



BNY MELLON
CORPORATE TRUST

December 13, 2012

NOTICE OF REVISED PROPOSED SETTLEMENT

**Notice to Holders of
New York City Industrial Development Agency
Special Facility Revenue Bonds
(American Airlines, Inc. John F. Kennedy International Airport Project)
(the “Bonds” or the “2002/5 Bonds”)**

**Series 2002A (the “2002A Bonds”)
CUSIP NO. 64971SBG3, due August 1, 2012**

**Series 2002B (the “2002B Bonds”)
CUSIP NO. 64971SBJ7, due August 1, 2028**

**Series 2005 (the “2005 Bonds”)
CUSIP NO. 64971SCB3, due August 1, 2016
CUSIP NO. 64971SCC1, due August 1, 2025
CUSIP NO. 64971SCD9, due August 1, 2028
CUSIP NO. 64971SCE7, due August 1, 2031**

Notice is being given by The Bank of New York Mellon (“BNYM” or the “Trustee”) as Indenture Trustee under the Amended and Restated Indenture dated as of November 1, 2005 between the New York City Industrial Development Agency (the “IDA”), as issuer and The Bank of New York, as the indenture trustee, (the “2002/5 Indenture”) relating to the issuance of the Bonds.

The persons receiving this notice (this “Notice”) are the registered holders (the “Holders”) of the Bonds whose names and addresses appear on the list of Holders of the Bonds maintained by BNYM. **This Notice describes a potential settlement of claims of Holders of the Bonds arising from the chapter 11 bankruptcy filing of American Airlines, Inc. (“American”), AMR Corporation (“AMR”) and their affiliated debtor subsidiaries (together, the “Debtors”), and should be reviewed carefully.**

Each registered Holder of the above-referenced Bonds should forward a copy of this Notice immediately to any beneficial owner(s) thereof (“Beneficial Owners”) for whom the Holder acts as nominee or in any other capacity.

1. **The Revised Proposed Settlement**

In a notice to Holders dated November 30, 2012 (the “November 30th Notice”), the Trustee informed Holders of a proposed settlement (the “Proposed Settlement”) with the Debtors with respect to the 1990 Bonds, 1994 Bonds¹ and 2002/5 Bonds. The Proposed Settlement contemplated that approximately \$8.5 million (the “2002/5 Bonds Contribution”) of moneys otherwise payable to Holders of the 2002/5 Bonds in respect of interest on the 2002/5 Bonds would be contributed by the Holders of the 2002/5 Bonds primarily to fund a portion of a transfer of value to the Holders of the 1990 Bonds and 1994 Bonds. The original terms of the Proposed Settlement described in the November 30th Notice contemplated that the cost of the 2002/5 Bonds would be allocated pro rata among each CUSIP of the 2002/5 Bonds on the amount of interest otherwise payable to Holders of each series since the Debtors’ chapter 11 filings through August 1, 2012.

Following the November 30th Notice, counsel to the Trustee has spoken with a number of Holders. Based on these conversations, holders of in excess of 96% of the 2002B Bonds have agreed that the cost of the of the 2002/5 Bonds Contribution may be reallocated such that the entire 2002/5 Bonds Contribution will be deducted from interest otherwise payable to the 2002B Holders.² No portion of the 2002/5 Bonds Contribution will be deducted from interest owing to the 2002A Bonds and 2005 Bonds. A revised term sheet (the “Term Sheet”) reflecting these terms of the proposed settlement (the “Revised Proposed Settlement”) is attached as Exhibit A. The Debtors have agreed to the Revised Proposed Settlement.

2. **Finalizing and Implementing Revised Proposed Settlement; Required Direction**

The next step in implementing the Revised Proposed Settlement is negotiating the terms and language of a Stipulation and Agreement with the Debtors that is based on the terms of the Term Sheet.

As noted in the November 30th Notice, the Trustee may, in its sole discretion, require direction and indemnity from a majority of each of the 1990, 1994 and 2002/5 Bonds to enter into the Revised Proposed Settlement. With the public disclosure of the Revised Proposed Settlement in this Notice, the Trustee is providing bondholders with a period of approximately 15 days from the date of this Notice to give direction to the Trustee to enter into the Revised Proposed Settlement. The Trustee will require direction from a majority of the holders of each of the 1990 Bonds, the 1994 Bonds and the 2002/5 Bonds to enter into the Revised Proposed Settlement. BNYM expects to proceed to negotiate the formulation of a Stipulation and Agreement with the Debtors that is based on the terms of the Term Sheet. If the Trustee does not receive appropriate direction, it may determine not to move forward with the Revised Proposed Settlement. Even if the Trustee does receive the requisite direction, the Trustee reserves the right

¹ The 1990 Bonds were issued by the IDA pursuant to an Indenture dated August 1, 1990. The 1994 Bonds were issued by the IDA pursuant to an Indenture dated August 1, 1994.

² While the majority of the 2002/5 Bonds Contribution will be deducted from interest on the 2002B Bonds originally payable on February 1, 2012 and August 1, 2012, a portion of the 2002/5 Bonds Contribution will be deducted from interest payable the 2002B Bonds on February 1, 2013.

to determine, in its sole discretion and in accordance with the governing indentures, not to enter into the Revised Proposed Settlement.

By providing this Notice of the Revised Proposed Settlement, BNYM makes no recommendation whether Holders should provide direction to enter into the Revised Proposed Settlement. Also, Holders should not construe anything in this Notice or the Term Sheet as legal, business or tax advice. Each Holder is urged to consult its own advisors in evaluating the legal, business or tax consequences of the Revised Proposed Settlement.

In order to express their views on the Revised Proposed Settlement or to obtain information on how to provide direction to the Trustee, Holders should contact Amy Caton of Kramer Levin Naftalis & Frankel, LLP at acaton@kramerlevin.com or (212) 715 7772, or Edward P. Zujkowski of Emmet, Marvin & Martin, LLP at (212) 238 3021, co-counsel to BNYM.

The Bank of New York Mellon, Trustee

NOTE: The Cusip numbers appearing herein have been included solely for the convenience of the Holders. The Bank of New York assumes no responsibility for the selection or use of such numbers and makes no representation as to the correctness of the Cusip numbers above.

EXHIBIT A

THE TERM SHEET

**Settlement Term Sheet Regarding American Airlines
JFK Airport Special Facilities Revenue Bonds**

This settlement term sheet (the “Term Sheet”) sets forth the principal terms and conditions of a proposed settlement among American Airlines, Inc. (“American”), AMR Corp. (“AMR”) and their affiliated debtors in the chapter 11 cases captioned *In re AMR Corp., et al.*, Case No. 11-15463 (Bankr. S.D.N.Y.) (collectively, the “Debtors”), and, in anticipation of receiving direction from holders of a majority of each of the 2002/2005 Bonds, the 1990 Bonds and the 1994 Bonds (as defined below), The Bank of New York Mellon Trust Company, N.A. in its capacity as Indenture Trustee (the “Trustee”)¹ under certain indentures governing (x) approximately \$83.93 million in original principal amount of New York City Industrial Development Agency (“IDA”) Special Facility Revenue Bonds issued in 1990 (the “1990 Bonds”), (y) approximately \$83.085 million in original principal amount of IDA Special Facility Revenue Bonds issued in 1994 (the “1994 Bonds” and together with the 1990 Bonds, the “1990/1994 Bonds”), and (z) approximately \$1.3 billion in original principal amount of IDA Special Facility Revenue Bonds, Series 2002A, 2002B, and 2005 (the “2002/2005 Bonds” and, together with the 1990/1994 Bonds, the “Bonds”). The proposed settlement would resolve certain disputes among the Debtors and the trust estates for the Bonds concerning, among other things, the allowance of claims arising from the Bonds, the status of the claims underlying the 1990/1994 Bonds as secured or unsecured, the potential for recharacterization of the transactions underlying the Bonds, and the Debtors’ ability to assume the facilities sublease underlying the 2002/2005 Bonds and to reinstate the 2002/2005 Bonds.

THIS TERM SHEET IS INTENDED SOLELY TO PROVIDE AN OVERVIEW OF THE GENERAL TERMS OF THE PROPOSED SETTLEMENT AND DOES NOT CONSTITUTE AN AGREEMENT WITH RESPECT TO DEFINITIVE TERMS FOR ANY TRANSACTION. THE TERM SHEET IS BEING PROVIDED IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND THE TERM SHEET AND ALL DISCUSSIONS AND COMMUNICATIONS RELATED THERETO ARE ENTITLED TO THE PROTECTION FROM USE OR DISCLOSURE PROVIDED BY FEDERAL RULE OF EVIDENCE 408 AND ANY SIMILAR RULE. NOTHING CONTAINED HEREIN SHALL BE DEEMED AN ADMISSION AGAINST THE DEBTORS OR THE TRUSTEE, AND NOTHING CONTAINED HEREIN SHALL BE CONSTRUED AS BINDING PRECEDENT OR LAW OF THE CASE AGAINST THE DEBTORS OR THE TRUSTEE. THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN.

Treatment of 1990/1994 Bonds	In exchange for good and valuable consideration, within 30 days after entry of a final, non-appealable order approving the settlement (the “ <u>Settlement Order</u> ” and the date on which the Settlement Order becomes final and non-appealable, the “ <u>Effective Date</u> ”), the holders of the
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¹ It is understood that all agreements by the trustee for a series of bonds contemplated in this Term Sheet are intended to bind the applicable holders of such bonds.

	<p>1990/1994 Bonds (the “<u>1990/1994 Bondholders</u>”) shall receive the following consideration, to be shared pro rata among the holders as of [TBF], based upon the aggregate principal amount of 1990/1994 Bonds held by each such holder:</p> <ul style="list-style-type: none"> a. \$10 million cash (\$2 million of which is contributed and payable from DSR Fund (defined below) securing the 2002/2005 Bonds and \$8 million of which is contributed and payable from postpetition amounts received by the Trustee from the Debtors on account of interest on the 2002B Bonds as further detailed below in the section entitled “Treatment of 2002/2005 Bonds”); and b. cash reimbursement of up to an aggregate amount of \$490,600 of fees and expenses (the “<u>1990/1994 Reimbursed Expenses</u>”) incurred by the Trustee in connection with or allocable to the 1990/1994 Bonds, and a general unsecured claim for any reasonable additional fees and expenses, as further detailed below in the section entitled “Fees and Expenses of the Trustee for the 1990/1994 Bonds”; <p>In addition, the Debtors and the Trustee shall agree that (i) the Trustee for the 1990 Bonds shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR, in each case comprised of a general unsecured claim in the amount of \$85,793,246.00 (representing principal plus accrued but unpaid prepetition interest), and (ii) the Trustee for the 1994 Bonds shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR, in each case comprised of a general unsecured claim in the amount of \$84,964,105.75 (representing principal plus accrued but unpaid prepetition interest).</p> <p>In addition, any and all post-petition amounts received to date by the Trustee from the Debtors on account of the 1990 Bonds shall be retained by the Trustee and distributed to the holders of the 1990 Bonds.</p> <p>The settlement order will provide that, for settlement purposes, the Debtors and the Trustee have agreed that the transactions entered into in connection with the 1990/1994 Bonds constitute unsecured financings.</p> <p>Treatment of the 1990/1994 Bonds in the manner described herein shall constitute full and final satisfaction of any claims against the Debtors on account of the 1990/1994 Bonds, and the Debtors shall be entitled to continue to use the premises (if any) allegedly financed by the proceeds of the 1990/1994 Bonds without having to make any continued or additional payments on account of the 1990/1994 Bonds.</p>
<p>Fees and Expenses of the Trustee for the 1990/1994 Bonds</p>	<p><u>Fees Incurred Prior to 9/30/2012:</u> For purposes of settlement, the Debtors and the Trustee agree that the Trustee for the 1990/1994 Bonds shall receive cash payments in the aggregate equal to \$440,600 for certain</p>

prepetition and postpetition fees of the Trustee and its counsel and advisors incurred through September 30, 2012 in connection with or allocable to the 1990 Bonds or 1994 Bonds, to be applied pro rata among the 1990/1994 Bonds. The funds for this payment shall come either from the postpetition amounts received by the Trustee from the Debtors on account of interest on the 2002B Bonds, the DSR Fund which secures the 2002/2005 Bonds or a cash payment by the Debtors, as further detailed below in the Section entitled “Payment of Trustee Fees for the 2002/2005 Bonds.” The Debtors shall not be responsible for any internal allocation of fees and expenses made by the Trustee.

1990/1994 Fees Incurred After 9/30/2012: For purposes of settlement, the Debtors and the Trustee additionally agree as follows with respect to fees and expenses of the Trustee and its counsel and advisors for the 1990/1994 Bonds incurred in connection with or allocable to the 1990/1994 Bonds after September 30, 2012, or in excess of \$440,600 that were incurred prior to September 30, 2012:

- a. Within 30 days after the Effective Date, American will pay up to \$50,000 in cash in respect of reasonable fees allocated by the Trustee to the 1990/1994 Bonds after September 30, 2012 for documenting and completing the settlement between the Trustee and the Debtors described herein.
- b. The 1990 Trustee shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR (collectively, the “1990 Fee Claims”), in each case in the amount of all reasonable fees and expenses of the Trustee and its counsel and advisors incurred in connection with or allocable to the 1990 Bonds in excess of the 1990/1994 Reimbursed Fees and Expenses.
- c. The 1994 Trustee shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR (collectively, the “1994 Fee Claims”), in each case in the amount of all reasonable fees and expenses of the Trustee and its counsel and advisors incurred in connection with or allocable to the 1994 Bonds in excess of the 1990/1994 Reimbursed Fees and Expenses.²

² It is understood that the Trustee and its professionals will be paid in full in cash for fees and expenses incurred in connection with or allocable to the 1990/1994 Bonds, and that the Trustee’s recovery on the 1990 Fee Claims and 1994 Fee Claims will likely serve as only partial reimbursement for such payments. Pursuant to the Trustee’s charging lien under the indentures for the 1990 Bonds and 1994 Bonds and the waterfalls provided therein, the shortfall for the Trustee’s fees and expenses will be deducted from the recoveries that the Trustee receives on behalf of the holders of the 1990/1994 Bonds. The Debtors shall not, under any circumstances, be expected or required to reimburse the Trustee or its professionals for any such shortfall.

	<p>The Debtors retain the right to review the 1990 Fee Claims and 1994 Fee Claims for reasonableness and retain the right to object to any such claims and all parties reserve all rights and defenses in connection with any such claims; provided that the rights of the Trustee to assert a “substantial contribution” application for any such fees (whether or not previously asserted as part of the 1990 Fee Claims or the 1994 Fee Claims) shall be waived.</p> <p><u>Completion Fee of the Trustee’s Financial Advisor:</u> For purposes of settlement, the Debtors and the Trustee additionally agree that with respect to payment of the completion fee of Seabury Advisors, the Trustee’s financial advisor (“<u>Seabury</u>”) allocable to the 1990 and 1994 Bonds (the “<u>1990/1994 Completion Fee</u>”), the Trustee shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR, in each case, in the amount of \$167,015 (the portion of the Completion Fee allocable to the 1990/1994 Bonds). Other than as provided in the immediately preceding sentence, the Debtors shall have no further obligations in respect of the 1990/1994 Completion Fee.³</p>
<p>Treatment of 2002/2005 Bonds</p>	<p>In exchange for good and valuable consideration, the 2002/2005 Bonds shall receive the following treatment:</p> <ol style="list-style-type: none">a. American shall pay, within 30 days after the Effective Date, all outstanding amounts due on the 2002/2005 Bonds, including any missed payments of principal and interest. For the purposes of settlement, the parties shall agree that no acceleration of the 2002/2005 Bonds resulted from the Debtors’ chapter 11 filings;b. The Trustee for the 2002/2005 Bonds shall, within 60 days after the Effective Date, to the extent it has received payments from American under clause (a), make (i) any unpaid but due principal payments to the holders of the 2002/2005 Bonds, (ii) any unpaid but due interest payment to the holders of the 2002A Bonds and 2005 Bonds, and (iii) any unpaid but due interest payments to holders of the 2002B Bonds, minus approximately \$8.5 million (the “<u>2002/2005 Bonds Contribution</u>”), \$8 million of which will be contributed to the trust

³ It is understood that the Debtors’ financial advisor will be entitled to a payment in cash of \$167,015 in respect of the 1990/1994 Completion Fee at the conclusion of the Debtors’ chapter 11 cases pursuant to its engagement letter, and that the Trustee’s recovery on the general unsecured claim of \$167,015 granted in respect of the 1990/1994 Completion Fee will likely serve as only partial reimbursement for such cash payment. Pursuant to the Trustee’s charging lien under the indentures for the 1990 Bonds and 1994 Bonds and the waterfalls provided therein, the shortfall for the Trustee’s fees and expenses will be deducted from the recoveries that the Trustee receives on behalf of the holders of the 1990/1994 Bonds. The Debtors shall not, under any circumstances, be expected or required to reimburse the Trustee or its professionals for any such shortfall.

	<p>estates for the 1990/1994 Bonds as described above in the section entitled “Treatment of the 1990/1994 Bonds” and approximately \$500,000 of which shall be first contributed to pay the fees and expenses of the Trustee for the 1990/1994 Bonds up to an amount equal to \$440,600 (as described above in the section entitled “Fees and Expenses of the Trustee for the 1990/1994 Bonds”), and second, any amounts remaining to be applied to the Trustee’s fees and expenses due and owing by American in respect of the 2002/2005 Bonds that were incurred prior to September 30, 2012 (as described below in the section entitled “Fees and expenses of the Trustee for the 2002/2005 Bonds”); it being understood that neither the Trustee nor the holders of the 2002/2005 Bonds shall assert a claim against the Debtors for reimbursement on account of the 2002/2005 Bonds Contribution;</p> <p>c. The 2002/2005 Bonds shall be reinstated as described below in the section entitled “Reinstatement of 2002/2005 Bonds”;</p> <p>d. The sublease between the IDA and American Airlines underlying the 2002/2005 Bonds (the “<u>Sublease</u>”) shall be assumed;</p> <p>e. \$3.5 million (the “<u>DSR Contribution</u>”) shall be withdrawn from the Series 2002B Debt Service Reserve Account and the Series 2005 Debt Service Reserve Account (together, the “<u>DSR Fund</u>”), pro rata based upon the principal amount held in the Series 2002B Debt Service Reserve Account and the Series 2005 Debt Service Reserve Account respectively, of which \$2 million shall be contributed to the trust estates for the 1990/1994 Bonds as described above in the section entitled “Treatment of the 1990/1994 Bonds” and \$1.5 million shall be used for payment of fees of the Trustee as described below in the Section entitled “Fees and Expenses of the Trustee for the 2002/2005 Bonds”;</p> <p>f. The size of the Series 2002B Debt Service Reserve Account Requirement and the size of the Series 2005 Debt Service Reserve Account Requirement shall each be reduced by an amount corresponding to the amount of the DSR Contribution payable from the corresponding Debt Service Reserve Account (the “<u>DSR Fund Reduction</u>”); it being understood that the Debtors shall not be required to replenish the DSR Fund on account of the DSR Contribution; and</p> <p>g. Payment of the Trustee’s fees incurred in respect of 2002/2005 Bonds shall be provided for as described below in the Section entitled “Fees and Expenses of the Trustee for the 2002/2005 Bonds.”</p>
Reinstatement of	The 2002/2005 Bonds shall be reinstated such that the governing

2002/2005 Bonds	<p>indentures shall pass through the Debtors' bankruptcy unaltered, subject only to (i) amendments necessary to effectuate this settlement, including the DSR Fund Reduction and any amendments necessary to clarify that the Debtors shall not be required to replenish the DSR Fund as a result of the DSR Contribution, (ii) such amendments as shall be necessary to effectuate the reinstatement as provided herein, and (iii) amendments to the optional redemption provisions of the indentures governing the 2002/2005 Bonds to effect the following changes:</p> <p>a. The Series 2002B Bonds maturing August 1, 2028 shall not be subject to optional redemption prior to August 1, 2015, and thereafter shall be redeemable at redemption prices of:</p> <p>100.5% for the period August 1, 2015 through July 31, 2016; and 100.0% from August 1, 2016 and thereafter.</p> <p>In addition, without limiting the foregoing, the Debtors' chapter 11 filings have not, do not and shall not affect the validity or enforceability of the other documents governing the 2002/2005 Bonds, including without limitation the guarantees from American and AMR and any mortgages and security agreements, which, to the extent such documents were valid and enforceable prior the Debtors' chapter 11 filings, shall remain valid and enforceable as if there had never been any chapter 11 filings.</p>
Fees and Expenses of the Trustee for the 2002/2005 Bonds	<p><u>Fees Incurred Prior to 9/30/2012:</u> The Debtors and the Trustee agree that the amounts of the Trustee's prepetition and postpetition fees of the Trustee for the 2002/2005 Bonds and its counsel and advisors incurred through September 30, 2012 (excluding the Seabury completion fee allocable to the 2002/2005 Bonds, as described below) that are reimbursable by the Debtors total \$2,220,946, and shall be paid from the following sources:</p> <p>a. \$1,500,000 cash payable from the DSR Contribution as described above in the section entitled "Treatment of the 2002/2005 Bonds";</p> <p>b. approximately \$500,000 cash payable from the 2002/2005 Bonds Contribution (to the extent not used for the fees of the Trustee for the 1990/1994 Bonds); and</p> <p>c. \$661,546 cash payable by the Debtors within 30 days after the Effective Date.⁴</p>

⁴ The Trustee fees and expenses incurred in connection with or allocable to the 2002/2005 Bonds that have been incurred through September 30, 2012 are based on estimates provided by each professional. To the extent that such fees and expenses exceed current estimates, such amounts will be deducted from the reserves the Trustee holds on hand pursuant to the Trustee's charging lien under the indenture for the 2002/2005 Bonds and the waterfall provided therein, it being understood that the Debtors are not, and will not be, under any event, required to reimburse more than the above stated amount and the Trustee shall not assert a claim against the Debtors for any amounts exceeding the above-stated amount.

2002/2005 Fees Incurred After 9/30/2012: For purposes of settlement, the Debtors and the Trustee additionally agree as follows with respect to fees of the Trustee and its counsel and advisors incurred after September 30, 2012 in connection with or allocable to the 2002/2005 Bonds:

- d. As of October 15, 2012, the Trustee's professionals will allocate no more than \$10,000 per month of the "general fees" that they collectively incur in connection with the American bankruptcies to the 2002/2005 Bonds, unless and until (1) the parties fail to enter into a stipulation of settlement by November 30, 2012, or a later date to be agreed on by the parties, or (2) the Debtors file a motion to reject the JFK 2002/2005 IDA sublease or take such further action that directly, adversely, and materially impacts the 2002/2005 Bonds (either 1 or 2, a "Material Event").
- e. Within 30 days after the Effective Date or such other later date as may be mutually agreed by the Debtors and the Trustee, the Debtors shall pay all reasonable fees and expenses incurred by the Trustee in connection with or allocable to the 2002/2005 Bonds between October 1, 2012 and the Effective Date, provided that none of Seabury's fees and expenses (other than those incurred that are directly necessary to assist the Trustee and bondholders in pursuing the settlement) will be allocated to the JFK 2002/2005 Bonds. It is expected that Seabury's fees and expenses (if any) referenced in the parenthetical contained in the immediately preceding sentence will not exceed \$10,000. If such fees are expected to exceed \$10,000, Seabury will use its reasonable best efforts to promptly notify the Debtors and discuss with the Debtors any anticipated excess and, if possible, prior to incurring additional fees or charges.
- f. After the Effective Date, American agrees to continue to pay all reasonable Trustee fees and legal fees for the 2002/2005 Bonds (with above restriction on allocations of general fees) (the "Post-Effective Date JFK 2002/2005 Fees") to the extent provided for, and in accordance with, applicable documents within 30 days after receipt of an invoice for such fees (or such other later date as may be mutually agreed by the Debtors and the Trustee). If the Trustee's legal counsel believes that such fees are likely to exceed \$25,000 in any one month, Kramer Levin will use its reasonable best efforts to notify the Debtors and discuss with the Debtors the issues that are related to such fees. If the Debtors dispute the reasonableness of the Post-Effective Date JFK 2002/2005 Fees, Kramer Levin agrees that it will submit its Post-Effective Date JFK 2002/2005 Fees to a fee examiner or the

	<p>bankruptcy court for a review for their reasonableness.</p> <p>g. The Trustee agrees that, after the Effective Date, Seabury will incur no further fees and expenses related to the 2002/2005 Bonds unless and until the occurrence of a Material Event.</p> <p><u>Completion Fees of the Trustee's Financial Advisor:</u> The Debtors and the Trustee agree that within 30 days after the effective date of the Debtors' confirmed plan of reorganization in their chapter 11 cases, the Debtors shall make a cash payment of \$1,030,710 to the Trustee in respect of the portion of the reduced completion fee of the Trustee's financial advisor allocable to the 2002/2005 Bonds (the "<u>2002/2005 Completion Fee</u>"). Other than as provided in the immediately preceding sentence, the Debtors shall have no further obligations in respect of the 2002/2005 Completion Fee.</p>
<p>Releases, Injunctions and Exculpations</p>	<p>As a condition precedent to the settlement embodied in this Term Sheet, the Settlement Order must provide for the following mutual releases, injunctions and exculpations, each in a form acceptable to the Trustee and the Debtors in their sole discretion:</p> <p>a. Each of the Debtors shall waive and release, on behalf of themselves and their estates, any and all rights to recharacterize as financings any of the transactions entered into in connection with the 2002/2005 Bonds.</p> <p>b. The Debtors, the Trustee, their counsel and advisors and any bondholders directing the Trustee to enter into the settlement shall be released from any and all claims and causes of action by (i) the Debtors and their estates and/or (ii) any holder of the 1990/1994 Bonds or the 2002/2005 Bonds, as applicable, arising out of the Trustee's or the Debtors' negotiation and entry into the settlement embodied in this Term Sheet.</p> <p>c. The holders of the 1990/1994 Bonds and the Trustee in its capacity as Indenture Trustee for such bonds shall be barred and enjoined from (i) asserting a security interest in any of the Debtors' assets, including, without limitation, any of the assets securing the 2002/2005 Bonds, (ii) disputing the characterization as unsecured financings of the transactions entered into in connection with the 1990/1994 Bonds, and (iii) asserting any claims or causes of action against the Debtors, the holders of the 2002/2005 Bonds or the Trustee in its capacity as Indenture Trustee for the 1990 Bonds, the 1994 Bonds or the 2002/2005 Bonds in connection with or arising out of the transactions related to or underlying the issuance of the 1990/1994 Bonds and the</p>

	2002/2005 Bonds.
<p>Implementation and Effectiveness of Settlement</p>	<p>The settlement embodied in this Term Sheet shall be implemented through a pre-plan settlement in accordance with Bankruptcy Rule 9019 and, subject to negotiation and drafting of definitive documentation and requisite amendments to existing documents, shall take effect upon the Effective Date. The motion to approve the settlement and the Settlement Order shall be acceptable to the Trustee and the Debtors, each in their sole discretion. The hearing to approve the settlement shall be no earlier than 30 days after a notice is sent to the holders of the Bonds describing or incorporating the material terms of a settlement agreement.</p> <p>Without limiting the foregoing, the Debtors shall commit to pursuit of confirmation of a chapter 11 plan consistent with the terms of the settlement embodied in this Term Sheet, provided, however, upon the Effective Date, the settlement approved by the Settlement Order shall be enforceable, binding and effective regardless of whether a plan is subsequently submitted or confirmed. In addition, this settlement shall be binding on any purchaser(s) of the Debtors or of any of their assets and assignees of any of the Debtors' leases or subleases relating to the John F. Kennedy International Airport. The Debtors and the Trustee, shall, upon the Effective Date, be authorized to take such actions as may be necessary or appropriate to implement the settlement set forth therein, and neither the Trustee nor the Debtors nor any bondholders directing the Trustee to enter into the settlement shall incur any liability for having proceeded to act in accordance with the settlement and the Settlement Order (a) in advance of confirmation of a plan and (b) regardless of whether a plan is subsequently confirmed.</p> <p>In the event that notwithstanding entry into and approval of the settlement embodied in this Term Sheet, the Debtors are entitled to and do reject the Sublease following the Effective Date, the Trustee shall retain the right to assert all claims which it would have been entitled to assert had the parties not entered into the settlement embodied in this Term Sheet, and the Debtors shall retain any defenses thereto.</p> <p>Upon the Effective Date, the Trustee's adequate protection motion, filed on May 15, 2012, shall be deemed withdrawn without prejudice solely with respect to the 2002/2005 Bonds; provided that nothing herein shall affect the remaining claims asserted in the adequate protection motion or the Debtors' defenses thereto.</p>
<p>Bondholder Direction</p>	<p>The Trustee's agreement to the settlement embodied in this Term Sheet shall be conditioned on, among other things, direction from holders of greater than 50% in aggregate principal amount outstanding of each of the 1990 Bonds, the 1994 Bonds and the 2002/2005 Bonds, and upon the releases, injunctions and exculpations set forth herein.</p>

Court Approval	The Debtors' and the Trustee's agreement to the settlement embodied in the Term Sheet is conditioned on obtaining approval of the Bankruptcy Court for the settlement embodied herein and obtaining the consent of the IDA and the Port Authority, to the extent such consents are necessary.
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