Statement (apart from the information relating to The Depository Trust Company and its book-entry only system and the financial, statistical and operating data contained or incorporated therein, as to which we do not express any opinion or belief) contained as of its date or contains as of the date hereof any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

We have rendered legal advice and assistance to you as to the requirements of Rule 15c2-12 prescribed under the Securities Exchange Act of 1934, as amended (the *"Rule"*), in connection with your review, for purposes of the Rule, of the Undertaking. Based upon our examination of the Undertaking, the Rule and such other documents and matters of law as we have considered necessary, we are of the opinion that, under existing law, the Undertaking complies in all material respects with the applicable requirements of the Rule; *provided,*

however, no view is expressed regarding the items comprising Annual Financial Information (as defined in the Undertaking).

This letter is furnished by us as counsel to the Underwriters and is solely for the benefit of the Underwriters. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Chapman and Cutler

SNWohl/GWeinstein

EMMET, MARVIN & MARTIN, LLP
COUNSELLORS AT LAW

WRITER'S DIRECT DIAL

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FAX: (203) 425-1410

July 31, 2002

To the Persons on the attached
Exhibit A

Re: $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 counsel for The Bank of New York, a New York banking corporation (the "Trustee"), in connection with the issuance by the New York City Industrial Development Agency (the "Agency") of its $500,000,000 aggregate principal amount of Special Facility Revenue Bonds, Series 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (the "Bonds"), pursuant to the Master Indenture of Trust, dated as of July 1, 2002, between the Agency and the Trustee (the "Master Indenture"), as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (the Master Indenture, as supplemented, the "Indenture"). Capitalized terms used in this opinion shall have the respective meanings assigned such terms by the Indenture.

In rendering the opinions set forth below, we have examined the originals, or copies certified to our satisfaction, of such agreements, documents, certificates and other statements of government officials and corporate officers of the Trustee and other papers as we deemed relevant and necessary as a basis for such opinions and have relied as to factual matters on representations, warranties and other statements therein. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies. We have also assumed the due authorization, execution and delivery of instruments and agreements by the parties (other than the Trustee) thereto, and the authority and existence of such parties other than the Trustee.

Based upon and subject to the foregoing, we are of the opinion that as of this date:

1. The Trustee is a banking corporation organized and validly existing and in good standing under the laws of the State of New York and is authorized and qualified to accept the trusts imposed by the Indenture and to act as Trustee and Paying Agent under the Indenture, the Company Guaranty, the AMR Guaranty, the Leasehold Mortgage, the Consent Agreement and the Equipment Security Agreement.

2. Each of the Indenture, the Company Guaranty, the AMR Guaranty, the Consent Agreement and the Equipment Security Agreement has been duly authorized, executed and delivered by the Trustee and constitutes a legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to the enforcement of creditors' rights generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). The execution and delivery of the Leasehold Mortgage has been duly authorized by the Trustee.

We are members of the New York Bar and do not hold ourselves out as experts on, nor do we express any 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. This opinion is for your benefit and may not be disclosed to or relied upon by any other person without our prior written consent.

Very truly yours,

Emmet, Marvin & Martin, LLP

Exhibit A

The Bank of New York
New York, New York

Salomon Smith Barney, Inc., as
Senior Managing Underwriter of the several Underwriters
New York, New York

New York City Industrial Development Agency
New York, New York

American Airlines, Inc.
Fort Worth, Texas

AMR Corporation
Fort Worth, Texas

DEBEVOISE & PLIMPTON

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Fax 212 909 6836
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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.

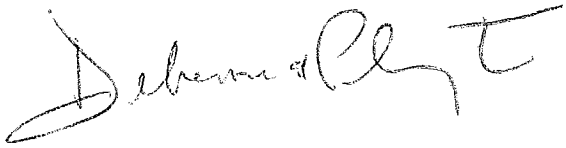
K. In rendering the foregoing opinion, we have relied upon the opinions, dated today, of Anne McNamara, Esq., General Counsel of the Company and AMR, as to all matters contained therein. To the extent of such reliance, our opinion is subject to the same assumptions, qualifications and limitation as are 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

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

The Bank of New York
101 Barclay Street
New York, New York 10286
ATTN: Corporate Trust Department

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: 110 William Street | CITY: New York | STATE: NY | POSTAL CODE: 10038 | COUNTRY: USA

1d. TAX ID #: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: Public Development Corp. | 1f. JURISDICTION OF ORGANIZATION: New York | 1g. ORGANIZATIONAL ID #, if any ☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. TAX ID #: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION | 2f. JURISDICTION OF ORGANIZATION | 2g. ORGANIZATIONAL ID #, if any ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: THE BANK OF NEW YORK

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: 101 Barclay Street | CITY: New York | STATE: NY | POSTAL CODE: 10286 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

See Schedule A attached hereto and made a part hereof

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] | 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

SCHEDULE A

All right, title and interest of the Lessee (hereinafter defined) in the property, estates, rights and interests described generally in paragraphs (i) - (ix) below (except as to property, estates, rights and interests expressly excluded therefrom), whether now held or owned or hereafter acquired and all right, title and interest of the Agency (hereinafter defined), whether now held or owned or hereafter acquired in and to the property, estates, rights and interests described generally in paragraphs (i)-(ix) below (except as to the Agency's Reserved Rights and any other property, estates, rights and interests expressly excluded therefrom by Section 2 of the Equipment Security Agreement (hereinafter defined)) (all such property, estates, rights and interests hereby granted by the Lessee and the Agency not expressly excluded herefrom being collectively referred to as the "Collateral") (the Lessee and the Agency herein jointly, the "Debtor"):

(i) all automobiles, trucks, boats and other rolling stock or moveable personal property in which Debtor has an interest ("Rolling Stock"), including Rolling Stock any portion of which constitutes Financed Property and IDA Equipment for which the title thereto is evidenced by a certificate of title issued by the United States or a state that permits or requires a lien thereon to be evidenced upon such certificate, in which the Debtor now or at any time in the future may have an interest in connection with the Project or the Leased Facilities;

(ii) all proceeds of and any prepaid premiums on any insurance policies covering the Collateral, including the right to receive the proceeds of any insurance, judgments or settlements made in lieu thereof for damage to the Collateral;

(iii) any and all of the estate, right, title and interest of each Debtor in all machinery, apparatus, equipment, trade fixtures, personal property, and fittings which are in the nature of personal property and other personal property of every kind and nature whatsoever owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon or used (temporarily or permanently) or usable on or in connection with the Leased Facilities or appurtenances thereto, and all equipment, materials and supplies of any nature whatsoever, owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon the Leased Facilities and all renewals, replacements and substitutions thereof and additions thereto owned by any of them or in which any of them has or shall have an interest, including any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, interconnection facilities, transmission lines, floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, turbines, generators, fans, blowers, vents, switchboards, elevators, mail or coal

SCHEDULE A

All right, title and interest of the Lessee (hereinafter defined) in the property, estates, rights and interests described generally in paragraphs (i) - (ix) below (except as to property, estates, rights and interests expressly excluded therefrom), whether now held or owned or hereafter acquired and all right, title and interest of the Agency (hereinafter defined), whether now held or owned or hereafter acquired in and to the property, estates, rights and interests described generally in paragraphs (i)-(ix) below (except as to the Agency's Reserved Rights and any other property, estates, rights and interests expressly excluded therefrom by Section 2 of the Equipment Security Agreement (hereinafter defined)) (all such property, estates, rights and interests hereby granted by the Lessee and the Agency not expressly excluded herefrom being collectively referred to as the "Collateral") (the Lessee and the Agency herein jointly, the "Debtor"):

(i) all automobiles, trucks, boats and other rolling stock or moveable personal property in which Debtor has an interest ("Rolling Stock"), including Rolling Stock any portion of which constitutes Financed Property and IDA Equipment for which the title thereto is evidenced by a certificate of title issued by the United States or a state that permits or requires a lien thereon to be evidenced upon such certificate, in which the Debtor now or at any time in the future may have an interest in connection with the Project or the Leased Facilities;

(ii) all proceeds of and any prepaid premiums on any insurance policies covering the Collateral, including the right to receive the proceeds of any insurance, judgments or settlements made in lieu thereof for damage to the Collateral;

(iii) any and all of the estate, right, title and interest of each Debtor in all machinery, apparatus, equipment, trade fixtures, personal property, and fittings which are in the nature of personal property and other personal property of every kind and nature whatsoever owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon or used (temporarily or permanently) or usable on or in connection with the Leased Facilities or appurtenances thereto, and all equipment, materials and supplies of any nature whatsoever, owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon the Leased Facilities and all renewals, replacements and substitutions thereof and additions thereto owned by any of them or in which any of them has or shall have an interest, including any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, interconnection facilities, transmission lines, floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, turbines, generators, fans, blowers, vents, switchboards, elevators, mail or coal

conveyors, compressors, furnaces, cleaning equipment, sprinkler systems, fire extinguishing apparatus, water and other tanks, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas, telephone, telecommunications, telemetry and electric equipment and all other equipment (as defined in the Uniform Commercial Code on the date hereof), appliances, appurtenances and accessions related thereto any portion of which constitutes Financed Property and IDA Equipment, and the estate, right, title and interest of either of them in and to any of the foregoing that may be subject to any security agreements (as defined in the Uniform Commercial Code) superior in lien to the lien of the Equipment Security Agreement;

(iv) any and all of the estate, right, title, interest, claim or demand of any nature whatsoever of the Lessee, in law or in equity, in and to all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Collateral, from the exercise of the right of eminent domain, condemnation or otherwise (including any transfer made in lieu of the exercise of said right), changes of grade of street or for any other injury to or decrease in the value of the Collateral now or hereafter located thereon, whether direct or consequential, which said awards and payments are assigned pursuant to the Equipment Security Agreement;

(v) any and all of the estate, right, title, interest, claim or demand of any nature whatsoever of the Lessee, in law or in equity, in and to all refunds or rebates of taxes or charges in lieu of taxes, now or hereafter assessed or levied against the Collateral (which shall be applied according to the provisions of the Indenture and the IDA Lease Agreement);

(vi) any and all of the estate, right, title, claim, demand and interest of each Debtor in and to all franchises, licenses, concessions, permits, contracts and other agreements (other than Agency Reserved Rights) affecting the use or occupancy of the Collateral, or any part thereof, now or hereafter entered into and any renewals or extensions thereof and all right, title and interest of any of them thereunder, including the right to receive the issues and profits of the Collateral (subject to the terms and conditions set forth in the Equipment Security Agreement);

(vii) to the extent permitted by law, the nonexclusive right, in the name and on behalf of each Debtor (at the sole cost and expense of the Lessee), to appear in and defend any action or proceeding brought with respect to the estate, right, title or interest of any of them in and to the Collateral and to commence any action or proceeding to protect the estate, right, title or interest of the Secured Party in and to the Collateral (subject, however, to the provisions of the Equipment Security Agreement and the provisions of the Indenture and the IDA Lease Agreement);

(viii) any and all right, title and interest hereafter acquired by each Debtor in and to any and all of the property described in paragraphs (i) through (vii) above and pledged by the respective Debtors thereunder; and

(ix) to the extent not included in the foregoing, all proceeds, products and accessions of and to any and all of the foregoing, including "proceeds" (within the meaning of the Uniform Commercial Code) and whatever is received upon any collection, exchange, sale or

other disposition of any of the Collateral, and any property into which any of the Collateral is converted, whether cash or noncash proceeds, and any and all other amounts paid or payable under or in connection with any of the Collateral.

Notwithstanding the foregoing, the Security Interest granted hereby in favor of the Secured Party shall be released without condition (i) if the Debtors, or each of their respective successors or assigns, shall well and truly pay, or cause to be paid, the Secured Obligations at the times and in the manner provided in the Indenture or (ii) if the Port Authority shall purchase the Facility in accordance with Section 92(v) of the PA Lease.

In addition, notwithstanding the foregoing, the Security Interest granted by the Equipment Security Agreement shall in no event include any Agency Reserved Rights.

Capitalized terms used herein which are undefined shall have the meanings ascribed to such terms in that certain Equipment Security Agreement (the "Equipment Security Agreement"), dated as of July 1, 2002 among American Airlines, Inc. (the "Lessee"), the New York City Industrial Development Agency (the "Agency") and The Bank of New York (the "Secured Party").

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

The Bank of New York
101 Barclay Street
New York, New York 10286
ATTN: Corporate Trust Department

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME AMERICAN AIRLINES, INC.				
OR 1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS 4333 Amon Carter Boulevard	CITY Fort Worth	STATE TX	POSTAL CODE 76155	COUNTRY USA
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION corporation	1f. JURISDICTION OF ORGANIZATION Delaware	1g. ORGANIZATIONAL ID #, if any DE 0332421 ☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - Insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR 2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME THE BANK OF NEW YORK				
OR 3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS 101 Barclay Street	CITY New York	STATE NY	POSTAL CODE 10286	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

See Schedule A attached hereto and made a part hereof

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

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(i) all automobiles, trucks, boats and other rolling stock or moveable personal property in which Debtor has an interest ("Rolling Stock"), including Rolling Stock any portion of which constitutes Financed Property and IDA Equipment for which the title thereto is evidenced by a certificate of title issued by the United States or a state that permits or requires a lien thereon to be evidenced upon such certificate, in which the Debtor now or at any time in the future may have an interest in connection with the Project or the Leased Facilities;

(ii) all proceeds of and any prepaid premiums on any insurance policies covering the Collateral, including the right to receive the proceeds of any insurance, judgments or settlements made in lieu thereof for damage to the Collateral;

(iii) any and all of the estate, right, title and interest of each Debtor in all machinery, apparatus, equipment, trade fixtures, personal property, and fittings which are in the nature of personal property and other personal property of every kind and nature whatsoever owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon or used (temporarily or permanently) or usable on or in connection with the Leased Facilities or appurtenances thereto, and all equipment, materials and supplies of any nature whatsoever, owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon the Leased Facilities and all renewals, replacements and substitutions thereof and additions thereto owned by any of them or in which any of them has or shall have an interest, including any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, interconnection facilities, transmission lines, floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, turbines, generators, fans, blowers, vents, switchboards, elevators, mail or coal

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(ii) all proceeds of and any prepaid premiums on any insurance policies covering the Collateral, including the right to receive the proceeds of any insurance, judgments or settlements made in lieu thereof for damage to the Collateral;

(iii) any and all of the estate, right, title and interest of each Debtor in all machinery, apparatus, equipment, trade fixtures, personal property, and fittings which are in the nature of personal property and other personal property of every kind and nature whatsoever owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon or used (temporarily or permanently) or usable on or in connection with the Leased Facilities or appurtenances thereto, and all equipment, materials and supplies of any nature whatsoever, owned by either of them any portion of which constitutes Financed Property and IDA Equipment, or in which either of them has or shall have an interest, now or hereafter located upon the Leased Facilities and all renewals, replacements and substitutions thereof and additions thereto owned by any of them or in which any of them has or shall have an interest, including any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, interconnection facilities, transmission lines, floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, turbines, generators, fans, blowers, vents, switchboards, elevators, mail or coal

conveyors, compressors, furnaces, cleaning equipment, sprinkler systems, fire extinguishing apparatus, water and other tanks, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas, telephone, telecommunications, telemetry and electric equipment and all other equipment (as defined in the Uniform Commercial Code on the date hereof), appliances, appurtenances and accessions related thereto any portion of which constitutes Financed Property and IDA Equipment, and the estate, right, title and interest of either of them in and to any of the foregoing that may be subject to any security agreements (as defined in the Uniform Commercial Code) superior in lien to the lien of the Equipment Security Agreement;

(iv) any and all of the estate, right, title, interest, claim or demand of any nature whatsoever of the Lessee, in law or in equity, in and to all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Collateral, from the exercise of the right of eminent domain, condemnation or otherwise (including any transfer made in lieu of the exercise of said right), changes of grade of street or for any other injury to or decrease in the value of the Collateral now or hereafter located thereon, whether direct or consequential, which said awards and payments are assigned pursuant to the Equipment Security Agreement;

(v) any and all of the estate, right, title, interest, claim or demand of any nature whatsoever of the Lessee, in law or in equity, in and to all refunds or rebates of taxes or charges in lieu of taxes, now or hereafter assessed or levied against the Collateral (which shall be applied according to the provisions of the Indenture and the IDA Lease Agreement);

(vi) any and all of the estate, right, title, claim, demand and interest of each Debtor in and to all franchises, licenses, concessions, permits, contracts and other agreements (other than Agency Reserved Rights) affecting the use or occupancy of the Collateral, or any part thereof, now or hereafter entered into and any renewals or extensions thereof and all right, title and interest of any of them thereunder, including the right to receive the issues and profits of the Collateral (subject to the terms and conditions set forth in the Equipment Security Agreement);

(vii) to the extent permitted by law, the nonexclusive right, in the name and on behalf of each Debtor (at the sole cost and expense of the Lessee), to appear in and defend any action or proceeding brought with respect to the estate, right, title or interest of any of them in and to the Collateral and to commence any action or proceeding to protect the estate, right, title or interest of the Secured Party in and to the Collateral (subject, however, to the provisions of the Equipment Security Agreement and the provisions of the Indenture and the IDA Lease Agreement);

(viii) any and all right, title and interest hereafter acquired by each Debtor in and to any and all of the property described in paragraphs (i) through (vii) above and pledged by the respective Debtors thereunder; and

(ix) to the extent not included in the foregoing, all proceeds, products and accessions of and to any and all of the foregoing, including "proceeds" (within the meaning of the Uniform Commercial Code) and whatever is received upon any collection, exchange, sale or

other disposition of any of the Collateral, and any property into which any of the Collateral is converted, whether cash or noncash proceeds, and any and all other amounts paid or payable under or in connection with any of the Collateral.

Notwithstanding the foregoing, the Security Interest granted hereby in favor of the Secured Party shall be released without condition (i) if the Debtors, or each of their respective successors or assigns, shall well and truly pay, or cause to be paid, the Secured Obligations at the times and in the manner provided in the Indenture or (ii) if the Port Authority shall purchase the Facility in accordance with Section 92(v) of the PA Lease.

In addition, notwithstanding the foregoing, the Security Interest granted by the Equipment Security Agreement shall in no event include any Agency Reserved Rights.

Capitalized terms used herein which are undefined shall have the meanings ascribed to such terms in that certain Equipment Security Agreement (the "Equipment Security Agreement"), dated as of July 1, 2002 among American Airlines, Inc. (the "Lessee"), the New York City Industrial Development Agency (the "Agency") and The Bank of New York (the "Secured Party").

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

The Bank of New York
101 Barclay Street
New York, New York 10286
ATTN: Corporate Trust Department

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: 110 William Street | CITY: New York | STATE: NY | POSTAL CODE: 10038 | COUNTRY: USA

1d. TAX ID #: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: Public Development Corp. | 1f. JURISDICTION OF ORGANIZATION: New York | 1g. ORGANIZATIONAL ID #, if any | ☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. TAX ID #: SSN OR EIN | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION | 2f. JURISDICTION OF ORGANIZATION | 2g. ORGANIZATIONAL ID #, if any | ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: THE BANK OF NEW YORK

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: 101 Barclay Street | CITY: New York | STATE: NY | POSTAL CODE: 10286 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

See Schedule A attached hereto and made a part hereof

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

SCHEDULE A

All right, title and interest of the Debtor (hereinafter defined) in and to the IDA Lease Agreement, including, but not limited to, all lease rentals, revenues and receipts payable or receivable thereunder, excluding, however, the Agency's Reserved Rights, which Reserved Rights may be enforced by the Debtor and the Secured Party (hereinafter defined) jointly or severally subject to the limitations contained in the IDA Lease Agreement and the Indenture. Notwithstanding the foregoing grant, the Secured Party and the Debtor acknowledge and agree that neither the Debtor nor the Secured Party (except as secured party under the Equipment Security Agreement or as Leasehold Mortgagee under the Leasehold Mortgage) pursuant to its rights under the Indenture have or shall have any rights to appoint a receiver for, right of entry or re-entry, redemption, eviction, possession, regaining or resumption of assigning, letting, or any similar rights with respect to the possession, sale, conveyance, transferring, mortgaging, pledging, assigning or subletting of all or any part of the Facility.

All moneys and securities from time to time held by the Secured Party under the terms of the Indenture (other than moneys and securities held in the Rebate Fund or in any Bond Purchase Fund, created under the Indenture), and all investment earnings of any of the foregoing, subject to disbursements therefrom in accordance with the provisions of the IDA Lease Agreement and the Indenture; provided, however, that any amounts held with respect to a Credit Facility for a Series of Bonds shall be pledged solely to such Series of Bonds secured by such Credit Facility and any amounts held in any Account held in the Debt Service Reserve Fund, created under the Indenture for a Series of Bonds shall be pledged solely to such Series of Bonds; provided, further, that there is under the Indenture expressly excluded from any assignment, pledge, lien or security interest granted to the Secured Party any amounts set apart and transferred to the Rebate Fund or any Bond Purchase Fund.

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security under the Indenture, by the Debtor or by any other person, firm or corporation with or without the consent of the Debtor, to the Secured Party with respect to any Series of Bonds which is authorized under the Indenture to receive any and all such property at any time and at all times to hold and apply the same subject to the terms thereof.

Capitalized terms used herein which are undefined shall have the meanings ascribed to them in the Master Indenture of Trust (the "Master Indenture") from the New York City Industrial Development Agency (the "Debtor") to The Bank of New York, as Trustee (the "Secured Party"), dated as of July 1, 2002.

New York City
Industrial Development Agency

SALES TAX LETTER

July 31, 2002

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
American Airlines Inc.

Gentlemen:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, including the issuance of its bonds and/or notes, is exempt from the imposition of any sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

2. Pursuant to a resolution adopted by the Agency on October 23, 2001, the Agency has authorized and pursuant to the terms hereof does hereby authorize American Airlines, Inc., a corporation organized under the laws of the State of Delaware ("American Airlines"), to act as its agent for and on behalf of the Agency in connection with a project (the "Project") 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, installation and equipping on the Project Premises by the Agency with the proceeds of a bond issue, of an air passenger terminal facility consisting of the acquisition, construction and equipping of an air passenger terminal together with related arrival and departure access ramps, parking facilities and a passenger tunnel connecting Concourse C to the main terminal (collectively, the "Facility") and (z) the acquisition, installation, leasing, subleasing, repair, replacement, use 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 (the "Project Property") for use in connection with the construction 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 Lease Agreement, dated as of July 1, 2002 (the "Lease Agreement"), between the Agency and American Airlines. The Facility, Project Property and Project shall in each case only refer to such items for which sales and use tax exemptions shall be taken pursuant to this letter and the Lease Agreement and shall not in any case refer to the land or site underlying such item or such items for which a sales and use tax exemption has not been claimed under this Sales Tax Letter. The Agency authorizes American

Airlines to use and American Airlines shall use this letter only for the payment of costs of the Project.

3. As agent for the Agency, American Airlines agrees that each lease, sublease, contract, invoice, bill or purchase order entered into by American Airlines as agent for the Agency for the acquisition, construction, reconstruction, renovation, demolition, improving, equipping, installation, leasing, subleasing, repair, replacement and maintenance of Project Property and the acquisition, construction, demolition, installation and equipping of the Facility all to be undertaken in connection with the Project shall include language in substantially the following form:

> "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 a bond issue of an air passenger terminal facility consisting of the acquisition, construction and equipping of an air passenger terminal together with related arrival and departure access ramps, parking facilities 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 Lease Agreement dated as of July 1, 2002 (the "Lease Agreement") 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 to be by issued 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 which is the subject of this [lease, sublease, contract, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if effected in accordance with (y) the terms and conditions set forth in the attached Sales Tax Letter of the Agent, and (z) the 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 Lease Agreement and the Sales Tax Letter. The liability of the Agency hereunder is limited as set forth in the 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."

4. The acquisition, construction, reconstruction, renovation, improving, leasing, subleasing, equipping, furnishing, installation, maintenance, repair and replacement from time to time of the Project Property in furtherance of the Project shall be exempt from the sales and use tax levied by the State of New York and The City of New York on the condition that (i) the Project Property is segregated as separately identifiable property of the Agency and the purchase of Project Property shall be effected by and at the sole cost of American Airlines subject to reimbursement from bond proceeds and the purchase of the Project Property shall be for the sole purpose of the Project, (ii) the Project Property is acquired and leased and the Project is undertaken in accordance with the Lease Agreement, (iii) the acquisition, leasing or maintaining of the Project Property shall be characterized or capable of being characterized, shall be treated or shall be capable of being treated (whether or not so characterized by American Airlines) in accordance with the Accounting Standards of the Financial Accounting Standards Board, as a capital expenditure, and shall solely be for the use of American Airlines, its affiliates, tenants, alliance partners, other airlines, subagents, contractors and others at the Project Premises in accordance with the provisions of the Lease Agreement and shall be acquired, leased or maintained solely in furtherance of the Project for the acquisition and construction, installation and equipping of the Facility, and for no other entity and at no other location and (iv) any maintenance and repair contracts shall only be for "Qualified Maintenance", as defined in Exhibit A attached hereto. The foregoing exemption from sales and use taxes granted pursuant to the provisions hereof may, subject to compliance with the provisions hereof and the provisions of the Lease Agreement, be applied by American Airlines to any expenditure made subsequent to the date hereof regardless of whether American Airlines' obligation to make such expenditure arose prior to the date hereof.

5. The Agency shall have no liability, or payment or performance obligations, under any lease, sublease, contract, invoice, bill or purchase order entered into by American Airlines as agent for the Agency hereunder, either directly or indirectly or contingently, in any manner and to any extent whatsoever, and American Airlines shall be the sole party liable thereunder.

6. By execution by American Airlines of its acceptance of the terms of this letter, American Airlines agrees to accept the terms hereof and represents and warrants to the Agency that the use of this letter by American Airlines is strictly for the purposes above stated.

7. Accordingly, until the earlier of (1) August 31, 2010, (2) the completion of the Project as provided in Section 2.2 of the Lease Agreement, (3) the termination of the Lease Agreement, (4) receipt by American Airlines of notice from the Agency of the termination of this Sales Tax Letter, or (5) the termination of this Sales Tax Letter pursuant to Section 7.2 of the Lease Agreement (as so terminated, the "Termination Date") all vendors, lessors, licensors and contractors are hereby authorized to rely upon this Letter (or a photocopy or fax of this Letter) as

The signature of a representative of American Airlines where indicated below will indicate that American Airlines has accepted the terms hereof.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By:_____
Carolyn Edwards
Deputy Executive Director

ACCEPTED AND AGREED TO BY:

AMERICAN AIRLINES, INC.

By: Ruth M Benners
Name:
Title:

EXHIBIT A

Exemptions from sales or use tax relating to the following categories:

1. the acquisition, maintenance, repair, replacement, installation and use of machinery, equipment, building materials, furniture, furnishings, trade fixtures and other tangible and intangible personal property for use solely with respect to the Project, including computers (and peripherals), telecommunication equipment, business machines and software, but excluding art, plants, objets d'art and other similar decorative items, utilities, rolling stock and ordinary office supplies such as pencils, paper clips and paper;

2. the leasing or subleasing of machinery, equipment, furniture, furnishings, fixtures and other tangible and intangible personal property (including the maintenance, repair, replacement, enhancement and addition with respect to such items) solely for use with respect to the Project, including computers (and peripherals), telecommunications equipment, business machines and software;

3. maintenance, repair and service contracts for the maintenance, service or repair of machinery, equipment, and other personal property solely for use with respect to the Project;

4. the acquisition, replacement and installation of computers (and peripherals), telecommunications equipment, equipment relating to the operation of all the foregoing categories and software solely for use with respect to the Project; and

5. the leasing or subleasing of computers (and peripherals), telecommunications equipment, equipment relating to the operation of all the foregoing categories and software for the sole use of the Project in connection with the foregoing equipment; provided, however, that (i) such software is in a tangible form and is treated or capable of being treated (whether or not so treated) in accordance with the Accounting Standards of the Financial Accounting Standards Board as a capital expenditure and (ii) any maintenance or repairs shall only be for "Qualified Maintenance". "Qualified Maintenance" shall mean, with respect to any of the above categories of property which is characterized (whether or not so characterized by American Airlines) in accordance with the Accounting Standards of the Financial Accounting Standards Board as capital in nature, 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 shall not include maintenance of the type constituting janitorial services.

Simat, Hellicsen & Eichner, Inc.
One Main Street
Cambridge, Massachusetts 02142
United States of America

Tel: +1-617-225.2800
Fax: +1-617-225.0328
Email: boston@sh-e.com

SH&E

July 25, 2002

Salomon Smith Barney Inc., as Underwriter
390 Greenwich Street
Second Floor
New York, New York 10013

Subject: New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002A and Series 2002B
(American Airlines, Inc. John F. Kennedy International Airport Project)

Ladies and Gentlemen:

This letter is furnished pursuant to Section 9(d)(20) of the Bond Purchase Agreement (the *"Bond Purchase Agreement"*) dated July 25, 2002 among the New York City Industrial Development Agency (the *"Issuer"*), and Salomon Smith Barney Inc., as the Senior Managing Underwriter of the underwriters named therein (the *"Underwriter")*, American Airlines, Inc. (the "*Company*") and AMR Corporation ("*AMR*"), relating to the sale by the Issuer of its Special Facility Revenue Bonds, Series 2002A and Series 2002B (American Airlines, Inc. John F. Kennedy International Airport Project) (collectively, the *"Bonds"*), as more fully described in the Official Statement of the Issuer dated July 25, 2002 (the *"Official Statement"*) prepared in connection with the offering of the Bonds. Terms capitalized but not defined in this letter shall have the meaning given such terms in the Bond Purchase Agreement. References to the Official Statement include the Preliminary Official Statement dated July 15, 2002.

Simat, Helliesen & Eichner, Inc. (*"SH&E"*) has been retained by the Company to prepare a Gate Demand Study dated June 27, 2002 (the *"Study"*) included as Appendix J to the Official Statement and hereby consents to the inclusion of the Study in the Official Statement.

The Study was prepared in accordance with generally accepted aviation consulting practices.

In connection with preparation of the Study, personnel of SH&E have participated in meetings or telephone discussions with representatives of the Company, the AMR, the Underwriter, counsel to the Underwriter, Bond Counsel, and the Company's counsel regarding the Study. Nothing has come to the attention of SH&E in connection with the preparation of the Study which would cause SH&E to believe that the Study, as of its date, or any of the statements in the Official Statement specifically attributed to SH&E, as of the dates of the Preliminary Official Statement and the Official Statement, were inaccurate or misleading in any material respect.

SH&E

This letter is solely for the information of, and assistance to, the Underwriter in conducting and documenting their investigation of the matters covered by the Study in connection with the offering pursuant to the Official Statement of the Bonds, and is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of the Bonds, nor is it to be referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in the above-mentioned Bond Purchase Agreement or in any list of closing documents pertaining to such offering.

SH&E disclaims any obligation to update this letter. This letter is not intended to, and may not, be relied upon by any party other than the Underwriter.

Very truly yours,

SIMAT, HELLIESEN & EICHNER, INC.

By: Ernest L. Smith

Title: VICE PRESIDENT

Fidelity National Title Insurance Company of New York
A Stock Company

POLICY NUMBER 26-031-92- 77621

OWNER'S POLICY OF TITLE INSURANCE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK, a New York corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. *Title to the estate or interest described in Schedule A being vested other than as stated therein;*
2. *Any defect in or lien or encumbrance on the title;*
3. *Unmarketability of the title;*
4. *Lack of a right of access to and from the land.*

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

FIDELITY NATIONAL TITLE INSURANCE COMPANY
OF NEW YORK

Countersigned Connie Stong
Authorized Signature
(PLEASE PRINT NAME)

CORPORATE SEAL

By: President

Attest: Charles H. Wimer
Secretary

FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK

POLICY NO.: 26-031-92-77621 TITLE NO.: 01-3706-4416-Q

SCHEDULE A

AMOUNT OF INSURANCE: $1,000,000.00 DATE OF POLICY: July 31, 2002

1. NAME OF INSURED:

   New York City Industrial Development Agency

2. THE ESTATE OR INTEREST IN THE LAND WHICH IS COVERED BY THIS POLICY IS:

   Sub-Sub Leasehold

3. TITLE TO THE ESTATE OR INTEREST IN THE LAND IS VESTED IN:

   New York Industrial Development Agency

4. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED ON SCHEDULE A - PART I, WITHIN.

FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK

POLICY NO.: 26-031-92-77621 TITLE NO.: 01-3706-4416-Q

SCHEDULE A - PART I

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 Port Authority of New York and New Jersey Map entitled "Terminals 8 and 9 Lease Line Modification (American Airline)" dated September 27, 1999, drawing No. JFK 13414.

FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK

POLICY NO.: 26-031-92-77621 TITLE NO.: 01-3706-4416-Q

SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. Any state of facts an accurate survey would show.

2. Grant of Gas Line Easements recited in Memorandum of Agreement of Lease and Grant of Easements and Other Rights made by and between The Port Authority of New York and New Jersey (Landlord) and KIAC Partners (Tenant) dated April 28, 1993, recorded May 3, 1993 in Reel 3556 page 1139.

3. Terms, Covenants, Conditions and Provisions of Lease ("Master Lease") dated April 17, 1947 made by and between The City of New York, as Landlord and The Port of New York Authority, as Tenant recorded May 22, 1947 in Liber 5402 Cp. 319; as amended by First Supplemental Agreement made between the same parties, dated May 26, 1948, recorded July 22, 1949 in Liber 5794 Cp. 554; Second Supplemental Agreement made between the same parties, dated November 7, 1952, recorded November 10, 1952 in Liber 6455 Cp. 632; Third Supplemental Agreement made between the same parties dated May 28, 1956, recorded June 29, 1966 in Record Liber 162 page 417; Fourth Supplemental Agreement made between the same parties dated November 6, 1958, recorded February 27, 1959 in Record Liber 162 page 432; Fifth Supplemental Agreement made between the same parties, dated October 3, 1960, recorded June 29, 1966 in Record Liber 162 page 466; Sixth Supplemental Agreement made between the same parties dated August 24, 1965, recorded June 29, 1965 in Record Liber 163 page 1; Seventh Supplemental Agreement made between the same parties dated December 21, 1965, recorded June 29, 1966 in Record Liber 163 page 13; Eighth Supplemental Agreement made between the same parties dated December 12, 1968, recorded July 23, 1969 in Reel 339 page 44; Ninth Supplemental Agreement made between The City of New York and The Port Authority of New York and New Jersey (successor to The Port of New York Authority) dated January 1, 1979, recorded March 11, 1982 in Reel 1411 page 1393; Tenth Supplemental Agreement made between the same parties dated September 3, 1983, recorded March 12, 1984 in Reel 1650 page 626; Eleventh Supplemental Agreement made between the same parties dated December 11, 1992, recorded December 17, 1992 in Reel 3464 page 465; unrecorded Twelfth Supplemental Agreement recited in Reel 4927 page 2436, and by Thirteenth Supplemental Agreement made between the same parties dated February 19, 1998, recorded on July 28, 1998 in Reel 4292 page 2436, and re-recorded on July 28, 2000 in Reel 5638 page 1166. (**Note:** Master Lease contains the following provision "Title to all buildings, structures, and additions made or added to the demised premises by The Port Authority or any of its subtenants shall vest in the City immediately upon annexation, except where leases, permits, licenses or other agreements provide that title thereto shall remain in lessees, permittees or other third persons".)

   In connection therewith, terms and conditions of a Recognition, Non-Disturbance and Attornment Agreement dated as of July 31, 2002 between The City of New York and American Airlines, Inc. intended to be recorded in the Register's Office of the City of New York, Queens County.

SCHEDULE B
EXCEPTIONS FROM COVERAGE
(Continued)

4. Terms, Covenants, Conditions, Provisions and Agreements of unrecorded Amended and Restated Agreement of Lease dated December 22, 2000 ("Port Authority Lease No. AYB-085R") made by and between The Port Authority of New York and New Jersey, as lessor and American Airlines, Inc., as lessee, as sub-sub leased by American Airlines, Inc. to New York City Industrial Development Agency by unrecorded Company Sublease Agreement dated as of July 1, 2002, and the rights of American Airlines, Inc., as tenant under the Port Authority Lease No. AYB-085R.

Fidelity National Title Insurance Company of New York

New York, NY

LEASEHOLD ENDORSEMENT
(Owner's Policy)

ATTACHED to and made a part of POLICY NUMBER: 26-031-92-77621

1. As used in this endorsement, the following terms shall mean:

a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by the Policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case, as a result of a matter covered by the Policy.

b. "Lease": the lease agreement described in Schedule A.

c. "Leasehold Estate": the right of possession for the Lease Term.

d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.

e. "Personal Property": chattels located on the land and property which, because of their character and manner of affixation to the land, can be severed from the land without causing appreciable damage to such chattels and property or to the land to which they are affixed.

f. "Remaining Lease Term": the portion of the Lease Term remaining after the insured has been Evicted as a result of a matter covered by the Policy.

g. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the land by the Lease that have been built at the insured's expense or in which the insured has an interest greater than the right to possession during the Lease Term.

2. The provisions of subsection (b) of Section 7 of the Conditions and Stipulations shall not apply to any Leasehold Estate covered by the Policy.

3. Valuation of Estate or Interest Insured

If, in computing loss or damage, it becomes necessary to value the estates or interests of the insured as the result of a covered matter that results in an Eviction, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The insured claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

4. Additional items of loss covered by this endorsement:

If the insured is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estates or interests insured by the Policy.

a. The reasonable cost of removing and relocating any Personal Property that the insured has the right to remove and relocate, situated on the land at the time of Eviction, the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the

LEASEHOLD ENDORSEMENT
(Owner's Policy)
Continued

Personal Property damaged by reason of the removal and relocation.

b. Rent or damages for use and occupancy of the land prior to the Eviction which the insured as owner of the Leasehold Estate is obligated to pay to any person having paramount title to that of the lessor in the Lease.

c. The amount of rent that, by the terms of the Lease, the insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the insured has been Evicted.

d. The fair market value, at the time of the Eviction, of the estate or interest of the insured in any lease or sublease made by the insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.

e. Damages that the insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction

f. Reasonable costs incurred by the insured to secure a replacement leasehold equivalent to the Leasehold Estate.

g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, landscaping costs, and fees, costs and interest on loans for the acquisition and construction.

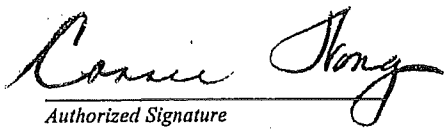
THIS ENDORSEMENT is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsement thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the Policy, nor does it increase the face amount thereof.

IN WITNESS WHEREOF, the Company has caused its corporate name and seal to be hereunto affixed by its duly authorized signatory and countersigned on the date hereinafter set forth.

Dated: July 31, 2002

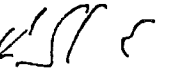
Fidelity National Title Insurance Company of New York

Countersigned:



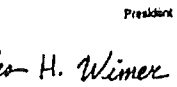
Authorized Signature

BY



President

ATTEST



Secretary

Fidelity National Title Insurance Company
OF NEW YORK

STANDARD NEW YORK ENDORSEMENT
(OWNER'S POLICY)

Attached to and forming a part of Policy No. 26-031-92-77621
of **FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK**

1. The following is added to the insuring provisions on the face page of this policy:

   "5. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. The following is added to Paragraph 7 of the Conditions and Stipulations of this policy:

   "(d) If the recording date of the instruments creating the insured interest is later than the policy date, such policy shall also cover intervening liens or encumbrances, except real estate taxes, assessments, water charges and sewer rents."

Nothing herein contained shall be construed as extending or changing the effective date of the policy unless otherwise expressly stated.

This endorsement is made a part of the policy and is subject to the Exclusions from Coverage, Schedules, Conditions and Stipulations therein, except as modified by the provisions hereof.

Fidelity National Title Insurance Company
of New York

FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK CORPORATE SEAL

BY _____ President

ATTEST Charles H. Wimer Secretary

Moody's Investors Service

July 24, 2002

Ms. Leslie M. Benners
Managing Director, Corporate Finance & Banking
American Airlines/MD 5662
4333 Amon Carter Blvd.
Fort Worth, TX 76155

Re: $500,000,000
New York City Industrial Development Agency
Special Facility Revenue Bonds, Series 2002
(American Airlines, Inc. John F. Kennedy International Airport Project)

Dear Ms. Benners:

At your request, Moody's rating committee has reviewed the documents submitted in connection with the referenced bond offering. Proceeds from the Series 2002 Bonds will be used to provide funds to reimburse American Airlines, Inc. ("American") for a portion of the costs of acquiring, constructing, and equipping a new passenger terminal and related facilities at John F. Kennedy International Airport (the "Airport"), a portion of the costs of the demolition of Terminals 8 and 9 at the Airport and related issuance costs with respect to the Series 2002 Bonds. Principal and interest on the Series 2002 Bonds will be paid solely from payments made pursuant to an IDA Lease Agreement dated as of July 1, 2002 between American and the New York City Industrial Development Agency. Payment of principal, premium, if any, purchase price of and interest on the Series 2002 Bonds will be unconditionally guaranteed by AMR Corporation and American.

Moody's has assigned a rating of B1 to the Series 2002 Bonds. The rating takes into account the pass-through nature of the facilities payments and the unconditional guaranties of AMR Corporation and American. The rating also considers the importance of John F. Kennedy International Airport to American's current route network as well as Moody's expectation for stability in the overall financial condition of American.

The rating so assigned, as well as any revisions therein or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to oral requests to Moody's rating desk.

We appreciate the opportunity to serve you on this issue, and please let us know if we may be of further assistance.

Sincerely,

Richard C. Bittenbender II
Vice President – Senior Credit Officer

Corporate & Govt. Ratings
55 Water Street
39th Floor
New York, NY 10041-0003
Tel 212 438 7699
Fax 212 438 7820
tom_kelly@sandp.com

Thomas R. Kelly
Managing Director

Standard & Poor's
A Division of The McGraw-Hill Companies

July 31, 2002
Revision to letter dated July 18, 2002

Ms. Leslie M. Benners
Managing Director – Corp. Finance
American Airlines Inc.
4333 Amon Carter Blvd.
6th Floor
Fort Worth, TX 76155

Re: **New York City Industrial Development Agency Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project) $120,000,000 Special Facility Revenue Bonds, Series 2002A due August 1, 2012* $380,000,000 Special Facility Revenue Bonds, Series 2002B due August 1, 2028***

Dear Ms. Benners:

Pursuant to your request, Standard & Poor's Ratings Services has reviewed the information presented to us and has assigned a **"BB-"** rating to the above-captioned bonds. Please send us final documents as soon as they become available. Should the documents not be received by us within a reasonable amount of time, we reserve the right to withdraw our rating.

In addition, in order to maintain our rating surveillance, we must receive all publicly distributed company financial information such as annual and quarterly shareholder reports and communications, as well as 10-K, 8-K, and other SEC filings, the absence of which may result in the withdrawal of our rating. Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. If you would place us on a mailing list for the information, this would facilitate the process. Please address all reports to: Standard & Poor's; 55 Water Street, New York, NY 10041; Attn.: **Philip Baggaley, CFA, Managing Director, Corporate Ratings**.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. You understand that Standard & Poor's has not consented to, and will not consent to, being named an "expert" under the federal securities laws, including without limitation, Section 7 of the Securities Act of 1933. In addition, it should be understood that the rating is not a "market" rating, nor a recommendation to buy, hold, or sell the securities. Standard & Poor's reserves the right to advise its own clients, subscribers, and the public of the rating.

We are pleased to have had the opportunity of being of service to you. If we can be of further help, please do not hesitate to call upon us.

Very truly yours,

Thomas Kelly/PAB

**Payment of the principal and purchase price of, premium, if any, and interest on the Series 2002 Bonds when due will also be unconditionally guaranteed by the Company and by AMR Corporation.*

ida New York City
Industrial Development Agency

SECOND AMENDED AND RESTATED PRELIMINARY SALES TAX LETTER

July 1, 2002

TO WHOM IT MAY CONCERN

Re: New York City Industrial Development Agency
American Air Lines, Inc.

Gentlemen:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, including the issuance of its bonds and/or notes, is exempt from the imposition of any sales and use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency nor is one required.

2. Pursuant to a resolution adopted by the Agency on January 11, 2000, the Agency has authorized and pursuant to the terms hereof does hereby authorize American Airlines, Inc., a corporation organized under the laws of the State of Delaware ("American Airlines"), to act as its agent for and on behalf of the Agency in connection with a project (the "Project") 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, installation and equipping on the Project Premises by the Agency with the proceeds of a bond issue, of an air passenger terminal facility consisting of the acquisition, construction and equipping of an air passenger terminal together with related arrival and departure access ramps, parking facilities and a passenger tunnel connecting Concourse C to the main terminal (collectively, the "Facility") and (z) the acquisition, installation, leasing, subleasing, repair, replacement, use 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 (the "Project Property") for use in connection with the construction 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 Preliminary Project Agreement dated July 27, 2000 as amended by Amendment No. 1 to the Preliminary Project Agreement dated as of January 1, 2002 and Amendment No. 2 to the Preliminary Project Agreement dated as of July 1, 2002 (collectively, the "Preliminary Project Agreement"), each between the Agency and American Airlines. The Facility, Project Property and Project shall in each case only refer to such items for which sales and use tax exemptions shall be taken pursuant to this letter and the Preliminary Project Agreement and shall not in any case refer to the land or site underlying such

item or such items for which a sales and use tax exemption has not been claimed under this Second Amended and Restated Preliminary Sales Tax Letter. The Agency authorizes American Airlines to use and American Airlines shall use this letter only for the payment of costs of the Project.

3. As agent for the Agency, American Airlines agrees that each lease, sublease, contract, invoice, bill or purchase order entered into by American Airlines as agent for the Agency for the acquisition, construction, reconstruction, renovation, demolition, improving, equipping, installation, leasing, subleasing, repair, replacement and maintenance of Project Property and the acquisition, construction, demolition, installation and equipping of the Facility all to be undertaken in connection with the Project shall include language in substantially the following form:

> "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 a bond issue of an air passenger terminal facility consisting of the acquisition, construction and equipping of an air passenger terminal together with related arrival and departure access ramps, parking facilities 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 Preliminary Project Agreement dated July 27, 2000 as amended by Amendment No. 1 to the Preliminary Project Agreement dated January 1, 2002 and Amendment No. 2 to the Preliminary Project Agreement dated July 1, 2002 (collectively the "Preliminary Project Agreement") each 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 to be by issued 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 which is the

subject of this [lease, sublease, contract, invoice, bill or purchase order] shall be exempt from the sales and use tax levied by the State of New York and The City of New York if effected in accordance with (y) the terms and conditions set forth in the attached Second Amended and Restated Preliminary Sales Tax Letter of the Agent, and (z) the Preliminary Project Agreement and the Agent hereby represents that this [lease, sublease, contract, invoice, bill or purchase order] is in compliance with the terms of the Preliminary Project Agreement and the Second Amended and Restated Preliminary Sales Tax Letter. The liability of the Agency hereunder is limited as set forth in the Preliminary Project Agreement and the Second Amended and Restated Preliminary 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."

4. The acquisition, construction, reconstruction, renovation, improving, leasing, subleasing, equipping, furnishing, installation, maintenance, repair and replacement from time to time of the Project Property in furtherance of the Project shall be exempt from the sales and use tax levied by the State of New York and The City of New York on the condition that (i) the Project Property is segregated as separately identifiable property of the Agency and the purchase of Project Property shall be effected by and at the sole cost of American Airlines subject to reimbursement from bond proceeds and the purchase of the Project Property shall be for the sole purpose of the Project, (ii) the Project Property is acquired and leased and the Project is undertaken in accordance with the Preliminary Project Agreement, (iii) the acquisition, leasing or maintaining of the Project Property shall be characterized or capable of being characterized, shall be treated or shall be capable of being treated (whether or not so characterized by American Airlines) in accordance with the Accounting Standards of the Financial Accounting Standards Board, as a capital expenditure, and shall solely be for the use of American Airlines, its affiliates, tenants, alliance partners, other airlines, subagents, contractors and others at the Project Premises in accordance with the provisions of the Preliminary Project Agreement and shall be acquired, leased or maintained solely in furtherance of the Project for the acquisition and construction, installation and equipping of the Facility, and for no other entity and at no other location and (iv) any maintenance and repair contracts shall only be for "Qualified Maintenance", as defined in Exhibit A attached hereto. The foregoing exemption from sales and use taxes granted pursuant to the provisions hereof may, subject to compliance with the provisions hereof and the provisions of the Preliminary Project Agreement, be applied by American Airlines to any expenditure made subsequent to the date hereof regardless of whether American Airlines' obligation to make such expenditure arose prior to the date hereof.

5. The Agency shall have no liability, or payment or performance obligations, under any lease, sublease, contract, invoice, bill or purchase order entered into by American Airlines as agent for the Agency hereunder, either directly or indirectly or contingently, in any manner and to any extent whatsoever, and American Airlines shall be the sole party liable thereunder.

6. By execution by American Airlines of its acceptance of the terms of this letter, American Airlines agrees to accept the terms hereof and represents and warrants to the Agency that the use of this letter by American Airlines is strictly for the purposes above stated.

7. Accordingly, until the earlier of (i) July 30, 2002 unless such date is extended by the Agency, (ii) the receipt by American Airlines in the aggregate of $9,000,000 in sales and use tax exemptions pursuant to this Second Amendment and Restated Preliminary Sales Tax Letter dated July 1, 2002, the First Amended and Restated Preliminary Sales Tax Letter dated January 1, 2002 and the Preliminary Sales Tax Letter dated July 27, 2000, (the foregoing dollar limitation shall not, and shall not be deemed to limit any other exemption from Sales and Use Taxes obtained by American Airlines exclusive of any exemption granted pursuant to Article 18-A of the General Municipal Law of the State of New York or pursuant to the Agency's involvement in the Project), (iii) the issuance by the Agency of its bonds for the Project, (iv) the occurrence of an event of default under the Preliminary Project Agreement dated the date hereof, and (v) such other time as the Agency shall request American Airlines to stop using this Second Amended and Restated Preliminary Sales Tax Letter and return said letter to the Agency, all vendors, lessors, contractors and subcontractors are hereby authorized to rely on this letter (or on a photocopy or fax of this letter) as evidence that purchases and leases of the Project Property, and improvement, installation and maintenance contracts relating to the Project to the extent effected by American Airlines (or by an agent, contractor or subcontractor engaged by American Airlines) as agent for the Agency, are exempt from all New York State and New York City sales and use taxes.

The Agency reserves the right, in its absolute and unlimited discretion, to suspend or terminate this Second Amended and Restated Preliminary Sales Tax Letter and to require that American Airlines surrender this Second Amended and Restated Preliminary Sales Tax Letter to the Agency for suspension or cancellation.

The signature of a representative of American Airlines, Inc. where indicated below will indicate that American Airlines, Inc. has accepted the terms hereof.

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

By:_____
Carolyn A. Edwards
Deputy Executive Director

ACCEPTED AND AGREED TO BY:

AMERICAN AIRLINES, INC.

By: Leslie Benners
Name: Leslie A. Benners
Title: Managing Director
Corporate Finance and Banking

NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY

AND

AMERICAN AIRLINES, INC.

AMENDMENT NO. 2

to

PRELIMINARY PROJECT AGREEMENT

Dated July 1, 2002

PRELIMINARY PROJECT AGREEMENT

THIS AMENDMENT NO. 2 TO PRELIMINARY PROJECT AGREEMENT (this "Amendment No. 1"), made and entered into as of July 1, 2002, 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, party of the first part (the "Agency"), having its principal office at 110 William Street, New York, New York, and AMERICAN AIRLINES, INC. a corporation organized and existing under and by virtue of the laws of the State of Delaware, party of the second part (the "Company"), having an office at 4333 Amon Carter Blvd., MD 5675, Fort Worth, Texas 76155 amending that certain Preliminary Project Agreement dated July 27, 2000 as amended by Amendment No. 1 to the Preliminary Project Agreement dated January 1, 2002 (capitalized terms used in the WHEREAS recitals to this Agreement but not defined therein shall have the meanings assigned to such terms in Section 1.1 of said Preliminary Project Agreement):

WITNESSETH:

WHEREAS, the Agency was established by 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 Laws of 1974 of the State of New York, as amended (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 Company to induce the Company to undertake the demolition of Terminals 8 and 9 at John F. Kennedy International Airport in Queens, New York and the acquisition, construction and equipping on the Project Premises of a new air passenger terminal facility consisting of the acquisition, construction and equipping of an air passenger terminal together with related arrival and departure access ramps, parking facilities and a passenger tunnel connecting Concourse B to the main terminal (the "Facility") and in connection with the foregoing to undertake the acquisition, installation, leasing, subleasing, repair, replacement, use and maintenance of building materials, machinery, equipment, furniture, fixtures, furnishings, apparatus and other items of tangible personal property in, and limited to, scope as set forth in Exhibit A attached to the Preliminary Sales Tax Letter for use at or for incorporation into the Facility, all in connection with the construction of the same and the demolition of Terminals 8 and 9; and

WHEREAS, in connection with such construction, reconstruction, renovation, demolition, improvement, installation, equipping, leasing, subleasing, repairs, replacement and maintenance, the Agency has granted to the Company financial assistance in the form of Sales and Use Tax exemptions pursuant to the provisions of a Preliminary Project Agreement dated July 27, 2000 between the Agency and the Company as amended by Amendment No. 1 to the Preliminary Project Agreement (collectively the "Preliminary Project Agreement") and a Preliminary Sales Tax Letter of the Agency dated July 27, 2000 as amended by the First

Amended and Restated Preliminary Sales Tax Letter dated January 1, 2002 (collectively the "Preliminary Sales Tax Letter"); and

WHEREAS, the Agency financial assistance in the form of exemptions from New York State and Local Sales and Use Taxes and related Agency benefits are necessary to provide employment in, and are beneficial for the economy of, The City of New York and are reasonably necessary to induce the Company to continue with the Project; and

WHEREAS, each of the Preliminary Project Agreement and the Preliminary Sales Tax Letter expires in accordance with its respective terms on July 1, 2002; and

WHEREAS, the Agency and the Company desire to extend the term of the Preliminary Project Agreement and the Preliminary Sales Tax Letter in accordance with the terms hereof;

NOW THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

Section 1. The defined terms "Preliminary Sales Tax Letter" and "Termination Date" as contained in Section 1.1 of the Preliminary Project Agreement are amended to read as follows:

"Preliminary Sales Tax Letter" shall collectively mean the Preliminary Sales Tax Letter dated July 27, 2000, the First Amended and Restated Preliminary Sales Tax Letter dated January 1, 2002 and the Second Amended and Restated Preliminary Sales Tax Letter dated July 1, 2002.

"Termination Date" shall mean July 31, 2002.

Section 2. Section 2.1(1) of the Preliminary Project Agreement is amended in whole to read as follows:

"(l) With respect to each of the Benefits Periods described below the Lessee agrees to submit to the Agency on each of the applicable due dates set forth below a completed Benefits Report in the form of Appendix B attached hereto to the extent and in the amount that the Lessee shall have received Sales Tax Savings during the following Benefit Periods.

Benefit Period	Benefit Report Due Date
July 27, 2000 to December 31, 2000	February 15, 2001
January 1, 2001 to June 30, 2001	August 15, 2001
July 1, 2001 to December 31, 2001	February 15, 2002
January 1, 2002 to the earlier of the Closing Date or the Termination Date	45 days subsequent to the Closing Date or Termination Date"

Section 3. Section 3.2 of the Preliminary Project Agreement is amended in whole to read as follows:

"Section 3.2. Duration to Term. The term of this Agreement shall commence on July 27, 2000 and shall expire on the earliest of (i) the Closing Date, (ii) the termination or expiration of the Preliminary Sales Tax Letter, (iii) such earlier date as this Agreement may be terminated in accordance with its terms as herein provided, (iv) upon the receipt by the Agency of written notice from the Company of its intent to terminate this Agreement together with payment by the Company of all outstanding amounts due hereunder, or (v) July 31, 2002."

Section 4. Subdivision (i) of Section 7.1 of the Preliminary Project Agreement is amended to read as follows:

"(i) Except by reason of misconduct or negligence of the Agency, the Closing Date shall not have occurred prior to July 31, 2002 and the Agency and the Company shall not have entered into a lease agreement with respect to the Project Premises in conjunction therewith."

Section 5. Except, as amended by the foregoing provisions, the Preliminary Project Agreement shall remain in full force and effect.

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 attested under the seal of the Agency by its Assistant Secretary and the Company has caused its name to be subscribed hereto by an authorized officer all being done as of the year and day first above written.

(SEAL)

NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY

Attest: _____

By _____
Name: Carolyn A. Edwards,
Title: Deputy Executive Director

AMERICAN AIRLINES, INC.

By _____
Name: Leslie A. Benners
Title: Managing Director
Corporate Finance and Banking

REQUISITION NO. 2002-01

TO: The Bank of New York,
as Trustee

FROM: American Airlines, Inc.

Ladies and Gentlemen:

You are irrevocably requested to draw on any Construction Account(s) of the Project Fund, established pursuant to Section 5.01 of the Master Indenture of Trust dated as of July 1, 2002 (the "Master Indenture") between the New York City Industrial Development Agency (the "Agency") and yourself, a check in the amount of $3,500,000, payable to the order of the New York State Department of Taxation and Finance for the purpose of paying the cost set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by Schedule A to the Master Indenture.

I hereby certify, to the best of my knowledge after due investigation and inquiry that:

(i) I am an Authorized Representative of the Lessee;

(ii) the number of this Requisition is 2002-01;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02(b) of the Indenture and each such item has been properly incurred as an item of Project Costs;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(v) no item of cost set forth on Schedule A attached hereto was incurred or paid prior to October 10, 1999;

(vi) the payee set forth above and the amount stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vii) the item stated in Schedule A attached hereto is a proper charge against the Project Fund;

(viii) no Event of Default exists and is continuing under the IDA Lease Agreement or any other Security Documents nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(ix) I have no knowledge of any vendor's lien, materialmen's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment;

(x) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Applicable Tax Certificate; and (1) (A) the amounts to be paid will not be used for any Project Cost which is not Qualified Cost (other than Costs of Issuance), or (B) of the total amount of the Net Proceeds of the Bonds theretofore applied and then being requisitioned, no less than ninety-five percent (95%) has been or will be expended for Qualified Costs and no more than five percent (5%) has been or will be expended for Nonqualified Costs; (2) the Project Cost was incurred on the Leased Facilities, and (3) the Project Cost has not otherwise been reimbursed, funded or paid.

(xi) if the payment herein requested is a reimbursement to the Lessee for costs or expenses of the Lessee incurred by reason of work performed or supervised by officers, partners or employees of the Lessee or any Affiliate, such officers, partners or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Lessee and such costs or expenses will be treated by the Lessee on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(xii) if the payment herein requested is for an item of Facility Equipment, upon payment of the cost thereof The City of New York will be the owner thereof and such Facility Equipment will be subject to the IDA Lease Agreement;

(xiii) such item of cost for which payment is herein requested is chargeable to the capital account of the Project for Federal income tax purposes, or would be so chargeable either with an election by the Lessee or but for the election of the Lessee to deduct the amount of such item.

Attached to this Requisition is a copy of the bills or invoices evidencing and supporting this Requisition.

Dated: July 31, 2002

AMERICAN AIRLINES, INC.

By: Leslie M Benners

Name: Leslie M. Benners

Title: Managing Director
Corporate Finance and Banking

SCHEDULE A TO REQUISITION NO. 2002-01

Project Cost	Category Payee	Amount
State Bond Fee	New York State Department of Taxation and Finance	$3,500,000

REQUISITION NO. 2002-02

TO: The Bank of New York,
as Trustee

FROM: American Airlines, Inc.

Ladies and Gentlemen:

You are requested to draw on the Construction Accounts of the Project Fund, established pursuant to Section 5.01 of the Indenture of Trust dated as of July 1, 2002 (the "Indenture") between the New York City Industrial Development Agency (the "Agency") and yourself, a check or wire transfer, as specified, in the amounts, payable to the order of American Airlines, Inc. for the purpose of reimbursing American Airlines, Inc. for those costs incurred as agent set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by Schedule A to the Master Indenture.

I hereby certify, to the best of my knowledge after due investigation and inquiry that:

(i) I am an Authorized Representative of the Lessee;

(ii) the number of this Requisition is 2002-02;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02(b) of the Indenture and each such item has been properly paid or incurred as an item of Project Costs;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(v) no item of cost set forth on Schedule A attached hereto was incurred or paid prior to October 10, 1999, except for certain "preliminary expenditures" for architectural, engineering, surveying, soil testing and similar costs incurred prior to commencement of construction of the Facility;

(vi) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vii) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund;

(viii) no Event of Default exists and is continuing under the IDA Lease Agreement or any other Security Documents nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(ix) I have no knowledge of any vendor's lien, materialmen's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment;

(x) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Applicable Tax Certificate; and (1) (A) the amounts to be paid will not be used for any Project Cost which is not Qualified Cost (other than Costs of Issuance), or (B) of the total amount of the Net Proceeds of the Bonds theretofore applied and then being requisitioned, no less than ninety-five percent (95%) has been or will be expended for Qualified Costs and no more than five percent (5%) has been or will be expended for Nonqualified Costs; (2) the Project Cost was incurred on the Leased Facilities, and (3) the Project Cost has not otherwise been reimbursed, funded or paid.

(xi) if the payment herein requested is a reimbursement to the Lessee for costs or expenses of the Lessee incurred by reason of work performed or supervised by officers, partners or employees of the Lessee or any Affiliate, such officers, partners or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Lessee and such costs or expenses will be treated by the Lessee on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(xii) if the payment herein requested is for an item of Facility Equipment, upon payment of the cost thereof The City of New York will be the owner thereof and such Facility Equipment will be subject to the IDA Lease Agreement;

(xiii) such item of cost for which payment is herein requested is chargeable to the capital account of the Project for Federal income tax purposes, or would be so chargeable either with an election by the Lessee or but for the election of the Lessee to deduct the amount of such item.

Attached to this Requisition is a copy of the bills or invoices evidencing and supporting this Requisition.

Dated: July 31, 2002

AMERICAN AIRLINES, INC.

By: _____

Name: Douglas B. Perry

Title: Principal, Corporate Finance

Schedule A To Requisition 2002-02

Day of Closing Payments for Cost of Issuance

Project Cost	Category Payee		Series 2002A Amount	Series 2002B Amount	Total Amount
Cost of Issuance U/W Counsel	Chapman & Cutler		150,493.40	476,562.45	627,055.85
		Wire to:	Harris Bank ABA: 071-000-288 Account: 208-9522 Ref: 2075372		
Cost of Issuance Gate Demand Study	SH&E		10,800.00	34,200.00	45,000.00
		Wire to:	Fleet Bank ABA: 021-202-162 Account: 101176929 Ref: AA/JFK 0003068-IN		
Cost of Issuance Bond Counsel	Winston & Strawn		144,332.40	457,052.60	601,385.00
		Wire to:	Fleet Bank ABA: 021-200-339 Account: 2103-56-2878 Ref: 90570-0015		
Cost of Issuance Consultant	Claudia Wagner		21,600.00	68,400.00	90,000.00
		Wire to:	JPMorgan Chase ABA: 021-000-021 Account: 035610414965 Ref: AA/JFK Invoice		
Cost of Issuance Trustee	Bank of New York		1,800.00	5,700.00	7,500.00
		BofNY debit			
Cost of Issuance Trustee Counsel	Emmet Marvin & Martin		2,400.00	7,600.00	10,000.00
		BofNY debit			
Cost of Issuance PA Legal	PANYNJ		120,000.00	380,000.00	500,000.00
		Wire to:	Citibank ABA: 021-000-089 Account: 40570569 Ref: AA/JFK 2002		
Issuer Fee	NYCIDA		612,840.00	1,940,160.00	2,553,000.00
		Wire to:	JPMorgan Chase ABA: 021-000-021 Account: 033-008418 Ref: AA/JFK 2002		
		Grand Total	1,064,265.80	3,369,675.05	4,433,940.85

Law Offices of

CHAPMAN AND CUTLER

Theodore S. Chapman
1877-1943
Henry E. Cutler
1879-1959

111 West Monroe Street, Chicago, Illinois 60603-4080
Telephone (312) 845-3000
Facsimile (312) 701-2361
chapman.com

Salt Lake City
50 South Main Street
Salt Lake City, Utah 84144
(801) 533-0066

Steven N. Wohl
Telephone: (312) 845-3739
Facsimile: (312) 516-1939
E-Mail: wohl@chapman.com

July 25, 2002

Via Fed Express

Mr. Doug Perry
American Airlines, Inc.
4333 Amon Carter Blvd.
Mail Drop 5662
Fort Worth, TX 76155

Re: New York City Industrial Development Agency
Special Facility Revenue Bonds
American Airlines (JFK Project) Series 2002
AA File No.: FIN 19980008

Dear Doug:

Enclosed is our bill for time charged and disbursements incurred in connection with the above-referenced matter. It represents time in our system through July 22. We will send a supplemental bill for our remaining time and charges (which may include time and charges prior to July 22, but not yet in the system) after the closing. Our bill is payable by check or wire transfer. Our wire transfer information is as follows:

Harris Bank ABA Number: 071 000 288
Chapman and Cutler Special Account Number:
Please reference Matter No.: 2075372

Please feel free to call should any questions arise.

Very truly yours,

CHAPMAN AND CUTLER

By _____
Steven N. Wohl

Enclosure
cc: Tim Skipworth

1385929.01.01
SNW/7/25/02

Law Offices of
CHAPMAN AND CUTLER

P.O. Box 71291
Chicago, Illinois 60694
Telephone 312 845-3000

Matter No. 2075372

Employer Identification No.
36-2153731

Date: July 25, 2002

Statement

No. 22-9311

Please Return This Page With Payment

Mr. Doug Perry
American Airlines, Inc.
4333 Amon Carter Blvd.
Mail Drop 5662
Fort Worth, TX 76155

Re: FOR PROFESSIONAL SERVICES rendered as Underwriter's Counsel in connection with the New York City Industrial Development Agency Special Facility Revenue Bonds - American Airlines (JFK Project) Series 2002.....$580,931.50
(AA File # FIN 19980008)

SEPARATELY CHARGED ITEMS:

Photocopy	$ 1,994.40
Binding	156.90
Fax Communications	777.00
Document Production	2,146.82
Phone	616.28
Express Mail	535.36
Messenger Service	39.20
Westlaw	643.95
Travel	32,036.97
Other Travel	548.25
Business Meals	1,237.30
Digital Copies	4,428.00
Secy/Staff Overtime	875.61
Phone	52.78
Credit Card Phone Calls	35.53
SUBTOTAL	$46,124.35
TOTAL	$627,055.85

cc: Tim Skipworth

1385926.01.03

INQUIRIES TO:
SH&E Finance Department
90 Park Avenue, New York, NY 10016
(212) 682-8455 FAX (212) 986-1825

SH&E

American Airlines, Inc.
4333 Amon Carter Blvd
Mail Drop 5662

Fort Worth, TX 76155
CONTACT: Ms. Dorinda Pannazzo

INVOICE NO.: 0003068-IN
DATE: 05/31/02
CLIENT CODE: AA5186

PAGE NO.: 1

FOR PROFESSIONAL SERVICES RENDERED:	HOURS	AMOUNT
JFK Gate Demand Study		

2ND SCHEDULED PAYMENT - ISSUANCE OF DRAFT REPORT
LETTER OF AGREEMENT DATED JANUARY 4, 2002

AMOUNT DUE 45000.00

REMIT TO:
Simat, Helliesen & Eichner, Inc.
P.O. Box 23708
Newark, NJ 07189

PAYMENT DUE UPON RECEIPT
PLEASE NOTE CLIENT CODE AND INVOICE NUMBER ON CHECK STUB

WIRE TRANSFER INSTRUCTIONS
Account Title: Simat, Helliesen & Eichner, Inc.
Account #: 101176929
Transit ABA#: 021202162
Bank Name: Fleet Bank
210 Main Street
Hackensack, NJ 07602

WINSTON & STRAWN

200 PARK AVENUE, NEW YORK, NY 10166-4193
212-294-6700

35 W. WACKER DRIVE
CHICAGO, IL 60601-9703
312-558-5600

1400 L STREET, N.W.
WASHINGTON, DC 20005-3502
202-371-5700

444 FLOWER STREET
LOS ANGELES, CA 90071-2911
213-615-1700

43 RUE DU RHONE
1204 GENEVA, SWITZERLAND
41-22-317-75-75

21 AVENUE VICTOR HUGO
75116 PARIS, FRANCE
33-1-53-64-82-82

New York City Industrial Development Agency
110 William Street
New York, NY 10038

July 2, 2002

Invoice No.: 1712520 **Client/Matter No.: 090570-00015**

American Airlines, Inc.
John F. Kennedy International Airport

For professional services rendered to the New York City Industrial Development Agency as Bond Counsel in connection with the issuance, sale and delivery of $500,000,000 New York City Industrial Development Agency Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project), $120,000,000 Series 2002A and $380,000,000 Series 2002B.

FEES AND DISBURSEMENTS through 07/22/02 **$ 601,385.00**

Our bank remittance instructions for wire transfer are the following:
Winston & Strawn
Fleet Bank, N.A.
150 Broadway
New York, NY 10006
acct. #2103 56 2878
ABA #021200339
Please make reference to account number 090570-00015
Invoice No.: 1712520
Federal Tax Identification No.: 36-1975990

NY:704130.1

LAW OFFICES OF
CLAUDIA WAGNER

JAY E. ADOLF
COUNSEL

277 BROADWAY
SUITE 1300
NEW YORK, NY 10007
TEL 212-619-2052
FAX 212-619-6351

Barbara A. Schuster
Corporate Affairs
American Airlines
MD 5575
P.O. Box 619616
Dallas/Fort Worth Airport, TX 75261-9616

STATEMENT OF ACCOUNT

For Professional Services Rendered in connection with financing of American Airlines terminal at John F. Kennedy International Airport

FEE: **$90,000**

INVOICE

THE BANK OF NEW YORK

NEW YORK'S FIRST BANK - FOUNDED 1784 BY ALEXANDER HAMILTON

DEBT OPERATIONS BILLING DEPARTMENT
101 BARCLAY STREET - 12W
NEW YORK, NY 10286
(212) 815-2790

Dated: July 30, 2002

Issue: New York City Industrial development Agency
Special Facility Revenue Bonds, Series 2002a & Series 2002B American Aielines Project

American Airlines
4333 Amon Carter Blv
Fort Worth, TX 76155
Attn: Doug Perry

Database: ACT
CID#:
Please make payable to: The Bank of New York

Type of Services Rendered: Trustee, Registrar, Paying Agent

Administration Fee First Year Trustee Fee for Services Rendered 7/31/02-7/30/03	$	6,500.00
Acceptance Fee	$	1,000.00
Total:	$	7,500.00

YOUR PAYMENT IS DUE AT THIS TIME. A LATE FEE WILL BE IMPOSED ON PAYMENTS NOT RECEIVED WITHIN 30 DAYS.

EMMET, MARVIN & MARTIN, LLP
COUNSELLORS AT LAW

120 BROADWAY
NEW YORK, NEW YORK 10271

(212) 238-3000

FAX: (212) 238-3100
http://www.emmetmarvin.com

177 MADISON AVENUE
MORRISTOWN, NEW JERSEY 07960
(973) 538-5600
FAX: (973) 538-6448

1351 WASHINGTON BOULEVARD
STAMFORD, CONNECTICUT 06902-4543
(203) 425-1400
FAX: (203) 425-1410

Valerie A. Molinaro
Of Counsel
(212) 238-3133
EMAIL: vmolinaro@emmetmarvin.com

July 26, 2002

VIA MESSENGER
Beverly Gardner-Samuel
The Bank of New York
101 Barclay Street, Floor 21W
New York, New York 10286

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds (American Airlines, Inc
John F. Kennedy International Airport Project) Series 2002

Dear Beverly:

Here is the breakdown of hours and billable rates which was used to compute the fee portion of our July 26, 2002 bill for professional services:

18.10 hours of attorney time (Irving C. Apar - Partner) at $476.89 per hour $8,631.71

1.30 hours of attorney time (Valerie A. Molinaro - Of Counsel) at $370.00 per hour $481.00

11.00 hours of paralegal time at $150.00 per hour $1,650.00

30.40 hours TOTALS $10,762.71

The total accrued charges (fees and disbursements) were $10,987.91 and the total invoice amount (fees and disbursements) was $10,000.00.

193953_1.DOC

With respect to the work performed during the above-referenced time, please see the text of our July 26, 2002 invoice, which I believe is fairly detailed. If you or anyone else require any further information, please don't hesitate to call me.

Very truly yours,

EMMET, MARVIN & MARTIN, LLP

By: Valerie A. Molinaro
Valerie A. Molinaro

VAM:al

cc: Irving C. Apar
John Doherty

EMMET, MARVIN & MARTIN, LLP
COUNSELLORS AT LAW

120 BROADWAY
NEW YORK, NEW YORK 10271

(212) 238-3000

FAX: (212) 238-3100
http://www.emmetmarvin.com

177 MADISON AVENUE
MORRISTOWN, NEW JERSEY 07960
(973) 538-5600
FAX: (973) 538-6448

1351 WASHINGTON BOULEVARD
STAMFORD, CONNECTICUT 06902-4543
(203) 425-1400
FAX: (203) 425-1410

Valerie A. Molinaro
(212) 238-3133
EMAIL: vmolinaro@emmetmarvin.com

July 26, 2002

Gloria Rosario
The Bank of New York
101 Barclay Street - Floor 7E
New York, New York 10286

Re: $500,000,000 New York City Industrial Development Agency
Special Facility Revenue Bonds (American Airlines, Inc.
John F. Kennedy International Airport Project) Series 2002

Dear Gloria:

Enclosed is our **revised** bill for professional services rendered to The Bank of New York in connection with the above-referenced matter.

Please call me if you have any questions.

Very truly yours,

EMMET, MARVIN & MARTIN, LLP

By: Valerie A. Molinaro
Valerie A. Molinaro

VAM:al
Enclosure
cc: Beverly Gardner-Samuel

193928_1.DOC

EMMET, MARVIN & MARTIN, LLP
COUNSELLORS AT LAW

120 BROADWAY
NEW YORK, NEW YORK 10271

(212) 238-3000
FAX: (212) 238-3100

The Bank of New York
101 Barclay Street
Floor 21W
New York, New York 10286
Attention: Beverly Gardner-Samuel
Assistant Treasurer

July 26, 2002

File: 94900.27

REVISED INVOICE

TO PROFESSIONAL SERVICES AND ADVICE RENDERED from August 22, 2001 through July 31, 2002 to The Bank of New York, as Trustee (the "Trustee") for $500,000,000 aggregate principal amount of Special Facility Revenue Bonds (American Airlines, Inc. John F. Kennedy International Airport Project) Series 2002 (the "Bonds") of New York City Industrial Development Agency (the "Agency") issued pursuant to a Master Trust Indenture, dated as of July 1, 2002, between the Agency and the Trustee, as supplemented by a First Series Supplemental Indenture of Trust and a Second Series Supplemental Indenture of Trust, each dated as of July 1, 2002 (as supplemented, the "Indenture"), including review of the Indenture, review of an IDA Lease Agreement, review of a Guaranty Agreement, review of a Continuing Disclosure Agreement, review of various other agreements, preparation of a certificate of the Trustee, preparation of an opinion of counsel, review of closing documents, including officers' certificates and opinions of counsel, conferences with counsel to the Company and counsel to the underwriters, attendance at a pre-closing on July 30, 2002 at the offices of Winston & Strawn, Bond Counsel, and various other matters.....$10,000.00

FED I.D. #13-5054210

PAYMENT BY CHECK: PLEASE RETURN THE COPY OF THIS STATEMENT TOGETHER WITH YOUR REMITTANCE SO THAT THE PROPER CREDIT CAN BE MADE.

PAYMENT BY WIRE: WIRE FUNDS TO THE BANK OF NEW YORK, ONE WALL STREET, NEW YORK, N.Y. 10286, ABA ROUTING NO. 021000018, FOR THE ACCOUNT OF:
EMMET, MARVIN & MARTIN, LLP ATTORNEY PROFESSIONAL ACCOUNT NO. 6302249758

THE PORT AUTHORITY OF NY & NJ

INVOICE

July 31, 2002

American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, TX 76155

Port Authority Fee Pursuant to Section 9.2 of Consent Agreement

Pursuant to Section 9.2 of 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 in connection with the Financing Transaction (as defined in the Consent Agreement), the Lessee is required to pay to the Port Authority the sum of Five Hundred Thousand Dollars and No Cents ($500,000.00) upon delivery of an executed copy of the Consent Agreement to the Lessee and the execution thereof by all parties, which is scheduled take place on July 31, 2002.

$500,000.00

Please remit to:

Port Authority Citibank N.A. Account # 40570569, ABA # 021000089

ida New York City
Industrial Development Agency

July 31, 2002

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155

In connection with the New York City Industrial Development Agency's Series 2002 Special Facility Revenue Bond financing for the benefit of American Airlines, Inc., the following fees are due and owing New York City Industrial Development Agency:

IDA Financing Fee:	$2,525,000*
(Less Application Fee)	($ 2,500)
Agency Counsel Fee:	$ 30,000
Agency Annual Administrative Fee:	$ 500
TOTAL	$2,553,000 *

Payable to NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY

*Additional IDA financing fee may be due and owing pursuant to American Airlines, Inc. letter to IDA, dated July 31, 2002, attached hereto.

• 110 William Street, New York, NY 10038 • 212. 619. 5000

ida New York City
Industrial Development Agency

WIRE TRANSFER INSTRUCTIONS FOR IDA

ACCOUNT TITLE:	**NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**
ACCOUNT NUMBER:	
NAME OF BANK:	**CHASE MANHATTAN BANK**
ABA NUMBER:	**021 000 021**

Note: For purposes of tracking the transfer, please secure the following information from the sender:

CONFIRMATION No. _____

• 110 William Street, New York, NY 10038 • 212. 619. 5000

REQUISITION NO. 2002-03

TO: The Bank of New York,
as Trustee

FROM: American Airlines, Inc.

Ladies and Gentlemen:

You are requested to draw on the Construction Accounts of the Project Fund, established pursuant to Section 5.01 of the Indenture of Trust dated as of July 1, 2002 (the "Indenture") between the New York City Industrial Development Agency (the "Agency") and yourself, a check or wire transfer, as specified, in the amounts, payable to the order of American Airlines, Inc. for the purpose of reimbursing American Airlines, Inc. for those costs incurred as agent set forth on Schedule A attached hereto. All capitalized terms used in this Requisition not otherwise defined herein shall have the meanings given such terms by Schedule A to the Master Indenture.

I hereby certify, to the best of my knowledge after due investigation and inquiry that:

(i) I am an Authorized Representative of the Lessee;

(ii) the number of this Requisition is 2002-03;

(iii) the items of cost set forth on Schedule A attached hereto are correct and proper under Section 5.02(b) of the Indenture and each such item has been properly paid or incurred as an item of Project Costs;

(iv) none of the items for which this Requisition is made has formed the basis for any disbursement heretofore made from the Project Fund;

(v) no item of cost set forth on Schedule A attached hereto was incurred or paid prior to October 10, 1999, except for certain "preliminary expenditures" for architectural, engineering, surveying, soil testing and similar costs incurred prior to commencement of construction of the Facility;

(vi) the payees and amounts stated in Schedule A attached hereto are true and correct and each item of cost so stated is due and owing;

(vii) each such item stated in Schedule A attached hereto is a proper charge against the Project Fund;

(viii) no Event of Default exists and is continuing under the IDA Lease Agreement or any other Security Documents nor any condition, event or act which, with notice or lapse of time or both, would constitute such an Event of Default;

(ix) I have no knowledge of any vendor's lien, materialmen's lien, mechanic's lien or security interest which should be satisfied or discharged before the payment herein requested is made or which will not be discharged by such payment;

(x) each item of cost set forth in Schedule A attached hereto is consistent in all material respects with the Applicable Tax Certificate; and (1) (A) the amounts to be paid will not be used for any Project Cost which is not Qualified Cost (other than Costs of Issuance), or (B) of the total amount of the Net Proceeds of the Bonds theretofore applied and then being requisitioned, no less than ninety-five percent (95%) has been or will be expended for Qualified Costs and no more than five percent (5%) has been or will be expended for Nonqualified Costs; (2) the Project Cost was incurred on the Leased Facilities, and (3) the Project Cost has not otherwise been reimbursed, funded or paid.

(xi) if the payment herein requested is a reimbursement to the Lessee for costs or expenses of the Lessee incurred by reason of work performed or supervised by officers, partners or employees of the Lessee or any Affiliate, such officers, partners or employees were specifically employed for such purpose and the amount to be paid does not exceed the actual cost thereof to the Lessee and such costs or expenses will be treated by the Lessee on its books as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis;

(xii) if the payment herein requested is for an item of Facility Equipment, upon payment of the cost thereof The City of New York will be the owner thereof and such Facility Equipment will be subject to the IDA Lease Agreement;

(xiii) such item of cost for which payment is herein requested is chargeable to the capital account of the Project for Federal income tax purposes, or would be so chargeable either with an election by the Lessee or but for the election of the Lessee to deduct the amount of such item.

Attached to this Requisition is a copy of the bills or invoices evidencing and supporting this Requisition.

Dated: July 31, 2002

AMERICAN AIRLINES, INC.

By: _____

Name: Douglas B. Perry

Title: Principal, Corporate Finance

Schedule A To Requisition 2002-03

First Reimbursement of Project Costs

Project Cost	Category Payee	Series 2002A Amount	Series 2002B Amount	Total Amount
A&E	American Airlines	14,187,613.99	44,927,444.29	59,115,058.28
Construction	American Airlines	56,425,274.04	178,680,034.46	235,105,308.50
Consulting	American Airlines	5,391,255.63	17,072,309.49	22,463,565.12
Equipment	American Airlines	860,018.06	2,723,390.51	3,583,408.57
Land Improvements	American Airlines	9,221,989.08	29,202,965.40	38,424,954.48
Soil Testing	American Airlines	114,121.41	361,384.46	475,505.87
	Grand Total	86,200,272.20	272,967,528.62	359,167,800.82

Wire to American Airlines at:

JPMorgan Chase
ABA: 021-000-021
Account:
Attn: Tina DoCampo
Ref: JFK Bond Req 2002-03

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
5426	10/28/1999	72,028.18	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1007056	11/15/1999	101,953.89	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1017352	12/29/1999	96,483.34	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1022558	1/24/2000	309,493.63	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1026979	2/18/2000	185,345.77	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1039976	3/17/2000	197,041.61	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1062693	4/18/2000	5,265.08	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1062645	4/19/2000	237,960.45	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1079003	5/19/2000	200,904.97	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1038879	5/23/2000	314,030.17	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1085903	6/9/2000	162,041.24	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
02CM1090353	6/22/2000	6,459.17	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1090353	6/22/2000	165,328.39	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1104097	7/19/2000	162,433.33	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1108493	8/17/2000	141,267.98	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1117334	9/18/2000	178,467.98	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1144356	10/18/2000	157,914.24	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1164395	11/10/2000	161,630.02	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1176483	12/8/2000	145,072.68	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1190566	1/24/2001	157,108.65	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1208335	2/16/2001	113,087.95	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1218972	3/19/2001	138,456.96	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1231703	4/17/2001	148,365.66	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1242329	5/16/2001	124,818.07	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1260970	6/13/2001	169,402.97	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1283117	7/13/2001	151,172.46	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1304412	8/8/2001	130,017.70	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1320571	9/10/2001	124,922.12	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1332537	10/11/2001	129,319.77	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1354528	11/14/2001	132,535.30	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1382483	1/21/2002	147,786.35	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1410839	2/20/2002	148,871.08	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1440491	4/26/2002	155,171.18	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
1456244	5/17/2002	148,363.78	CARTER & BURGESS, INC.	A&E	JFK 02	01-001	JFK700C
9035A	1/31/2000	5,760.00	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035B	2/29/2000	31,059.93	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035C	3/31/2000	51,852.16	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
0041A	4/30/2000	24,982.50	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035D	4/30/2000	67,270.98	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035E	5/31/2000	76,810.44	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035F	6/30/2000	143,120.51	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
02CM9035G	7/31/2000	129,978.99	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035G	7/31/2000	34,698.48	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035H	8/31/2000	136,497.01	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
351	9/30/2000	86,760.97	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
41	10/23/2000	39,012.26	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035J	10/30/2000	81,071.76	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035K	11/30/2000	91,312.48	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035L	12/31/2000	104,950.61	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
0052CCA	1/31/2001	838.80	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
9035M	1/31/2001	74,230.23	COLE CONSULTING CORP.	A&E	JFK 02	01-001	JFK700C
112265	5/25/2001	608,109.73	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112266	5/25/2001	43,882.14	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112371	7/13/2001	340,046.96	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112523	8/15/2001	386,974.41	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112539	9/17/2001	189,572.88	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
6	10/8/2001	456,482.00	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112733	11/1/2001	455,559.52	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112732	11/9/2001	136,464.86	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
112736	12/10/2001	163,144.62	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
10112738	1/10/2002	474,423.80	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
11112739	1/10/2002	388,365.31	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
12112740	1/11/2002	20,995.04	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
13112885	1/11/2002	12,645.19	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
14112893	1/25/2002	194,739.49	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
15113072	2/4/2002	11,345.83	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
16113074	3/22/2002	226,059.60	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
17113082	4/18/2002	381,912.79	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
18113083	4/18/2002	314,861.78	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
20113089	5/3/2002	206,329.40	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
22113305	5/22/2002	18,528.93	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
23113307	5/22/2002	11,524.99	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
24113315	6/6/2002	335,040.99	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
25113316	6/6/2002	428,674.29	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
26113384	6/27/2002	11,760.97	DMJM AVIATION	A&E	JFK 02	01-001	JFK700C
111345	2/2/2000	35,786.03	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111362	2/5/2000	538,888.96	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111541	4/14/2000	1,070,490.41	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111581	5/30/2000	1,821,833.89	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111624	6/7/2000	3,239,805.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111625	6/7/2000	3,045,796.20	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111665	7/31/2000	2,880,529.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111699	8/18/2000	1,963,627.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111696	8/31/2000	368,071.90	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111731	8/31/2000	139,921.25	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111600	9/6/2000	1,426,334.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111766	9/15/2000	75,522.40	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111770	9/30/2000	83,439.29	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111765	10/3/2000	24,130.17	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111864	11/10/2000	103,120.72	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111816	11/16/2000	2,653,476.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111870	11/17/2000	1,525,735.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111872	11/22/2000	214,913.66	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111904	12/12/2000	471,692.34	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111908	12/12/2000	85,139.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111922	12/19/2000	1,710,122.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
111966	1/19/2001	1,879,245.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
02CM112105	2/15/2001	87,308.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112105	2/15/2001	1,350,716.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112152	3/16/2001	27,591.72	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112151	3/20/2001	1,238,942.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112155	3/23/2001	108,726.28	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112159	3/30/2001	57,069.67	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112160	3/30/2001	67,963.91	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112162	3/30/2001	469,104.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112163	3/30/2001	369,507.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112206	4/18/2001	1,184,695.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112205	4/20/2001	116,615.84	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112215	4/27/2001	40,512.58	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112216	4/27/2001	230,958.32	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112257	5/16/2001	375,000.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112259	5/18/2001	645,876.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112315	7/10/2001	133,175.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112316	7/10/2001	73,163.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112379	7/31/2001	35,823.36	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112380	8/7/2001	108,229.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112383	8/8/2001	1,326,575.49	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112531	8/17/2001	21,685.98	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112532	8/17/2001	156,364.70	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112533	8/17/2001	11,920.58	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112536	8/27/2001	439,339.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
37112537	9/4/2001	277,730.77	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
38112540	9/10/2001	448,368.20	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
21112541	9/14/2001	281,250.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
22112543	10/1/2001	315,695.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
23112544	11/1/2001	332,216.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
39112545	11/1/2001	305,766.50	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
40112546	11/1/2001	168,689.66	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
41112731	11/10/2001	494,077.97	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
42112734	11/10/2001	359,603.50	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
24112737	12/10/2001	134,994.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
43112735	12/10/2001	19,198.81	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
44112886	1/9/2002	499,481.52	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
45112887	1/10/2002	11,829.42	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
112819REVISED	1/11/2002	57,758.21	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
46112888	1/11/2002	2,990.03	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
47112889	1/11/2002	40,753.85	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
48112890	1/11/2002	91,566.34	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
50112892	1/11/2002	42,233.92	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
59112895	1/23/2002	496,662.66	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
60112896	1/25/2002	386,339.41	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
61112897	2/5/2002	499,538.93	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
25112894	2/15/2002	197,656.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
26	3/18/2002	139,350.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
62113075	3/18/2002	470,759.40	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
63113076	3/18/2002	263,044.98	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
64113077	3/25/2002	19,159.87	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
51113078	4/9/2002	87,928.46	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
52112899	4/9/2002	13,784.55	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
53112900	4/9/2002	843.49	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
54112901	4/9/2002	6,089.31	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
55112902	4/9/2002	957.08	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
56113079	4/9/2002	9,601.21	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
57113080	4/9/2002	3,056.02	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
58113081	4/9/2002	73,489.28	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
65113085	4/19/2002	488,919.37	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
66113086	4/19/2002	213,223.74	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
68113090	5/2/2002	411,635.14	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
75113302	5/21/2002	22,937.51	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
70113304	5/28/2002	103,219.79	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
72113308	5/29/2002	6,290.62	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
74113309	5/29/2002	582.32	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
76113310	5/30/2002	2,232.73	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
77113311	5/30/2002	5,729.57	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
78113312	5/30/2002	2,017.17	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
67113087	6/5/2002	58,656.57	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
71113313	6/6/2002	381,368.59	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
79113314	6/6/2002	457,458.98	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
80113317	6/10/2002	176,842.45	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
81113318	6/14/2002	1,697.21	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
82113319	6/14/2002	2,576.81	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
83113320	6/14/2002	1,015.42	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
85113321	6/14/2002	94,991.47	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
84113377	6/19/2002	51,103.82	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
27113088	6/26/2002	163,194.00	DMJM AVIATION ARCHITECTS & ENG	A&E	JFK 02	01-001	JFK700C
92171	10/12/1999	5,508.10	MUESER RUTLEDGE CONSULTING ENG	A&E	JFK 02	01-001	JFK700C
92172	11/10/1999	33,755.73	MUESER RUTLEDGE CONSULTING ENG	A&E	JFK 02	01-001	JFK700C
92173	12/14/1999	4,863.30	MUESER RUTLEDGE CONSULTING ENG	A&E	JFK 02	01-001	JFK700C
92174	3/13/2000	148.61	MUESER RUTLEDGE CONSULTING ENG	A&E	JFK 02	01-001	JFK700C
712218	1/12/2001	56,400.00	PORT AUTHORITY OF NY & NJ	A&E	JFK 02	01-001	JFK711C
991011	11/17/1999	34,873.77	ROBERT L. HENRY, ARCHITECT P.C	A&E	JFK 02	01-001	JFK700C
20020071	5/10/2002	6,241.42	ROBERT ST. C GASKIN	A&E	JFK 02	01-001	JFK700C
20020072	5/10/2002	18,675.08	ROBERT ST. C GASKIN	A&E	JFK 02	01-001	JFK700C
19171	11/22/1999	15,000.00	ROWAN WILLIAMS DAVIES & IRWIN	A&E	JFK 02	01-001	JFK700C
1	12/14/2001	908,083.00	SIEMENS DEMATIC	A&E	JFK 02	01-001	JFK700B
2	1/11/2002	348,231.00	SIEMENS DEMATIC	A&E	JFK 02	01-001	JFK700B
3	2/8/2002	603,519.00	SIEMENS DEMATIC	A&E	JFK 02	01-001	JFK700B
4	3/15/2002	959,644.00	SIEMENS DEMATIC	A&E	JFK 02	01-001	JFK700B
5	4/12/2002	701,962.00	SIEMENS DEMATIC	A&E	JFK 02	01-001	JFK700B
9819217	3/15/2000	33,064.60	SIMCO ENGINEERING, P.C.	A&E	JFK 02	01-001	JFK700C
10851	11/17/1999	7,881.87	VIGNELLI ASSOCIATES DESIGNERS	A&E	JFK 02	01-001	JFK700C
10911	1/23/2001	26,391.77	VIGNELLI ASSOCIATES DESIGNERS	A&E	JFK 02	01-001	JFK700C
		59,115,058.28					

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
JFK1199	12/8/1999	21,327.54	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
JFK1299	1/10/2000	19,856.03	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
JFK0100	2/8/2000	20,620.72	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100192667	3/7/2000	20,735.56	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100308384	4/10/2000	23,956.73	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
JFK0400	5/7/2000	23,330.77	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100482011	6/8/2000	50,006.47	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100573318	7/11/2000	31,984.36	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100651458	8/8/2000	32,005.37	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100752854	9/11/2000	32,005.37	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100863096	10/11/2000	30,505.04	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100985843	11/8/2000	29,884.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101100249	12/8/2000	29,884.29	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
0140268	2/8/2001	36,488.67	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100569215	5/7/2001	32,511.40	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100606771	5/16/2001	3,404.88	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100737507	6/7/2001	35,916.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100737520	6/7/2001	3,977.27	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100880416	7/9/2001	35,916.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101015790	8/7/2001	3,977.27	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101015791	8/7/2001	35,916.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101171382	9/10/2001	3,977.27	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101171395	9/10/2001	35,916.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101295496	10/5/2001	35,916.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101295503	10/5/2001	3,977.27	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
101688299	1/7/2002	35,916.28	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100258168	2/7/2002	36,410.03	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100407852	3/7/2002	36,410.03	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100704936	5/6/2002	39,363.66	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100864903	6/7/2002	30,361.35	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100864906	6/7/2002	7,030.62	AA CAPITALIZED SALARIES	Construction	JFK 02	01-001	JFK700C
100393173	3/5/2002	2,389.64	AA TRAINING & CONSULTING	Construction	JFK 02	01-001	JFK703C
1	3/29/2002	83,662.60	ADVANCED ELECTRONIC SOLUTIONS	Construction	JFK 02	01-001	JFK705C
2	4/29/2002	10,000.00	ADVANCED ELECTRONIC SOLUTIONS	Construction	JFK 02	01-001	JFK705C
3	6/30/2002	20,000.00	ADVANCED ELECTRONIC SOLUTIONS	Construction	JFK 02	01-001	JFK705C
3214	9/11/2001	88,164.75	AERO SNOW REMOVAL CORP.	Construction	JFK 02	01-001	JFK705C
528149110	7/24/2000	2,429,750.00	AON RISK SERVICES	Construction	JFK 02	01-001	JFK701C
7482	5/12/2000	3,115.00	BAER'S RUG & LINOLEUM CO., INC	Construction	JFK 02	01-001	JFK705C
1	4/15/2000	29,750.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
2	6/2/2000	63,175.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
3	7/20/2000	224,829.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
4	9/1/2000	107,246.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
5	10/1/2000	175,000.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
6	11/10/2000	150,000.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
7	1/1/2001	200,000.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
8	2/1/2001	100,493.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
1	2/1/2001	14,800.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK707C
2	3/1/2001	29,666.62	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK707C
9	4/1/2001	28,876.00	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
3	5/1/2001	77,991.25	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK707C
10	6/1/2001	24,089.25	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK705C
4	7/10/2001	19,306.92	CDS MESTEL CONSTRUCTION CORPOR	Construction	JFK 02	01-001	JFK707C
383829	1/31/2000	3,838.29	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK700C
84158104	3/21/2000	2,637.96	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK700C
84202324	4/5/2000	13.68	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84338476	5/26/2000	3,914.13	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84389806	6/15/2000	157.82	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84491989	7/24/2000	27.84	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84635834	9/12/2000	18,940.28	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84694085	9/29/2000	2,306.15	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84712962	10/6/2000	702.98	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85037731	2/1/2001	28,495.61	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85064207	2/12/2001	5,359.00	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85088656	2/21/2001	18.55	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85205809	4/3/2001	3,267.97	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85252305	4/23/2001	2,617.26	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85285602	5/7/2001	95.91	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84334420	5/25/2001	28.83	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85366899	6/13/2001	480.72	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85381994	6/20/2001	4,209.10	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
85384825	6/21/2001	200.37	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C

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85482151	8/10/2001	174.45	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
84767536	10/24/2001	6,529.23	COMPUCOM SYSTEMS INC	Construction	JFK 02	01-001	JFK703C
100704490	5/6/2002	35,670.58	EDS Information Systems	Construction	JFK 02	01-001	JFK703C
100724017	5/10/2002	598.99	EDS Information Systems	Construction	JFK 02	01-001	JFK700B
100786770	5/21/2002	111.61	EDS Information Systems	Construction	JFK 02	01-001	JFK700B
100786748	5/21/2002	39,079.04	EDS Information Systems	Construction	JFK 02	01-001	JFK703C
387411	12/28/2000	2,548.00	EMPIRE TECHNOLOGIES, LLC	Construction	JFK 02	01-001	JFK707C
1287	11/16/1999	5,714.52	EVENTION, INC.	Construction	JFK 02	01-001	JFK700C
1	2/28/2002	441,571.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
2	2/28/2002	421,200.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
3	2/28/2002	435,600.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
4	4/15/2002	353,889.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
5	4/22/2002	296,451.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
15462	4/30/2002	19,458.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
15589	4/30/2002	75,356.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
15590	4/30/2002	60,519.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
2030	5/15/2002	397,662.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
72031	6/6/2002	435,180.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
82032	6/10/2002	57,250.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
215591	6/11/2002	114,715.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
215592	6/11/2002	105,153.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
92033	6/11/2002	445,500.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
102034	6/12/2002	222,603.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
115800	6/25/2002	447,246.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
215801	6/28/2002	449,604.00	INFRA-STRUCTURES, INC.	Construction	JFK 02	01-001	JFK703C
17501563	6/14/2002	175,015.63	INNOVATIVE ELECTRONIC DESIGNS	Construction	JFK 02	01-001	JFK705C
7001	8/23/2000	22,203.00	JETBRIDGE TECHNOLOGY, INC.	Construction	JFK 02	01-001	JFK705C
16001	10/12/2000	24,870.00	JETBRIDGE TECHNOLOGY, INC.	Construction	JFK 02	01-001	JFK705C
16003	12/20/2000	52,428.00	JETBRIDGE TECHNOLOGY, INC.	Construction	JFK 02	01-001	JFK705C
54560	12/18/2000	10,524.20	JML COMPUTER PRODUCTS INC.	Construction	JFK 02	01-001	JFK707C
SC162252	11/12/1999	2,744.68	LSG/SKY CHEFS, INC.	Construction	JFK 02	01-001	JFK700C
4901240	9/1/2000	31,200.00	LSG/SKY CHEFS, INC.	Construction	JFK 02	01-001	JFK707C
4901398	1/11/2001	1,305.69	LSG/SKY CHEFS, INC.	Construction	JFK 02	01-001	JFK707C
4901682	8/20/2001	1,083,965.00	LSG/SKY CHEFS, INC.	Construction	JFK 02	01-001	JFK707C
38401	12/27/2000	510,616.85	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
38607	3/30/2001	801,989.87	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
38695	5/22/2001	1,069,483.35	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
38770	7/12/2001	1,488,592.68	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
38839	8/10/2001	649,024.44	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
38905	9/17/2001	1,039,161.45	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
38978	10/16/2001	1,554,210.29	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39102	12/17/2001	885,127.51	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39166	1/14/2002	535,805.26	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39222	1/31/2002	850,987.46	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39293	3/20/2002	1,353,557.20	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39367	5/6/2002	774,160.60	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39399	5/21/2002	762,980.77	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
39436	6/10/2002	602,389.57	MECCON INDUSTRIES, INC.	Construction	JFK 02	01-001	JFK705C
063000ERR	6/30/2000	7,607.50	OGDEN NEW YORK SERVICES, INC.	Construction	JFK 02	01-001	JFK705C
102169801	10/23/2000	1,262.63	OTTO HERRMANN, INC.	Construction	JFK 02	01-001	JFK705C
77025000A	4/13/2000	770,250.00	OWNER CONTROLLED INSURANCE PRO	Construction	JFK 02	01-001	JFK701C
0053120IN	5/8/2001	11,000.00	OXFORD AIRPORT TECHNICAL SERVI	Construction	JFK 02	01-001	JFK705C
413053	11/29/2000	12,284.00	PEM ELECTRICAL CORP.	Construction	JFK 02	01-001	JFK700B
E68970	7/25/2001	3,984.16	PORT AUTHORITY OF NY & NJ	Construction	JFK 02	01-001	JFK711C
A121300778	12/13/2000	2,165.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B032600550	3/26/2001	3,840.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B042400588	4/24/2001	6,235.20	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B042600617	4/26/2001	3,840.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B050300683	5/3/2001	5,840.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B050900560	5/9/2001	3,600.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B050900566	5/9/2001	640.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
B052300456	5/23/2001	1,280.00	ROLM SEIMENS	Construction	JFK 02	01-001	JFK703C
552	3/12/2001	7,285.00	S.V. VIDEO SERVICE, INC.	Construction	JFK 02	01-001	JFK705C
10034975	11/8/1999	33,429.78	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100462969	12/8/1999	31,242.69	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100544861	1/10/2000	23,905.47	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100121824	2/11/2000	40,278.11	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100198203	3/8/2000	34,165.15	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
10030878	4/10/2000	31,237.50	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100439858	5/23/2000	28,179.54	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100495877	6/14/2000	35,244.39	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C

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100617578A	7/25/2000	43,918.82	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100668987	8/14/2000	29,172.78	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
1007789636	9/18/2000	37,852.18	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100960302	11/1/2000	56,581.98	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
101007213	11/14/2000	44,118.92	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
101172028A	12/28/2000	34,265.57	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100045002	1/16/2001	32,116.39	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100244341	3/2/2001	42,012.55	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100369920	3/29/2001	46,032.18	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100512176	4/27/2001	54,009.85	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100698813	5/31/2001	53,270.35	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100803011	6/21/2001	24,027.02	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100963283	7/23/2001	21,420.85	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
101046369	8/16/2001	10,389.46	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
101144105	8/31/2001	4,547.96	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK700B
101208153	9/18/2001	5,958.48	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK700B
101208156	9/18/2001	15,461.82	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
101336862	10/15/2001	1,028.00	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK700B
101336866	10/15/2001	12,055.05	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
101685891	1/4/2002	1,380.32	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK700B
100110450	1/17/2002	1,535.01	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK700B
100704407	5/6/2002	1,044.56	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
100786963	5/21/2002	5,783.68	SABRE TECHNOLOGIES SOLUTIONS	Construction	JFK 02	01-001	JFK703C
24514980	11/9/2000	14,819.37	SHAW CONTRACT FLOORING	Construction	JFK 02	01-001	JFK705C
99NY397	12/7/1999	1,630.20	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
99NY398	12/7/1999	900.00	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY143	2/26/2000	74,402.04	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY228	4/27/2000	42,516.66	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY237	5/8/2000	42,595.33	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY238	5/8/2000	43,173.21	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY267	5/30/2000	7,500.00	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY281	6/3/2000	36,140.04	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY282	6/3/2000	47,417.07	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY285	6/5/2000	15,204.73	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY287A	6/5/2000	1,796.09	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY288	6/6/2000	2,989.97	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
1	6/6/2000	58,500.00	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY302	6/20/2000	9,889.82	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY306	6/26/2000	41,799.56	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY309	8/2/2000	12,821.71	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY341	8/2/2000	18,368.51	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY342	8/2/2000	2,221.58	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY343	8/2/2000	3,583.36	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY344	8/2/2000	228.62	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY345	8/2/2000	1,269.68	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY413	9/13/2000	138,830.65	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY445	10/17/2000	108,609.57	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY467	11/16/2000	81,497.21	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
00NY498	12/8/2000	68,505.60	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY132	2/8/2001	433,890.00	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY172	3/22/2001	6,973.83	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
02CM01NY172	3/22/2001	65,450.96	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY186	4/5/2001	56,823.84	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY199	4/24/2001	537.55	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY200	4/24/2001	5,940.00	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY207	5/9/2001	214,231.35	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY219	5/18/2001	82,979.28	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY242	6/19/2001	297,197.10	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY260	7/19/2001	123,639.68	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01NY279	8/15/2001	204,064.20	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
8	9/24/2001	137,170.54	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01Ny324	10/15/2001	663,738.30	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
01SS738	12/14/2001	230,723.01	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
02SS108	1/8/2002	332.22	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
02SS122	1/29/2002	202,788.22	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
12	3/18/2002	157,034.59	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
02SS254	5/6/2002	230,918.58	SPECIALTY SERVICE CONTRACTING	Construction	JFK 02	01-001	JFK702C
501	1/2/2001	649.50	SV VIDEO SERVICE, INC.	Construction	JFK 02	01-001	JFK705C
1	5/31/2001	21,824.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
13	7/24/2001	44,519.97	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
14	7/24/2001	2,090.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C

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15	7/24/2001	2,904.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
16	7/24/2001	9,372.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
200013AA	1/10/2002	24,000.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
200025	2/13/2002	15,400.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
200058	4/25/2002	179,795.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
200073	6/10/2002	37,070.00	TBL CONSTRUCTION CORP	Construction	JFK 02	01-001	JFK705C
E66778	4/10/2001	2,988.22	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E67306	5/9/2001	2,459.52	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E67996	5/24/2001	2,404.96	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E68585	6/25/2001	2,983.90	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E70589	11/26/2001	3,618.78	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E70329	12/17/2001	2,942.72	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK705C
E71050	3/11/2002	2,064.03	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E71051	3/11/2002	1,350.05	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E71308	3/26/2002	2,229.12	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E71309	3/26/2002	2,784.00	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E71692	5/6/2002	2,485.66	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
E71693	5/6/2002	2,889.73	THE PORT AUTHORITY OF NEW YOR	Construction	JFK 02	01-001	JFK711C
100221588	3/17/2000	35,994.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
100377283	5/4/2000	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
100482200	6/8/2000	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
100559176	7/6/2000	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E61343	7/11/2000	2,900.55	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E62055	8/16/2000	3,776.25	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E62576	9/7/2000	4,690.81	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E62894	9/22/2000	3,570.57	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
706318	10/16/2000	57,105.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
706319	10/16/2000	16,920.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
100964574	11/2/2000	17,997.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E64355	11/22/2000	2,225.76	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
101087158	12/5/2000	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E65255	12/27/2000	3,460.71	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
101192711	1/5/2001	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
713612	1/25/2001	59,925.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E65804	2/15/2001	3,005.44	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
E66309	3/12/2001	3,197.17	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
718656	4/20/2001	54,720.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
723266	6/21/2001	131,760.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
100867089	7/6/2001	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
1J0143	10/1/2001	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
1K0143	11/1/2001	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
1K0144	11/1/2001	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
1L0145	12/1/2001	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
1L0146	12/1/2001	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2A0141	1/1/2002	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2A0142	1/1/2002	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
733674	1/28/2002	61,200.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
280141	2/1/2002	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2B0142	2/1/2002	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
200142	3/1/2002	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2C0141	3/1/2002	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
735835	3/18/2002	78,120.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
100704582	4/1/2002	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2D0142	4/1/2002	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2.00E+138	5/1/2002	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2.00E+144	5/1/2002	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2F0144	6/1/2002	21,372.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
2F147	6/1/2002	5,999.00	THE PORT AUTHORITY OF NEW YORK	Construction	JFK 02	01-001	JFK711C
518O890880301	3/16/2001	619,515.42	VERIZON	Construction	JFK 02	01-001	JFK711C
1118	2/12/2001	845.00	VISCOM INFOTECH SOLUTIONS	Construction	JFK 02	01-001	JFK707C
1119	2/12/2001	714.00	VISCOM INFOTECH SOLUTIONS	Construction	JFK 02	01-001	JFK707C
199402AJFK	11/28/2000	221.91	VISIONTRON	Construction	JFK 02	01-001	JFK705C
1017R17A	11/7/1999	71,000.00	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
02CM1023R23	4/30/2000	133,000.00	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1032R32	1/31/2001	1,781,454.78	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1033R33	2/28/2001	4,898,953.69	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1034R34	3/31/2001	5,756,546.42	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1035R35	4/30/2001	5,838,124.95	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
170504	4/30/2001	114,712.01	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1036R36	5/31/2001	6,800,076.14	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
170505	5/31/2001	316,919.55	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
1705R17	5/31/2001	898,219.68	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1037R37	6/30/2001	10,186,563.71	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R06	6/30/2001	836,093.95	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1038R38	7/31/2001	15,707,057.62	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R07	7/31/2001	1,141,073.97	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1039R39	8/31/2001	9,929,509.30	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1008R8	8/31/2001	1,065,618.64	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1040R40	9/30/2001	15,746,329.50	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R09	9/30/2001	572,354.83	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1041R41	10/31/2001	15,162,114.21	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R10	10/31/2001	572,937.00	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1041R42	11/30/2001	15,165,982.47	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R11	11/30/2001	512,510.00	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1043R43	12/31/2001	14,147,988.87	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R12	12/31/2001	83,700.00	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1044R44	1/31/2002	9,874,330.97	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1045R45	2/28/2002	15,347,241.78	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1705R14	2/28/2002	4,417.26	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1046R46	3/31/2002	13,453,262.47	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1047R47	4/30/2002	17,645,968.67	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
1048R48	5/31/2002	19,950,337.25	VRH/TORCON A JOINT VENTURE	Construction	JFK 02	01-001	JFK705C
		235,105,308.50					

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
642200	7/7/2000	378.78	ARBILL GLOVE & SAFETY PRODUCTS	Consulting	JFK 02	01-001	JFK700C
142731	1/11/2002	414.00	ARBILL GLOVE & SAFETY PRODUCTS	Consulting	JFK 02	01-001	JFK705C
20721	10/31/1999	20,711.76	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20739	11/30/1999	5,053.22	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20760	12/31/1999	15,347.19	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20851	5/31/2000	119,142.10	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20867	6/30/2000	111,840.17	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20904	8/31/2000	38,662.57	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20924	9/30/2000	23,026.14	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20934	10/31/2000	23,386.41	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20956	11/30/2000	53,292.61	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20974	12/31/2000	30,336.84	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
20991	1/31/2001	40,264.31	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21018	2/28/2001	47,865.12	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21031	3/31/2001	23,538.08	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21052	4/30/2001	22,614.55	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21092	5/31/2001	37,560.99	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21104	6/30/2001	30,551.31	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21119	7/31/2001	36,409.24	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21136	8/31/2001	73,622.71	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21159	9/30/2001	35,887.82	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21284	2/28/2002	71,372.56	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21286	2/28/2002	52,176.58	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21287	2/28/2002	150,000.00	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21326	3/31/2002	24,215.69	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
21329	3/31/2002	7,831.22	ARGUS CONSULTING, INC.	Consulting	JFK 02	01-001	JFK700F
17125	2/29/2000	6,049.85	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK700C
17132	7/3/2000	13,871.21	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK700C
17134	11/29/2000	15,173.29	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK700C
17138	3/30/2001	6,322.22	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK700C
17141	7/11/2001	960.00	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK700B
17142	9/5/2001	7,255.90	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK705C
17144	10/5/2001	3,437.16	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK705C
17148	1/31/2002	10,022.88	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK705C
17153	5/3/2002	6,562.06	CCM CONSULTING GROUP	Consulting	JFK 02	01-001	JFK705C
46488	2/8/2002	464.88	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
56268	2/11/2002	562.68	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
75492	2/18/2002	754.92	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
83422	2/23/2002	834.22	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
2022	2/28/2002	8,400.00	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
41418	3/5/2002	414.18	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
65763	3/12/2002	657.63	JIM GOWIN/GLOBAL COMMUNICATION	Consulting	JFK 02	01-001	JFK703C
991122	11/16/1999	6,287.00	JOSEPH HUTCHINS & COMPANY, INC	Consulting	JFK 02	01-001	JFK700C
0220PF	5/27/2002	2,600.00	R.C. GEISSLER	Consulting	JFK 02	01-001	JFK700B
0224PF	6/24/2002	2,600.00	R.C. GEISSLER	Consulting	JFK 02	01-001	JFK700B
0202RE	6/26/2002	2,207.19	R.C. GEISSLER	Consulting	JFK 02	01-001	JFK700B
2737	1/11/2000	4,121.13	RICONDO & ASSOCIATES	Consulting	JFK 02	01-001	JFK700C
6470	11/23/1999	71,686.16	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
6696	2/9/2000	370,932.80	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
6779	2/29/2000	74,872.41	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
6849	3/31/2000	94,998.67	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
6961	4/30/2000	69,774.95	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7013	5/31/2000	52,658.44	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7101	6/30/2000	72,874.28	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7181	7/31/2000	36,594.87	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7270	8/31/2000	37,481.64	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7384	9/30/2000	39,239.32	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7454	10/31/2000	42,679.07	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7612	11/30/2000	31,647.04	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7619	11/30/2000	1,675.26	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
7671	12/31/2000	28,526.02	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7739	1/31/2001	32,990.60	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7807	1/31/2001	12,436.90	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
7856	2/28/2001	36,082.49	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
7847	2/28/2001	680.00	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
8017	3/31/2001	59,937.20	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8109	4/30/2001	35,552.97	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8237	5/31/2001	34,011.90	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8232	5/31/2001	297.61	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
8299	6/30/2001	26,088.78	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8265	6/30/2001	5,778.02	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
8387	7/31/2001	60,667.15	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8395	7/31/2001	344.57	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
8523	8/31/2001	22,357.19	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8520	8/31/2001	15,022.28	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
8639	9/30/2001	17,507.63	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8637	9/30/2001	2,320.37	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
8720	10/24/2001	51,212.66	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8721	10/24/2001	1,944.99	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
8733	11/7/2001	33,340.77	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8886	11/23/2001	38,153.56	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8889	11/23/2001	58,658.98	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
0008900SEV	11/23/2001	26,287.91	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8901	11/30/2001	3,383.15	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8902	11/30/2001	9,281.72	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8973	12/24/2001	83,258.18	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8974	12/24/2001	4,241.12	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8977	12/24/2001	3,258.28	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8978	12/24/2001	27,182.99	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
8979	12/24/2001	9,182.50	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9042	1/24/2002	86,272.56	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9043	1/24/2002	20,441.60	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9044	1/24/2002	59,542.11	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9050	1/31/2002	14,601.44	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
9125	2/22/2002	64,352.29	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9131	2/22/2002	39,767.01	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9129	2/25/2002	5,167.81	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9135	2/28/2002	7,445.00	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9204	3/25/2002	7,030.77	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9208	3/25/2002	51,623.38	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9209	3/25/2002	8,755.99	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9201	3/25/2002	4,710.61	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
9281	4/24/2002	1,829.69	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9282	4/24/2002	77,077.14	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9286	4/24/2002	14,676.55	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9289	4/24/2002	1,316.41	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9285	4/24/2002	13,334.11	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK707C
9367	5/24/2002	71,994.43	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
9370	5/24/2002	7,261.24	SILVESTER TAFURO DESIGN, INC.	Consulting	JFK 02	01-001	JFK700C
607501	3/31/1998	151,727.33	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607502	4/30/1998	234,845.85	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607503	5/31/1998	201,246.50	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607504	6/30/1998	224,454.56	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607505	7/31/1998	435,036.31	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607506	8/31/1998	652,401.01	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607507	9/30/1998	681,618.81	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607508	10/31/1998	655,061.94	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607509	11/30/1998	474,644.23	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607510	12/31/1998	683,686.18	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607511	1/31/1999	791,324.96	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607512	2/28/1999	1,026,574.71	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607513	3/31/1999	1,514,553.27	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607514	4/30/1999	1,435,439.76	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607515	5/31/1999	1,368,277.08	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607516	6/30/1999	1,431,216.47	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607517	7/31/1999	1,076,669.49	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607518	9/15/1999	1,207,251.83	TAMS CONSULTANTS, INC.	Consulting	JFK 01	01-001	JFK700C
607519	10/15/1999	1,518,470.91	TAMS CONSULTANTS, INC.	Consulting	JFK 02	01-001	JFK700C
607519	11/16/1999	1,849,467.82	TAMS CONSULTANTS, INC.	Consulting	JFK 02	01-001	JFK700C
607521	12/16/1999	772,954.52	TAMS CONSULTANTS, INC.	Consulting	JFK 02	01-001	JFK700C
607522	2/9/2000	40,752.46	TAMS CONSULTANTS, INC.	Consulting	JFK 02	01-001	JFK700C
AAJFK0701	8/15/2001	6,802.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK0201	8/20/2001	4,525.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK0401	8/20/2001	3,180.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK0501	8/20/2001	4,430.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK1200	8/20/2001	11,225.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK0801	8/31/2001	7,957.50	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK20901	9/30/2001	13,112.50	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFKPH10901	10/2/2001	12,785.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK21001	10/31/2001	25,042.50	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK21101	11/30/2001	30,333.63	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK21201	12/31/2001	27,740.00	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
AAJFK2010202	2/28/2002	29,284.91	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK20302	4/26/2002	9,592.50	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
AAJFK20402	4/30/2002	16,797.28	THE CTR FOR AIRPORT MNGT, LLC	Consulting	JFK 02	01-001	JFK707C
98JFK0102	11/1/1998	27,611.99	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0101	12/7/1998	21,884.42	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0103	2/1/1999	23,784.00	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0104	2/28/1999	29,027.05	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0105	3/31/1999	18,952.50	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0106	4/30/1999	16,631.75	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0107	5/31/1999	5,798.00	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0108	6/30/1999	8,284.00	TRANSSOLUTIONS, LLC	Consulting	JFK 01	01-001	JFK700C
98JFK0109	7/31/1999	4,265.50	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0201	7/31/1999	4,859.08	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0202	8/31/1999	13,155.75	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0203	9/30/1999	423.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0110	10/31/1999	5,388.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0204	10/31/1999	9,638.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0111	12/31/1999	11,706.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0112	1/31/2000	19,020.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0113	2/28/2000	37,205.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0205	2/28/2000	11,350.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0114	3/31/2000	4,385.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0206	3/31/2000	35,980.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0115	4/30/2000	1,050.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
99JFK0207	4/30/2000	10,689.31	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0116	5/31/2000	17,130.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
98JFK0117	6/30/2000	1,899.04	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK700C
01JFK0301	9/30/2001	1,500.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK707C
01JFK0303	10/31/2001	2,100.00	TRANSSOLUTIONS, LLC	Consulting	JFK 02	01-001	JFK707C
		22,463,565.12					

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
182	11/2/1999	33,068.97	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
190	12/3/1999	34,144.62	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
204	1/3/2000	32,210.70	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
221	2/2/2000	32,979.01	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
229	3/3/2000	32,838.26	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
244	4/4/2000	31,172.36	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
258	5/2/2000	33,816.99	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
270	6/1/2000	31,038.17	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
288	7/3/2000	31,309.36	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
304	8/2/2000	34,952.37	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
315	11/7/2000	33,123.39	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
353	11/7/2000	31,851.34	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
354	11/7/2000	32,487.39	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
363	12/5/2000	32,868.53	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
376	1/5/2001	36,688.97	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
388	2/2/2001	31,470.35	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
405	3/6/2001	31,117.09	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
421	4/2/2001	48,163.57	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
445	5/5/2001	33,221.01	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
460	6/4/2001	24,356.60	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
475	7/2/2001	24,593.74	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
493	8/2/2001	24,162.19	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
506	9/5/2001	63,155.36	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
521	10/1/2001	26,654.95	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
531	11/1/2001	37,380.96	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
543	12/3/2001	32,534.74	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
553	1/7/2002	28,975.94	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
565	2/5/2002	38,732.35	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
581	3/6/2002	45,028.10	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
603	4/5/2002	55,246.51	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
617	5/8/2002	56,718.81	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
626	6/5/2002	52,585.43	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
639	7/4/2002	53,068.17	CAGE, INC.	Equipment	JFK 02	01-001	JFK700B
1006	11/16/2000	842,800.00	LOGANLM, LLC	Equipment	JFK 02	01-001	JFK700B
1010	2/2/2001	290,233.00	LOGANLM, LLC	Equipment	JFK 02	01-001	JFK700B
1014	4/13/2001	16,259.00	LOGANLM, LLC	Equipment	JFK 02	01-001	JFK700B
1015	4/17/2001	61,042.00	LOGANLM, LLC	Equipment	JFK 02	01-001	JFK700B
1021	11/29/2001	104,199.00	LOGANLM, LLC	Equipment	JFK 02	01-001	JFK700B
3320201	4/10/2001	31,000.00	MALVESE EQUIPMENT CO., INC.	Equipment	JFK 02	01-001	JFK710C
B053294	1/6/2000	23,352.37	MONAHAN FORD CORPORATION	Equipment	JFK 02	01-001	JFK700C
734222	10/24/2001	84,553.46	SEMLER INDUSTRIES INC	Equipment	JFK 02	01-001	JFK700A
612276	11/16/2001	84,535.11	SEMLER INDUSTRIES INC	Equipment	JFK 02	01-001	JFK700A
612698	12/17/2001	84,553.29	SEMLER INDUSTRIES INC	Equipment	JFK 02	01-001	JFK700A
A061300071	6/13/2000	91.00	SIEMENS INF AND COMM NETWORK	Equipment	JFK 02	01-001	JFK700C
A062900215	6/29/2000	135.00	SIEMENS INF AND COMM NETWORK	Equipment	JFK 02	01-001	JFK700C
A103100536	10/31/2000	11,810.10	SIEMENS INF AND COMM NETWORK	Equipment	JFK 02	01-001	JFK700C
13225	3/5/2002	56,800.00	WIRELESS TECHNOLOGIES, INC.	Equipment	JFK 02	01-001	JFK703C
13257	3/14/2002	494,160.00	WIRELESS TECHNOLOGIES, INC.	Equipment	JFK 02	01-001	JFK703C
13258	3/14/2002	187,469.00	WIRELESS TECHNOLOGIES, INC.	Equipment	JFK 02	01-001	JFK703C
13273	3/19/2002	8,699.94	WIRELESS TECHNOLOGIES, INC.	Equipment	JFK 02	01-001	JFK703C
		3,583,408.57					

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
1018R18	12/12/1999	499,571.52	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1019R19	12/31/1999	364,328.73	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1020R20	1/31/2000	1,072,255.91	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1021R21	2/29/2000	2,401,418.24	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1022R22	3/31/2000	3,286,662.03	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1023R23	4/30/2000	2,942,021.35	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1024R24	5/31/2000	2,653,087.79	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1025R25	6/30/2000	3,611,462.14	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1026R26	7/31/2000	4,699,985.30	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1027R27	8/31/2000	3,180,458.17	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1028R28	9/30/2000	4,595,343.49	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1029R29	10/31/2000	3,302,961.04	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1030R30	11/30/2000	1,398,260.05	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
1031R31	12/31/2000	4,417,138.72	VRH/TORCON A JOINT VENTURE	Land Improvements	JFK 02	01-001	JFK705C
		38,424,954.48					

Invoice	Invoice Date	Amount	Vendor	Category	Bond	Req#	Proj#
6544	11/11/1999	24,285.73	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK700C
02CM0006544	11/11/1999	88.00	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
6982	12/3/1999	350.00	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK700C
8172	1/28/2000	10,421.53	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
9313	3/22/2000	11,119.83	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
10637	5/26/2000	35,068.73	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
02CM0010637	5/26/2000	72.54	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
11756	8/3/2000	41,287.97	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
13805	11/21/2000	4,937.53	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
15919	2/25/2001	82,650.00	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
13805	6/28/2001	39,545.02	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
15919	6/28/2001	12,178.29	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
19388	9/5/2001	101,407.66	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
21735	12/27/2001	57,210.80	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
23253	3/29/2002	54,882.24	HYGIENETICS ENVIRONMENTAL SVC	Soil Testing	JFK 02	01-001	JFK702C
		475,505.87					